

The mediating roles of *renqing* and *ganqing* in Chinese relationship marketing

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Abstract

Purpose – This paper aims to investigate the roles of *renqing* (reciprocal favor) and *ganqing* (positive affect) as consequences of relationship marketing investments (three dimensions: financial, social and structural) and antecedents of customer loyalty.

Design/methodology/approach – A quantitative survey methodology using self-administered questionnaires has been adopted to collect data of 218 procurement staffs from the database of China Purchasing Managers' Club. Hypotheses tests were conducted using structural equation modeling.

Findings – The results reveal that financial and social relationship marketing investments, but not structural relationship marketing investments, are crucial in evoking *renqing* and *ganqing*. The results also provide strong evidence of the relationship between *renqing* and *ganqing*, which in turn are necessary determinants of customer loyalty.

Originality/value – This research is among the first to examine and confirm *renqing* and *ganqing* as a mediating mechanism through which financial and social relationship marketing investments influence attitudinal loyalty, and also through attitudinal loyalty ultimately affects behavioral loyalty. Findings imply the need for Chinese firms in general, and business-to-business context in particular, to strategically lever on the key antecedents of customer loyalty including relationship marketing investments, *renqing* and *ganqing*, in pursuit of a more competitive advantage and long-term profit.

Keywords Complaint propensity, Consumer innovativeness, Customer relationship investment, Relationship strength

Paper type Research paper



1. Introduction

One of the key questions that marketing practitioners and researchers face is how to build strong buyer – seller relationships. Most research on such relationships has been done in Western cultures (Palmatier *et al.*, 2006; Shi *et al.*, 2011). As Arnold and Bianchi (2001) have

noted, research findings about relationship marketing can be affected by cultural differences. It is quite possible that the importance of certain variables and the relationships among variables in buyer – seller relationships may be different when considered in another cultural context. For example, exchanging parties in Western societies tend to have economic and impersonal involvement in networking, and relational networking is mainly associated with commercial goals. In comparison, Chinese relationship marketing (the so-called *guanxi* marketing) goes beyond the commercial meaning, as members of a *guanxi* network exchange both *renqing* (reciprocal favors) and *ganqing* (positive affect). At times, indeed, affect is more important than monetary considerations in social interactions (Wang, 2007). There is, therefore [...] a need for more fundamental research in international marketing in order to adapt established marketing concepts to the realities of the international marketplace [...]. This is essentially a question of external validity, and research should be encouraged to determine which marketing principles can be universally applied and which are basically ethnocentric (Cunningham and Green, 1984).

Most theories of relationship marketing emphasize the role of trust and commitment in affecting performance outcomes, and adopt a traditional relationship marketing (RM) model in which trust and commitment mediate the effects of RM investments on seller performance outcomes (Morgan and Hunt, 1994; Palmatier *et al.*, 2006). This well-supported commitment – trust theory of RM has served as the default model for most relationship research in the two past decades. The trust construct is believed to have two essential elements: the partner's credibility and benevolence (Ganesan, 1994; Kumar *et al.*, 1995). However, credibility and benevolence are not the same in Chinese cultures, and trust is less important for building strong business relationships (Wang, 2007; Yang, 1994). Direct transfer of commitment-trust thinking into Chinese business contexts is therefore questionable.

If trust is not the key for strong business relationships in China, what would be? According to Wang (2007), *renqing* and *ganqing* may be the alternatives important in *guanxi* marketing. Numerous conceptual and empirical studies have investigated the role of trust as a relational mediator in the Western context (Palmatier *et al.*, 2006). However, very little empirical work has been undertaken on the mediating role of *renqing* and *ganqing* in Chinese business, they are often mentioned in studies of Chinese buying behavior and *guanxi* marketing (Gu *et al.*, 2008; Lee and Dawes, 2005; Leung *et al.*, 2008). Shi *et al.*, 2011 and Wang *et al.*, 2008 have addressed the mediating role of *renqing* in Chinese relationship marketing, but Wang, Siu and Barnes only discussed the mediating role of *renqing* between trust and long-term orientation and did not address its main antecedent, relationship marketing investment (Wulf *et al.*, 2001). Shi did discuss the mediating role of *renqing* between relationship marketing investment and customer commitment in China (Shi *et al.*, 2011), but the research explored business-to-consumer (B2C) rather than business-to-business (B2B) relationships. More importantly, neither study considered any mediating role for *ganqing*.

This study was designed to examine the mediating roles of *renqing* and *ganqing* simultaneously in a Chinese B2B context. Relationship marketing investment was chosen for study as the antecedent to *renqing* and *ganqing* because it is the most important in terms of managerial implications and has been the sole antecedent used in several similar studies (Wulf *et al.*, 2001; Liang *et al.*, 2008; Yoon *et al.*, 2008). Similarly, customer loyalty is one of most important and commonly used constructs in relationship marketing (Palmatier *et al.*, 2006). Accordingly, the conceptual framework for this study

was constructed to encompass the financial, social and structural dimensions of relationship marketing investment, *renqing*, *ganqing* and customer loyalty (both attitudinal and behavioral), as shown in Figure 1.

2. Background and hypothesis

2.1 *Guanxi*, *renqing* and *ganqing*

The well-known Chinese word *guanxi* is not easily expressed by a single English word. The concept is too culture-specific (Parnell, 2005). *Guanxi* can be translated as personal connections or relationships. It can help an individual secure resources or draw benefits in business as well as in social life (Davies, 1995). *Guanxi* is ubiquitous in any Chinese society, and it plays a central role in daily social and business life (Standifird and Marshall, 2000). In China, *guanxi* is all-pervasive and affects all situations. It is widely recognized that *guanxi* is a key determinant of firm performance because the macro-economy, and smaller-scale business conduct both rely on *guanxi* networks. Any marketer wishing to be successful in Chinese economies would do well to understand how *guanxi* forms and functions.

