

CRANFIELD UNIVERSITY

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HOW DO SOCIAL CONNECTIONS AFFECT PERSONNEL SELECTION
DECISION-MAKING IN THE CHINESE BANKING SECTOR?

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This thesis is dedicated to a little giant in my life, who is sadly no longer with us.

He once walked from Lin Mei Cun to Hong Kong for his business ambition. He later walked back to Lin Mei Cun, giving up his ambition for family obligation. His spirit represents millions of Chinese who were never given an education opportunity and yet dedicated their entire lives to education for the younger generations. I wish to remember this little giant, my granddad, whose love and diligence have been and will always be my guiding light.

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ABSTRACT

Guanxi, the Chinese term for social connections, has long been a key subject of interest in Chinese management research. Despite the conceptual and empirical efforts of earlier studies to address the nature, instrumentality, and managerial implications of *guanxi*, the extent to and the ways in which *guanxi* is deployed in the actual decision-making process in contemporary Chinese organisations remains ambiguous.

This doctoral thesis investigates how *guanxi* affects personnel selection decision-making through semi-structured interviews with 25 senior executives and 17 senior HR managers from 14 Chinese commercial banks. The interviews probed into how individual decision makers perceive, identify, assess, access, produce, maintain, avoid, and reject *guanxi* in choosing and recruiting candidates for entry and managerial level jobs. The research findings suggest that *guanxi* has a persistent, yet contextual impact on selection decision-making as a selection criterion, an information channel, and a recruiting source in the process of CV screening and job interview, albeit with no influence in decision makers' perception of candidates' examination results. The research also provides empirical evidence that the contextual impact of *guanxi* is largely determined by decision makers' evaluation of the value of different social connections through identifying hierarchical positions and network locations, capability to fulfil or avoid norms embedded in both formal and informal hierarchy, the type of job positions, and demand for resources.

This research contributes an understanding of how the effect of *guanxi* is enacted by an alignment of individual interest and organisational interest. The research also contributes to an insight into different patterns of perceptions and practices exhibited by state-owned and non-state-owned organisations, which is subject to labour supply, organisational strategy, business demand, and leadership. The research highlights that both *strong ties* and *weak ties* are effective, which contrasts with the emphasis of previous research on *pseudofamilies* in Chinese society. Theoretically, this research adds a refined insight into *fear for sanctions* as a key source of motivation for *social capital*. Methodologically, this is the first research on *guanxi* to adopt the critical incident technique, which proved to be a useful approach for researching the sensitive subject of interest.

Keywords:

Chinese HRM, Guanxi, Social capital, Organisational hierarchy, Chinese banking sector

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Chapter 1 Introduction

This doctoral thesis is concerned with the question: *How do social connections affect personnel selection decision-making in the Chinese banking sector?* This chapter outlines the practical issues related to the research subjects and positions the research within the literature on social connections and personnel selection. Section 1.1 explains the basis for the research question by highlighting the practical issues; section 1.2 briefly reviews the weakness of the extant research that has failed to provide a satisfactory answer to the research question; section 1.3 lays out the research questions based on the literature review; section 1.4 justifies the deployment of *Social Capital Theory* as a lens to understand and explain social connections in China; section 1.5 outlines the research design of and process in which the research questions were examined; section 1.6 emphasises the research contributions of this doctoral project; and section 1.7 offers an outline of this thesis.