Kipnis (1997) has explained that *guanxi* has three components:

- (1) *ganqing* (positive affect);
- (2) reciprocal favor (*renqing*); and
- (3) *mianzi* (face).

Other researchers (Lovett *et al.*, 1999; Park and Luo, 2001) concur that reciprocal favor (*renqing*), face preserving and affect (*ganqing*) are necessary components of *guanxi*.

Renqing refers to one's obligation to repay favors and show empathy in business relationships. It plays a role in building *guanxi* by creating a sense of obligation and indebtedness among the relationship partners (Shi *et al.*, 2011). People who share *guanxi* are committed to each other by a social obligation of reciprocity. If one party receives a favor from the other, he or she owes *renqing* to the benefactor and should be ready to pay back once circumstances permit (Hwang, 1987). To maintain a healthy relationship, Chinese people place a high value on the obligation to reciprocate. However, there is a difference between Chinese and Western perceptions regarding both reciprocity and the time when *renqing* should be repaid. Western societies emphasize short-term, symmetrical reciprocation in a balanced exchange relationship, whereas Chinese recognize that *renqing* can be paid back far in the future, implying that the relationship will last indefinitely. Chinese believe that *renqing* need not be returned immediately, as it can be stored and returned at the right time, when the other party needs it. Indeed, *renqing* can never be calculated objectively (Hwang, 1987). Whereas a cash debt is easily repaid, it is almost impossible to repay the debts of *renqing*. A long-term relationship is thus expected to last forever, though only if the parties follow the rules of reciprocation. The relationship would be endangered if the rules are violated (Wang, 2007).

Ganqing is a measure of emotional commitment and the closeness of the parties involved. It does not exactly refer to affect, but it reflects positive affect. The most intimate form of *ganqing* is *qingqing*, which is the blood-based emotional attachment that only exists among family members (Wang, 2007). In a business relationship where no *qingqing* exists, one often invests in *ganqing touzi* (affect investment), which means

investing affection to build good *guanxi*. *Ganqing* is usually built through a socialization process in which the parties share their feelings, experiences, beliefs, judgments, opinions and thoughts.

Western relationship marketing too is long-term oriented and emphasizes cooperation between the exchanging parties, but it possesses more the characteristics of an instrumental tie that lacks *ganqing* (Wang, 2007). *Guanxi* marketing goes beyond the commercial meaning, as members in the *guanxi* network exchange both favors and *ganqing*. At times, the affective aspect is more important than the monetary (Wang, 2007). From the business perspective, people who have *ganqing* care about each other and treat each other more like friends than just business partners. *Ganqing* plays a key role in maintaining and enhancing *guanxi* and makes impersonal business relationships more personal.

A B2B relationship that cannot be readily imitated by competitors often involves *ganqing touze* (affect investment) in personal relationships, such as sharing inner feelings or showing personal concern. To achieve this, parties need to acquire an in-depth knowledge of their partners and to know what serves their needs (Yau *et al.*, 2000). Chinese people believe they can only rely on those they have *ganqing* to protect them in times of difficulty and to help them reach their goals in better times.

For the Chinese, business is not just a business, it is also a social interaction in which *renqing* or favor is exchanged. Exchanges which take place among members of *guanxi* networks are not solely commercial, but also social, involving the exchange of favors and affect. While a gift or favor is often exchanged, *ganqing* or emotional attachment is often more important in the long run. Gifts and sometimes bribery may only establish a short-term relationship that is easily imitated by competitors. A long-term relationship based on *ganqing* commitment and friendship within a *guanxi* network can give a sustainable competitive advantage over outsider competitors.

Like *guanxi*, *renqing* varies in warmth and intensity and may be referred to as “strong” or “weak” (Parnell, 2005). The strength of *renqing* alludes to the depth of the emotional feeling involved, as evidenced by willingness to sacrifice one’s personal interest in assisting another (Ambler, 1995; Kipnis, 1997). Jacobs (1979) referred to *renqing* as the measure of the emotional commitment between the parties involved. The expectation that someone will return a favor is connected to the depth of their emotional commitment to a relationship. Thus, it is hypothesized that:

H1. *Renqing* positively affects *ganqing*.

2.2 Relationship marketing investments and *renqing*

When a supplier invests in building a relationship with a customer, the customer ought to be favorably impressed (Dwyer *et al.*, 1987). Investing time, effort and other irrecoverable resources in a relationship creates psychological bonds that encourage customers to stay in that relationship and sets up an expectation of reciprocation (Smith and Barclay, 1997). Relationship marketing efforts typically involve financial, social and structural relationship-building (Berry, 1995).

As a social norm, the principle of *renqing* can be expressed as, “If you have received a drop of beneficence from other people, you should return to them a fountain of beneficence” (Hwang, 1987). If a person receives a favor, he or she owes *renqing* to the benefactor and should be ready to return the support once circumstances permit

(Hwang, 1987). The obligation to reciprocate is highly valued by Chinese people in maintaining healthy interpersonal relationships. Thus:

H2a. Financial relationship marketing investments positively affect renqing.

H2b. Social relationship marketing investments positively affect renqing.

H2c. Structural relationship marketing investments positively affect renqing.

2.3 Relationship marketing investments and ganqing

Anderson and Kumar (2006) argued that buyer – seller relationships generate both negative and positive emotional reactions among those involved. One of the most important influences on the intensity of emotional response is the nature of the parties' previous relationships. This association has been seen not only within B2C contexts, but also in B2B relationships where positively perceived performance has been shown to encourage positive emotions and negative experience to encourage negative emotions (Daube and Menon, 2000; Liljander and Strandvik, 1997). So, the more sellers build relationships with their customers through investing in relationship marketing activities, the more they encourage the development of positive affect. More specifically, Walls (2003) maintained that RM investments provide added feelings of comfort, security and familiarity, and they also reduce anxiety, sadness and separation distress. Bagozzi (2006) also maintained that people emotionally appraise situations they perform in and the events they experience. Thus, the evidence seems to suggest that even in B2B relationships, emotions are influenced by the actions and activities of the seller.

Regarding the linkage between social RM investments and emotions, Han (1991) stresses that social activities link and hold buyer and seller together in personal relationships that result in a positive emotional attachment. So, there appears to be linkage between RM investments and *ganqing* which requires empirical confirmation. Therefore, this paper formulates the following hypotheses:

H3a. Financial relationship marketing investments positively affect *ganqing*.

H3b. Social relationship marketing investments positively affect *ganqing*.

H3c. Structural relationship marketing investments positively affect *ganqing*.

2.4 Renqing and customer loyalty

Renqing requires that if a relationship partner gets into difficulty, the other partner should help him or her and, after the recipient has received the favor, he or she should return it as soon as the opportunity arises (Hwang, 1987). Exchanging reciprocal favors is a strong, morally binding social norm for Chinese people, and those who do not repay favors are considered to have no credibility, no conscience and to be mean. As a result, they lose face, reputation and ultimately personal relationships and their peers' trust (Lee and Dawes, 2005). Therefore, if a seller invests time and effort to help a customer, the customer who receives the investment and enjoys extra services or preferential treatment would feel that he or she owes the seller *renqing* and is obligated to reciprocate the favor in the future (Shi *et al.*, 2011).

A customer who benefits from a relationship marketing investment is not legally obligated to maintain the business relationship. There is no binding contract. But in a Chinese business context, *renqing* creates a moral obligation (Leung *et al.*, 2008). Yang

(1994) has rightly pointed out that when a Chinese person says “I owe him *renqing*”, he or she actually accepts the fact that it is very difficult to decline a request for help or fail to repay a debt in the future. Wang (2007) has also emphasized that the relationship between trustworthy parties is likely to have a long-term orientation mediated by unspoken *renqing*. Thus, we hypothesize that:

H4a. *Renqing* positively affects attitudinal loyalty.

H4b. *Renqing* positively affects behavioral loyalty.

2.5 *Ganqing* and customer loyalty

To accurately predict loyalty, one must examine the nature of the relationship between loyalty and affect (Ray and Chiagouris, 2009). Several studies have demonstrated a relationship between *ganqing* (affect) and customer loyalty. Dick and Basu (1994) argued that emotions lead to either positive or negative feelings that are capable of disrupting ongoing behavior. Wong (2004) has similarly emphasized that emotions influence behavior, for instance, repurchase intentions, as customers tend to respond to events in ways that maintain positive emotions and avoid negative ones. Thus, positive emotions may result in positive word of mouth (WOM), whereas negative emotions may lead to complaints (Bagozzi *et al.*, 1999; Liljander and Strandvik, 1997). Fox (2001) also found that emotions usually influence customers' behavioral intentions, including with respect to repurchase and WOM. Sherman *et al.* (1997) have demonstrated that customers' emotional states positively influence the amount of money they spend in a store. Furthermore, Bloemer and de Ruyter (1999) have demonstrated a significant relationship between positive emotions (interested, excited, strong, enthusiastic, proud, alert, inspired and active) and loyalty. Ray and Chiagouris (2009) found that store affect has a major impact on store loyalty.

Affect and cognition are tightly intertwined, and decision-making is often less rational than might be expected. Affect plays an important role in facilitating the cognitive aspects of relationship development. Affect is an essential element of experience. Furthermore, thinking and behavior do not take place in an affective void but rather are intimately connected to how a person feels. Affect influences the content of cognition, including the information that people recall, attend to, select, learn from and interpret. In China, people believe they can only rely on those with whom they have *ganqing* to protect them in times of difficulties and to help them reach their goals in better times (Jacobs, 1982). Therefore, the following hypotheses are proposed:

H5a. *Ganqing* positively affects attitudinal loyalty.

H5b. *Ganqing* positively affects behavioral loyalty.

3. Methodology

A quantitative survey methodology using self-administered questionnaires was used to collect data about the underlying constructs treated in the hypotheses. The constructs were operationalized using multi-item measures which could be quantified using seven-point Likert scales. The items used to measure them were adapted from previously tested scales.

To measure RM investments, ten items were adopted from the work of Liang *et al.* (2008). They included three financial items, four social items and three related to

structural investments. *Renqing* was operationalized based on the aforementioned conceptualization of reciprocity and empathy, including repaying favor, mutual understanding, consideration, support and tolerance (Wang, 2007). Six items from a scale published by Shi *et al.*, 2011 was used to measure *renqing*. The measure of positive and negative affect most commonly used in scholarly research is Watson *et al.* (1988) Positive and Negative Affect Schedule (PANAS). Qiu *et al.* (2008) revised the PANAS to better fit a Chinese context. Given that *ganqing* is “a measure of the level of emotional commitment and the closeness of the parties involved”, *ganqing* refers not exactly to affect, but rather positive affect. The PANAS measurement items for *ganqing* were taken to be active, enthusiastic, happy, relaxed, excited, proud, delighted, inspired and grateful. Loyalty was assumed to have two aspects, attitudinal and behavioral. Seven items were adopted from Chiou and Droge (2006) to measure the loyalty construct. Because the questionnaire was in Chinese, a back translation protocol was conducted to ensure the validity of the translation. To ensure that the wording of the questionnaire was clear and understandable and that equivalence was achieved, a pre-test was conducted prior to conducting the final survey.