1.1 Practical issues

Decades of research have provided substantial evidence on the instrumentality of social connections in influencing individual and management decision-making to obtain informal institutional support and to advance organisational performance in Chinese business operations (Luo, Huang and Wang, 2012; Luo and Chen, 1997; Park and Luo, 2001; Xin and Pearce, 1996; Yeung and Tung, 1996). Despite this, both Chinese and foreign organisations find themselves exposed to the danger of seeking for greater political and business leverage through recruiting employees who are connected to, or associated with, governmental officials or top executives across industries. For example, recent reports revealed that the chief executive of JPMorgan Chase had to step down after the bank was found seeking business leeway by hiring the children of top Chinese executives and governmental officials (Alloway and Anderlini, 2013; Anon, 2013; Rushe, 2014). JPMorgan Chase, however, was not the only foreign bank that was interrogated for hiring Chinese employees associated with influential individuals. The list of examples includes Credit Suisse, Goldman Sachs, Morgan Stanley, Citi Group, and UBS (Baer and Matthews, 2013; Curran and Eaglesham, 2014; Koons, Gopalan and Sidel, 2013). Similarly, China Merchants Bank found itself under scrutiny owing to a leaked internal document that included information about the social connections between shortlisted job candidates and influential individuals within the bank or associated with the bank (The Global Times, 2012; The People's Daily, 2012; The Xinhua News Agency, 2013). However, the benefits that these foreign banks obtained from hiring

well-connected employees remain explicit. This is on the contrary to the organisational advantages of deploying the connections of individual employees suggested in the literature (Boisot and Child, 1996; Leenders and Gabbay, 2013). The practice of deploying social connections in personnel selection decision-making in Chinese business operation, however, posits a risk of controversies, scandals, and even lawful investigations as these recent examples of foreign banks demonstrated.

These problematic issues, therefore, raised three important queries for scholarship on social connections and personnel selection in China. The first was concerned with the propensity of social connections in a transitional Chinese economy that was highly involved with Western capital. More specifically, it is crucial to understand whether the organisational failures in pursuing business access, survival, and success in China by hiring well-connected employees resulted from a decline of social connections in society. This leads to the second query about the extent to which the instrumentality of social connections in affecting personnel selection decision-making is unique to Chinese management. In other words, can similar practice be found in Western personnel selection decision-making? The third query is about how Chinese individual decision makers evaluate and select candidates with influential social connections. There is a need to understand the motivations of individuals and organisations in taking social connections into account. The next section summarises the extent to which the extant literature is capable of providing a satisfactory answer to these questions.

1.2 Researching social connections and personnel selection in China

Guanxi, the term of social connections in the Chinese language, has become one of the most dominant topics in Chinese management studies. Research on the roots of *guanxi* can be classified into two strands of views, which consider *guanxi* as a Confucian and cultural heritage (Dunning and Kim, 2007; Yang, 1994) and an institutional product (Guthrie, 1998, 2002; Oi, 1991; Walder, 1988). To some extent, these distinctive views led to an on-going debate over whether *guanxi* is unique to Chinese society and whether the importance of *guanxi* had been declined due to the economic and social reforms in China since the 1980s (Gold, Guthrie and Wank, 2002; Guthrie, 1998, 2002; Lin, 2001a; Wank, 2002; Yang, 2002).

The debate has been fruitful in bringing the dynamic nature of social connections in China to the fore, and in locating the perception of *guanxi* at the juncture of historical and present

structures and norms in Chinese society. The outcome of the debate, however, has been an ambiguous conceptualisation of *guanxi*, torn between culturalists and institutionalists, from which the opportunity for this thesis emerged. More specifically, the literature has not provided a consistent answer to the queries about the propensity and nature of social connections in China. Therefore, the next chapter provides an in-depth review of social connections in China as *guanxi*, as *social capital*, as cultural, and as institutional. For the purpose of this doctoral project, social connections in China were empirically examined as a general form of social connections without any pre-established assumption of the nature of that form. The thesis will later discuss the propensity and nature of social connections in China by returning to the literature on *guanxi*, *social capital*, and cultural and institutional scholarships on social connections in the discussion chapter.

The literature also failed to address the query that was concerned with how social connections affect personnel selection decision-making. Most scholars in the field, such as Yanjie Bian, have produced a series of empirical works that largely focused on the impact of social connections on personnel selection results, including final job attainments and wages (Bian, 1994a, 1999; Bian, Huang and Zhang, 2015). These studies, to a large extent, focused on the supply side of the labour market by using job seekers as research subjects (Hanser, 2002). This focus on job seekers neglected the crucial role of individual decision-makers, as agents from organisations at the stronger end of information compared to jobseekers, in shaping the actual personnel selection decisions.