Procurement staff were selected as a population of interest. They were recruited from a database of the China Purchasing Managers' Club which includes more than 30,000 members' personal profiles. To increase the response rate, every respondent was promised a souvenir (an e-book about purchasing skills) after completing the questionnaire. The purchasing professionals were invited to participate by telephone, text message (SMS) or using an Internet messaging service. Those agreeing were e-mailed the URL for the online survey. In total, from the 338 purchasing professionals approached, 228 questionnaires were collected. After deleting invalid questionnaires, a total of 218 questionnaires remained, representing a 64.5 per cent response rate. These constituted the sample for the main study.

4. Data analysis and results

4.1 Summary statistics

Table I summarizes the demographics of the respondents.

4.2 Structural equation modeling

Structural equation modeling (SEM) was used to test the hypotheses, and the two-stage approach recommended by Anderson and Gerbing (1988) was adopted. The overall measurement model contained seven constructs with a minimum of three indicators per factor. The assessment of model fit for the overall measurement model was done, and the overall measurement model was found to fit the data adequately. The chi-square was significant (chi-square = 1,083.674; degrees of freedom = 296; confidence level ≤ 0.0001). The GFI was 0.913, AGFI = 0.889, RMSEA = 0.076, NFI = 0.902, CFI = 0.924 and the TLI was 0.914. Even though the chi-square statistic is still significant, these values suggest that the model fitted these data adequately. The standardized factor loadings for these measures were all high (above 0.50). The standardized parameter estimates for these measures were statistically significant at the $p \leq 0.001$ level of confidence.

Descriptive statistics for the measurement scales are shown in Table II, and the results of zero-order correlations between the variables are shown in Table III.

Demographic profile	No. of respondents ($N = 218$) and percentage
<i>Gender</i>	
Male	147 (67.4)
Female	71 (32.6)
<i>Educational level</i>	
Primary school	3 (1.4)
Secondary school	56 (25.7)
Matriculation level	71 (32.6)
Tertiary/bachelor degree	74 (33.9)
Master degree or above	9 (4.1)
Other	5 (2.3)
<i>Company size (number of employees)</i>	
50 or less	38 (17.4)
51-100	58 (26.6)
101-250	40 (18.3)
251-500	29 (13.3)
501-1000	28 (12.9)
Over 1000	25 (11.5)
<i>Firm ownership</i>	
1 Natural person	84 (38.5)
2 Natural persons	56 (25.7)
3 Natural persons	25 (11.5)
4 or more natural persons	20 (9.2)
Others	33 (15.1)
<i>Corporation age (years)</i>	
3 or less	40 (18.3)
3-5	33 (15.2)
5-10	77 (35.3)
Over 10	68 (31.2)
<i>Job title</i>	
President/CEO/GM	11 (5.0)
Vice president/director	38 (17.4)
Purchasing Manager	58 (26.6)
Purchasing Supervisor	76 (34.9)
Other	35 (16.1)
<i>Years in the position</i>	
2 or less	83 (38.1)
2-5	88 (40.3)
Over 5	47 (21.6)
<i>Year in the company</i>	
3 or less	138 (63.3)
3-5	36 (16.5)
5-10	31 (14.2)
Over 10	13 (6.0)

*(continued)***Table I.**
Profile of the
respondents

Table I.

Demographic profile	No. of respondents ($N = 218$) and percentage
<i>Years of experience with the supplier</i>	
1 or less	43 (19.7)
1-3	95 (43.6)
3-5	38 (17.4)
5-10	38 (17.4)
Over 10	4 (1.9)
<i>Type of firm</i>	
Trading	32 (14.7)
Construction	17 (7.8)
Manufacturing	125 (57.3)
Service	20 (9.2)
Other	24 (11.0)

Table II.

Descriptive statistics
for the measurement
scales

Variable	No. of items	Mean	SD
FIN	3	4.6040	1.30290
SOC	3	4.6583	1.12069
STR	3	5.0117	1.46428
<i>Renqing</i>	5	2.9541	1.16241
<i>Ganqing</i>	6	2.5545	1.38466
Attitudinal loyalty	3	4.3383	1.15576
Behavioral loyalty	3	4.6376	1.24914

Notes: FIN: financial relationship marketing investments; SOC: social relationship marketing investments; STR: structural relationship marketing investments; SD: standard deviation

The results of tests of constructs validity are presented in [Table IV](#). All of the constructs demonstrated good reliability (the Cronbach's alphas and composite reliabilities were all above 0.70) as well as convergent and discriminant validity. The standardized factor loadings for the measures were all above 0.50 and the average variance extraction (AVE) values were above 0.50.

The model fit indexes for the first model tested ([Figures 1 and 2](#)) indicated that it did not fit the data adequately (see [Table V](#)).

As a result, modification indices generated by the AMOS software package were added. The four suggested paths were FIN→LA, SOC→LA, STR→LB, LA→LB. This led to the modified structural model shown in [Figure 3](#).

The goodness-of-fit indexes show that this modified model fitted the data adequately, even though the chi-square value was significant (see [Table V](#)).

In an effort to test whether or not a better-fitting model might exist, competing models relating the same constructs but differing in terms of the number or types of causal relationships represented were formulated and tested. [Figure 4](#) presents one of these. Compared with Model 2 (the modified structural model), three paths were added in model three: FIN→LB, SOC→LB, STR→LA. The model fit indexes indicated that fit was not improved (see [Table V](#)).

	FIN	SOC	STR	Renqing	Ganqing	LA	LB
<i>FIN</i>							
Pearson correlation	1						
significance (two-tailed)							
<i>SOC</i>							
Pearson correlation	0.645**	1					
significance (two-tailed)	0.000						
<i>STR</i>							
Pearson correlation	0.498**	0.699**	1				
significance (two-tailed)	0.000	0.000					
<i>Renqing</i>							
Pearson correlation	0.235**	0.264**	0.224*	1			
significance (two-tailed)	0.006	0.000	0.037				
<i>Ganqing</i>							
Pearson correlation	0.281**	0.248**	0.238**	0.213**	1		
significance (two-tailed)	0.003	0.000	0.000	0.002			
<i>LA</i>							
Pearson correlation	0.240**	0.581**	0.339**	0.326**	0.377**	1	
significance (two-tailed)	0.000	0.000	0.000	0.000	0.000		
<i>LB</i>							
Pearson correlation	0.196**	0.418**	0.325**	0.213**	0.216**	0.581**	1
significance (two-tailed)	0.004	0.000	0.000	0.002	0.001	0.000	

Table III.
Zero-order
correlations between
variables

Notes: * $p \leq 0.05$; ** $p \leq 0.01$

Accordingly, Model 2 was accepted as the final model used to test the hypotheses. The results are shown in Figure 5 and Table VI. The table shows that *H1*, *H2a*, *H2b*, *H3a*, *H4b*, *H4a* and *H5a* were supported (at the $p \leq 0.05$ level of confidence), and *H2c*, *H3c*, *H4b* and *H5b* were not.

4.3 Summary of the results

The results largely support the hypothesized relationships proposed in the theoretical discussion. In particular, the results suggest that *renqing* and *ganqing* correlate positively with investment in financial and social relationship marketing efforts, but not with structural RM investments. *Renqing* was shown to be highly correlated with *ganqing*, as expected. These results demonstrate that in eliciting customer loyalty, it is not only necessary for sellers to develop *ganqing*, but also to consider *renqing*. Furthermore, *renqing* and *ganqing* directly affect attitudinal loyalty, and through attitudinal loyalty affect behavioral loyalty. Figure 6, an amplification of Figure 1, quantifies these relationships.

5. Discussion and conclusions

5.1 The consequences of RM investment

While financial and social RM investments were found to have a strong positive relationship with *renqing* and *ganqing*, structural RM investments apparently do not.

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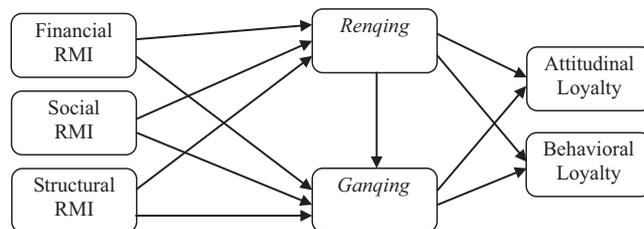
166

Construct	Items	Standardized loading	Cronbach's alpha (α)	CR	AVE
Financial RM investments	RM1	0.62	0.762	0.749	0.502
	RM2	0.67			
	RM3	0.82			
Social RM investments	RM4	0.78	0.781	0.792	0.561
	RM5	0.79			
	RM7	0.67			
Structural RM investments	RM8	0.86	0.799	0.818	0.604
	RM9	0.83			
	RM10	0.62			
<i>Renqing</i>	RQ2	0.72	0.856	0.854	0.547
	RQ3	0.83			
	RQ4	0.70			
	RQ5	0.69			
	RQ6	0.75			
	RQ6	0.75			
<i>Ganqing</i>	AP3	0.64	0.888	0.890	0.511
	AP4	0.84			
	AP5	0.81			
	AP6	0.67			
	AP7	0.70			
	AP9	0.60			
	AP9	0.60			
Attitudinal loyalty	LA1	0.74	0.817	0.828	0.617
	LA2	0.86			
	LA3	0.75			
Behavioral loyalty	LB1	0.73	0.843	0.846	0.548
	LB2	0.84			
	LB3	0.84			

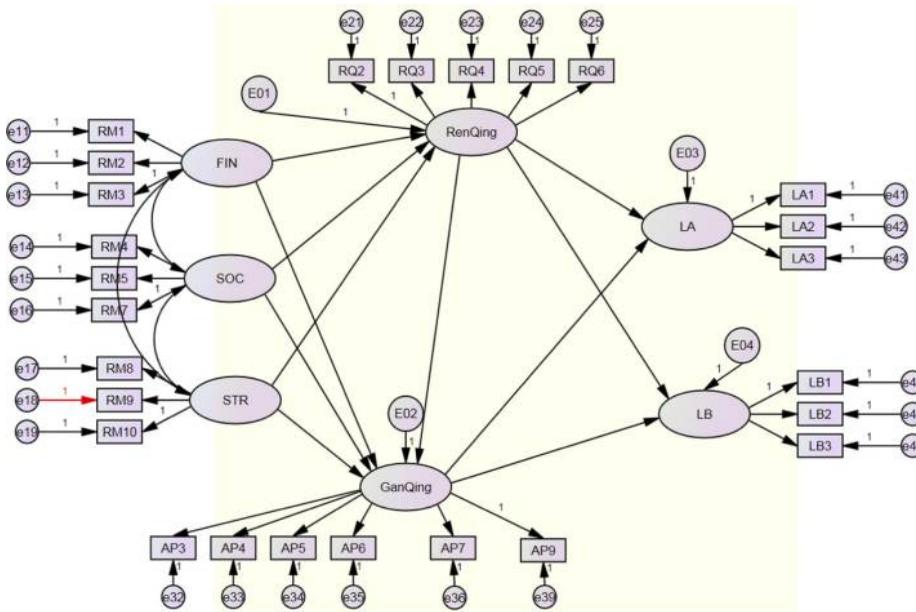
Table IV.
Measurement model
evaluation

Notes: CR = composite reliability; AVE = average variance extraction

Figure 1.
Conceptual
framework



These findings suggest that buyers in Chinese B2B contexts possibly rely more on financial Investments (e.g. price discounts) and social RM investments (e.g. interpersonal aspects), than on structural RM investments (e.g. formal contracts). A potential explanation for the lack of influence of structural RM investments on *renqing* and *ganqing* might be that such efforts relate more to procedure and system than to preference, favor, emotions or affect. This study has extended the published findings on RM investments by quantifying the positive relationship among financial and social RM investments, *renqing* and *ganqing*.