These studies also mainly used quantitative research methods, which concentrated on identifying causality and exploring the role of environmental elements, such as cultural and institutional factors, in explaining the causality. However, little was known about how the causality relationship was enacted by actual practices carried out by individual decision makers. Despite the fact that the literature offering an extensive analysis of norms, including obligations, reciprocity, sentiment and affection, trust, and face and reputation (Chen, Chen and Xin, 2004; Fan, 2002a; Hwang, 1987; Luo, 1997), there is a scarcity of qualitative studies exploring the ways in which these normative elements interact with each other and with other factors, such as personnel selection policies, to affect individual decision makers in arriving at a final decision.

Moreover, quantitative analysis of the relationship between social connections and personnel selection outcomes were unable to explain how different social connections came to effect in actual decision-making. On the one hand, the consideration of social connections in a universal form (Zhang and Lin, 2015) could lead to a dangerous assumption that all types of social connection share identical instrumentalities. After all, as Kipnis (1997, p.184) remarked, each relationship ‘*carries its own connotations and its own social/historical specificity*’. On the other hand, seeking a definite boundary between types of social connection (Bedford, 2011; Fan, 2002a; Hwang, 1998), could also lead to a neglect of the transferability of different types of connection and embedded norms. These potential risks of misunderstanding social connections in China suggest a need for a better understanding of how Chinese individuals perceive and transfer different social connections and the norms embedded in those connections, and how their perceptions eventually affect their decision-making. Of great importance is that ‘*the people may be made to follow a path of action, but they may not be made to understand it*’ (The Analects of Confucius, 2014, p.36). This thesis is conceived as an effort to explore and understand the dispositions, cultural meanings, and managerial implications of ‘*a path of action*’– recruiting through social connections – that has been followed by many decision makers in Chinese organisations. The next section outlines the research questions based on the literature review.

1.3 Research questions

Following on from the discussion about why the impact of social connections on personnel selection decision-making deserves further examination, this section outlines the research question to implement such an examination: ***How do social connections affect personnel selection decision-making in the Chinese banking sector?***

The investigation of this research question required an examination of how a decision maker in personnel selection identifies, perceives and realises norms embedded in a social connection that exert an influence on both individual decision-making and collective decision-making concerning giving a job offer to a candidate. This examination involves enquiries into:

How do social connections affect an individual decision maker in evaluating and selecting a candidate who is involved in the social connections?

1.4 Theoretical considerations

The examination of the research question required a theory that was capable of capturing and explaining the logic of norms and practices involved in enabling the impact of social connections on personnel selection decision-making in China. *Social Capital Theory* stood out as the adequate theoretical lens for this doctoral project. The fundamental principle of *social capital* is that social connections are of great value in providing individuals and organisations with competitive advantages (Field, 2008). In the context of personnel selection, job seekers were found to be motivated by better occupations and income (Bartus, 2000; Erickson, 2001; Flap and Boxman, 2001) whereas recruiters were found to be interested in pursuing better individual and organisational performance by deploying the social connections of current and prospective employees (Lin et al., 2009; Porter and Powell, 2006; Zhang and Lin, 2015). The theoretical stance in these studies, which considered social connections as a beneficial resource, a form of investment, and an economic capital that expected or requested a reciprocal return, highlighted the instrumental nature of social connections. This highlight was useful in understanding how social connections affect personnel selection decision-making in Chinese organisations through an interplay of personal and organisational interests.

Although having received relatively less attention from empirical research on personnel selection, the conceptualisation of social connections as a social necessity, a form of personal development, and a symbolic capital (Bourdieu, 1986, 1990; Bourdieu and Passeron, 1977; Coleman, 1988; Coleman and Hoffer, 1987) was insightful for exploring social connections in China. For instance, Pierre Bourdieu's (1990) classic theorisation of kinships and practical kinships mirrored Lin's (2001a, p.155) conceptualisation of '*pseudofamilies*' in Chinese society, which allowed us to observe the nuances between different social connections and their effectiveness in exerting an influence on individual and organisational decisions. The more recent development of *social capital theory* also provided an important understanding of the dependence that effective mobilisation of social connections have on individual positions within a network (Lin, 2001b), organisation ownership (Zhang and Lin, 2015), as well as organisational capability and staffing policies (Tung and Worm, 2001). These implications appeared to be useful in explaining social connections in China for two reasons. First, Chinese society requires individuals to behave accordingly with a self-awareness of