Notes: FIN: financial relationship marketing investments; SOC: social relationship marketing investments; STR: structural relationship marketing investments; LA: attitudinal loyalty; LB: behavioral loyalty

Figure 2.
The initial structural model

Goodness-of-fit indices	Hypothesized structural model	The modified structural model	Structural model three
Chi-squared (χ^2)	997.194	827.649	820.388
Degrees of freedom (df)	285	281	278
CMIN/DF	3.499	2.945	2.951
Probability level	0.000	0.003	0.000
GFI	0.825	0.911	0.849
AGFI	0.799	0.906	0.824
NFI	0.797	0.926	0.815
CFI	0.798	0.919	0.814
TLI	0.815	0.928	0.780
RMSEA	0.089	0.067	0.111

Table V.
Comparison of three structural models

5.2 The consequences of *renqing*

The fact that *renqing* is an important variable in predicting *ganqing* provides a deeper understanding of how relationships between customers and sellers develop. The results also support *renqing*'s utility in predicting attitudinal loyalty (H4a). That is, buyers in a Chinese B2B context are more likely to develop loyal attitudes when they owe *renqing* to sellers. That H4b was rejected demonstrates that *renqing* has no direct relationship with behavioral loyalty, but it has indirect influence through its relationship with attitudinal

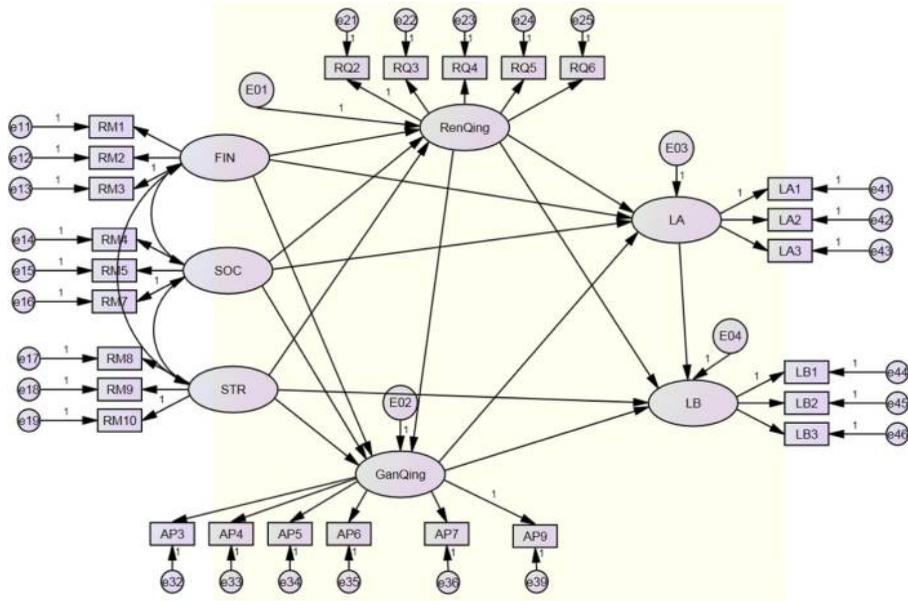


Figure 3.
The modified
structural model

Notes: FIN: financial relationship marketing investments; SOC: social relationship marketing investments; STR: structural relationship marketing investments; LA: attitudinal loyalty; LB: behavioral loyalty

loyalty. This finding provides additional evidence for those who have found a significant relationship between *renqing* and customer loyalty.

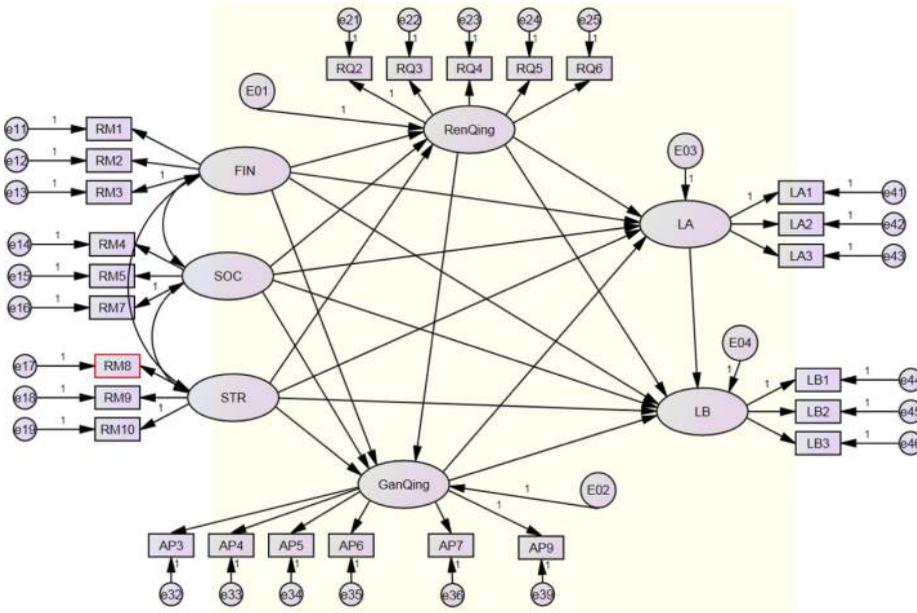
5.3 The consequences of ganqing

That *ganqing* was found to be a strong predictor of attitudinal loyalty (*H5a* was supported) and that *H5b* was rejected demonstrate that *ganqing* has no direct influence on behavioral loyalty, but has an indirect influence through attitudinal loyalty. The results indicate that to the extent that buyers in a Chinese B2B context have a higher level of *ganqing* with their sellers, the more likely it is that they will be loyal to the sellers. This provides additional evidence for those who have found a significant relationship between emotions (affect, attitudes) and customer loyalty. This research confirms that in addition to *renqing*, *ganqing* is also an important construct in predicting the future of relationships between customers and sellers.

5.4 The mediating roles of renqing and ganqing

Based on Baron and Kenny's (1986) research, Kenny *et al.* (1998) have explained that mediation is established when two conditions are met: the independent variable is related to the mediator variable; and the mediator variable is related to the dependent variable. Williams *et al.* (2009) argued that mediation can exist irrespective of the relationship between the independent and dependent variable.

This study hypothesized that *renqing* and *ganqing* play mediating roles between financial, social and structural RM investments and customers' attitudinal and



Notes: FIN: financial relationship marketing investments; SOC: social relationship marketing investments; STR: structural relationship marketing investments; LA: attitudinal loyalty; LB: behavioral loyalty

Figure 4. Structural Model 3

behavioral loyalty. This idea question can be expressed as 12 mediation relationships itemized in Table VII. The results of SEM analysis and mediation analysis testing these relationships are shown in Table VIII.

The results confirm *renqing* and *ganqing* as a mediating mechanism through which financial and social RM investments influence attitudinal loyalty, and also through attitudinal loyalty ultimately affect behavioral loyalty. These results establish *renqing* and *ganqing* as core constructs in Chinese relationship marketing.

5.5 Implications

This study has attempted to provide a relationship marketing model that can be used effectively in Chinese B2B contexts. The findings that *renqing* and *ganqing* act as mediators between RM investments and customer loyalty in China constitute a significant contribution to relationship marketing theory because it is trust that plays the main mediating role in such relationships in Western societies (Morgan and Hunt, 1994).

From a managerial perspective, managers should be aware that enhancing *renqing* and *ganqing* is an effective way to improve customer loyalty in a Chinese B2B context. Social RM investments will generally be more effective than financial investments for enhancing *renqing* and *ganqing* and promoting loyalty. Structural investments are not as effective. Marketers need to keep in touch with their Chinese customers, express

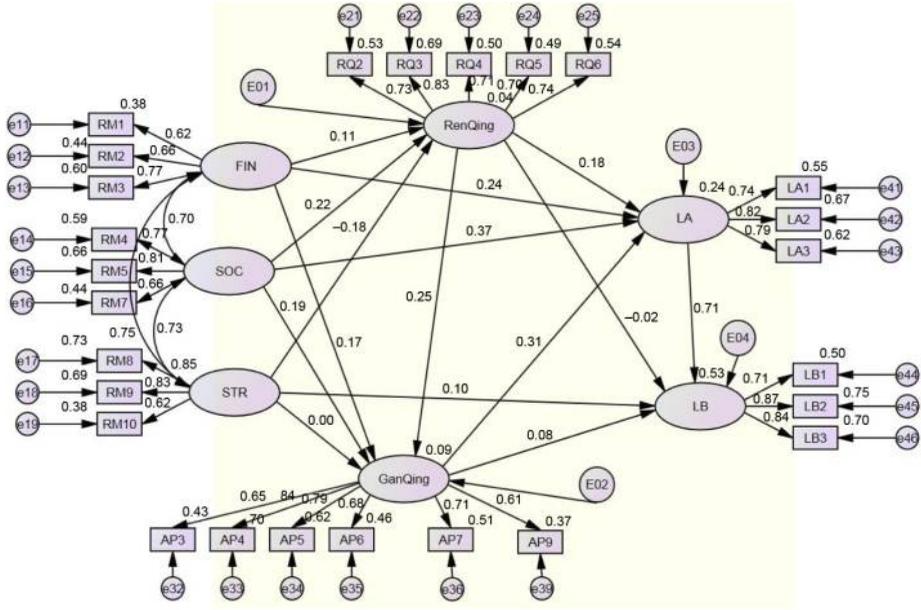


Figure 5.
Final structural model

Notes: FIN: financial relationship marketing investments; SOC: social relationship marketing investments; STR: structural relationship marketing investments; LA: attitudinal loyalty; LB: behavioral loyalty

Table VI.
Regression weights (final structural model)

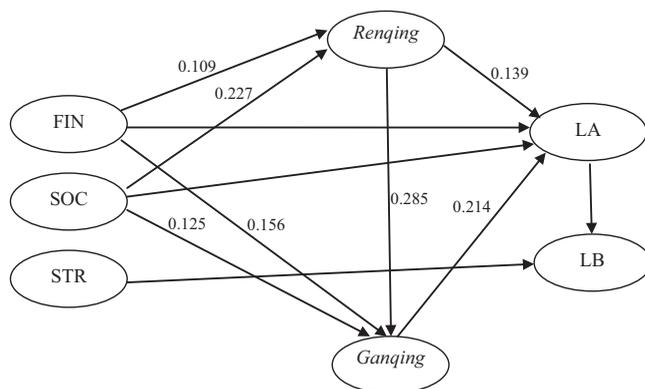
Path	Estimate	SE	CR	<i>p</i>	Prediction	Result
<i>Ganqing</i> ← <i>Renqing</i>	0.285	0.095	3.009	0.003	H1	Supported
<i>Renqing</i> ← FIN	0.109	0.071	2.538	0.011	H2a	Supported
<i>Renqing</i> ← SOC	0.227	0.058	3.934	***	H2b	Supported
<i>Renqing</i> ← STR	-0.090	0.073	-1.239	0.215	H2c	Not supported
<i>Ganqing</i> ← FIN	0.156	0.041	3.805	***	H3a	Supported
<i>Ganqing</i> ← SOC	0.125	0.050	2.520	0.012	H3b	Supported
<i>Ganqing</i> ← STR	0.123	0.079	1.556	0.120	H3c	Not supported
LA ← <i>Renqing</i>	0.139	0.053	2.633	0.008	H4a	Supported
LA ← <i>Ganqing</i>	0.214	0.048	4.489	***	H5a	Supported
LB ← <i>Renqing</i>	-0.029	0.062	-0.460	0.646	H4b	Not supported
LB ← <i>Ganqing</i>	0.071	0.064	1.095	0.273	H5b	Not supported

Notes: SE: standard error; CR: critical ratio; ****p* ≤ 0.001 (two-tailed test)

concern about their needs of customers and collect their opinions. At the same time, managers can safely de-emphasize investments in structural and financial RM.