network location and a high level of respect for social hierarchy. Second, the Chinese economy is composed of predominantly state-owned organisations with increasing competition from private organisations and joint ventures. Research also pointed to a surge in the number of wholly foreign-owned enterprises operating in China (Björkman and Lu, 2001). These organisations were found to have different policies and practices for personnel selection as well as a distinctive need for resources (Cooke, 2005, 2011). These differences therefore implied different perceptions and deployments of social connections.

Meanwhile, empirical data gathered by this doctoral research also revealed room for the advancement of *social capital theory* by embracing the distinctive characteristics of social connections in China. This is discussed in greater detail in Chapters 7 and 8. The next section focuses on the research design and process of this doctoral project.

1.5 Research context and design

Prior to outlining the research design and process, it is crucial to understand the location of the research context in the Chinese financial services sector. The majority of Chinese management research has been dedicated to the Chinese manufacturing sector, given its critical role in facilitating the development of the Chinese economy; however, the growth of the Chinese financial services sector should not be overlooked. This sector has evolved from being relatively domestic and isolated to being influential in the global economy since the 1980s marketization reform (Cheng, 2003; Peng, 2007). More importantly, the top commercial banks in China remain under the control of the state today. These banks are highly involved in the market, not necessarily for commercial purposes but also for political objectives. Recently, this critical role of Chinese state-owned banks was demonstrated by the intervention of the central bank in the Chinese stock exchange crisis (Albanese and Cox, 2015; Economist, 2015). In contrast to its important role both in the Chinese and world economies, the Chinese financial services sector has so far received relatively scarce attention in comparison with the Chinese manufacturing sector. Moreover, as discussed in the opening of this introductory chapter, a number of both Chinese and Western banks were reported to seek business development in China by hiring well-connected candidates. This provided an opportunity for this thesis to address the practical issues of the deployment of social connections in personnel selection decision-making in an increasingly important, yet overlooked, sector.

In the past five decades, the Chinese banking sector has witnessed a lot of reforms in relations to organisation structure, banking functions, and ownership. Compared to the initial development of a mono-bank system that merely served administrative purposes prior to the year of 1978, the nature of banking in contemporary China has shifted to a profit-oriented, three-tier system since the 1980s (Lin and Zhang, 2009). The first tier used to consist of four state-owned commercial banks, including the Industrial and Commercial Bank of China, the Bank of China, the Agriculture Bank of China, and the Construction Bank of China, which now also includes the Bank of Communications as one of the big five banks in China (Luo et al., 2015). The second tier involves joint-stock commercial banks and the third tier involves city-level commercial banks (Ling and Zhang, 2009).

Despite being considered as more efficient compared to the local banks' organisational performance, foreign banks operating in China remain as the minority (Berger, Hasan and Zhou, 2007). Foreign ownership of banks did not return to the Chinese market until the economic reform during the 1980s after the majority of foreign banks was forced to withdraw from China by the year of 1959 (Leung, 1997). An annual report of the China Banking Regulatory Commission (CBRC) indicates that 38 wholly foreign-owned banks, two joint-venture banks, and one wholly foreign-owned finance company operated in China by 2014, whereas there were 810 local commercial banks and over 3000 other forms of domestic banking institutions (CBRC, 2014). The total assets of the Chinese banking sector accounted for RMB 172.3 trillion in 2014 whilst the total assets of foreign banks in China were RMB 2792.88 billion in the same year, which was merely 1.62 per cent of the total assets of China's banking sector (ibid.). Since the state's injection of RMB 27 billions into the four largest state-owned banks and non-performing loans to asset management companies in 1998 (Lin and Zhang, 2009), the state-owned banks remain dominant in the sector albeit with some signs of decline in their market share recently (Zhao et al., 2012). Meanwhile, the CBRC manifested an interest in encouraging further development of locally incorporated foreign banks through removing 11 items of Administrative Examination for Foreign Banks as well as the stipulation of minimum operating capital, in addition to a reduction in minimum operating time (CBRC, 2014). To a large extent, the Chinese banking sector shows a hugely competitive nature following its open-door policy, with an increasing effort of non-state-owned banks to establish and expand their operation scale.