5.6 Limitations and directions for further research

This study sampled procurement staff who were members of the China Purchasing Managers' Club, which limits the generalizability of the results. Future research should



Notes: FIN: financial relationship marketing investments; SOC: social relationship marketing investments, STR; structural relationship marketing investments; LA: attitudinal loyalty; LB: behavioral loyalty

Figure 6. The Result of Structural Model Analysis

ID	Independent variable	Mediator variable	Dependent variable
1	Financial RM investments	<i>Renqing</i>	Attitudinal loyalty
2	Social RM investments	<i>Renqing</i>	Attitudinal loyalty
3	Structural RM investments	<i>Renqing</i>	Attitudinal loyalty
4	Financial RM investments	<i>Renqing</i>	Behavioral loyalty
5	Social RM investments	<i>Renqing</i>	Behavioral loyalty
6	Structural RM investments	<i>Renqing</i>	Behavioral loyalty
7	Financial RM investments	<i>Ganqing</i>	Attitudinal loyalty
8	Social RM investments	<i>Ganqing</i>	Attitudinal loyalty
9	Structural RM investments	<i>Ganqing</i>	Attitudinal loyalty
10	Financial RM investments	<i>Ganqing</i>	Behavioral loyalty
11	Social RM investments	<i>Ganqing</i>	Behavioral loyalty
12	Structural RM investments	<i>Ganqing</i>	Behavioral loyalty

Table VII. The hypothesized mediating relationships

include respondents from a broader population, and salesmen as well as purchasing agents. Second, all of the data were obtained through self-reported survey responses. Field observations, or even field experiments might be considered in future research to lessen the risk of common-method variance. And of course, this research was limited to B2B marketing in mainland China. There may be some differences in service industries or in other areas such as Hong Kong and Taiwan.

One direction for future investigation might be to examine the relative strength of these influences among various types of customers, including those considered highly loyal and less loyal. Hsieh *et al.* (2005), for example, found that financial RM investments were more powerful in strengthening customer commitment in the context of search goods/services than with experience and credence goods/services.

The relationship between RM investments and customer loyalty clearly is a complicated one. Longitudinal research designs may be helpful for exploring the

ID	IV	MV	DV	P1	P2	Results		Type
						P3		
1	FIN	<i>Renqing</i>	LA	✓	✓	✓		Partial
2	SOC	<i>Renqing</i>	LA	✓	✓	✓		Partial
3	STR	<i>Renqing</i>	LA	×	✓	×		×
4	FIN	<i>Renqing</i>	LB	✓	○	○		Full
5	SOC	<i>Renqing</i>	LB	✓	○	○		Full
6	STR	<i>Renqing</i>	LB	×	○	✓		×
7	FIN	<i>Ganqing</i>	LA	✓	✓	✓		Partial
8	SOC	<i>Ganqing</i>	LA	✓	✓	✓		Partial
9	STR	<i>Ganqing</i>	LA	×	✓	×		×
10	FIN	<i>Ganqing</i>	LB	✓	○	○		Full
11	SOC	<i>Ganqing</i>	LB	✓	○	○		Full
12	STR	<i>Ganqing</i>	LB	×	○	✓		×

Notes: FIN: financial relationship marketing investments; SOC: social relationship marketing investments; STR: structural relationship marketing investments; LA: attitudinal loyalty; LB: behavioral loyalty; IV: independent variable; MV: mediator variable; DV: dependent variable; P1: the path from IV to MV; P2: the path from MV to DV; P3: the path from IV to DV; ✓: direct effect; ○: indirect effect; ×: not significant; Full: full mediation; Partial: partial mediation

Table VIII.
The mediator
relationship results

complicated issues and may help provide a better understanding in the relationships involved.

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Appendix: Measures

FIN: financial relationship marketing investments Liang et al. (2008);

- This supplier offers free products for regular transactions.
- This supplier offers additional rebates if our company trades beyond a certain amount.
- This supplier saves us a lot of transaction cost.

SOC: social relationship marketing investments Liang et al. (2008);

- This supplier keeps in touch with us.
- This supplier is concerned with our needs.
- This supplier collects our opinions about products.

STR: structural relationship marketing investments Liang et al. (2008);

- I can receive a prompt response after a complaint.
- This supplier provides customized products/services according to our needs.
- Our interactions are guided by formal contracts or agreements.

Renqing Shi et al. (2011);

- We feel we would lose face if we do not continue to purchase.
- We are afraid they would be disappointed if we discontinued purchasing.
- Considering they help us, we would feel embarrassed if we discontinued purchasing.
- Repaying favors to them is a major reason that we continue to purchase.
- We would feel sorry in view of *renqing*, if we discontinued purchasing.

Ganqing modified from Qiu et al. (2008);

- Happy;
- Relaxed;
- Excited;
- Proud;
- Delighted; and
- Grateful.

LA: attitudinal loyalty Chiou and Droge (2006);

- If we had to do it over again, we would choose this supplier.
- We try to use this supplier's product/service because it is the best choice for us.
- We consider ourselves to be a loyal patron of this supplier.

LB: behavioral loyalty Chiou and Droge (2006);

- If you want to buy something at this moment, will you spend all the money on this supplier's products?
- Times purchasing this supplier's products in the past 12 months is more than any other like supplier.
- The amount of money devoted to this supplier's products in the past 12 months is more than any other like supplier.

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