Whilst the potential expansion of the Chinese banking sector might suggest a growth of employment in the sector, empirical evidence shows a mixed picture. The total number of employed staff in the Chinese financial services sector reached 3,763,435 by the end of 2014 (CBRC, 2014). However, the state-owned banks saw a decline of employment owing the sector reforms and sought to cut down the number of staff (Zhao et al., 2012). On the contrary, foreign banks and non-state-owned banks were found to offer more job opportunities with their ambition to expand (ibid.). The labour market reform and the surge in the number of graduates have led to an establishment of higher education degrees as the threshold of employment in the Chinese banking sector (ibid.). Better and more flexible promotion opportunities for employees were created (ibid.) with the introduction of Labour Contract Law, training programmes, and senior executives performance appraisal (CBRC, 2014).

To examine the research question *How do social connections affect personnel selection decision-making in the Chinese banking sector?*, this research carried out semi-structured interviews with 17 human resource (HR) managers¹ and 25 senior executives² in 14 Chinese commercial banks. The choice of the qualitative interviewing method was based on the objective of understanding *how* rather than *whether* social connections influence individual and, eventually, organisational decisions. The recruitment of both HR managers and senior banking executives as interviewees was as the result of a preliminary, exploratory study of this research, which indicated the dominant role of non-HR executives in selecting and hiring experienced banking employees, as well as those executives' influence on HR managers' decision-making overall.

Whilst the role of HR practitioners in China was considered to have developed from a mainly administrative role to one that is relatively strategic, the emphasis of harmonious relationships at work in Chinese organisations was found influential in establishing an expectation that HR managers should collaborate with and assist non-HR managers to achieve business demand (Gao et al., 2016). Although the role of HR managers in Chinese

¹ The term HR managers will be used throughout this thesis to represent decision makers involved in personnel selection, which include HR managers who are responsible for selecting job candidates and HR Directors.

² The term senior executives used in this document represents senior non-HR managers who are involved in making personnel selection decisions, which include local branch presidents, provisional branch presidents, Risk Investment Assessment Department Directors, and Client Management Department Directors and Deputy Directors.

financial services organisations is yet to be studied in detail, the responsibilities of HR managers in these organisations mainly involve administrative functions, such as recruiting. In this research, the HR managers who participated in the main study were located at the senior managerial level and were also responsible for policy-making in personnel management and strategies. However, the expectation of collaboration between HR managers and non-HR managers were not explicitly indicated by the formal organisation structures of Chinese commercial banks or their mission statements related to HR strategy. For instance, in the Industrial and Commercial Bank of China, the HR department was placed under the specialisation of the Comprehensive Administration Department along with other administrative departments, such as Finance and Accounting. The role of non-HR senior executives who participated in this research appeared to be more diverse, albeit at a similar managerial level in the organisation structure. The average annual wage of the Financial Services sector reached RMB 99653 in 2013 (National Bureau of Statistics of China, 2014). The HR managers and senior executives at the same managerial level that participated in this research reported similar pay scales of a basic salary of approximately RMB 200,000, although some senior executives indicated that they earned average RMB 600,000 owing to the commission structure.

1.6 Research contribution

The thesis contributes to the academic knowledge by offering a more refined insight into how social connections affect personnel selection decision-making in terms of three key facets of the research subject. First, this research affirms the persistent propensity of social connections to affect personnel selection decision-making in Chinese organisations. Second, the research contributes an analysis of the interplay of social norms, individual interests and organisational interests echoing previous research that considered obligations and reciprocity as the key motivations for cultivating, maintaining and deploying *guanxi* and *social capital*. The findings also refined the conceptualisation of trust in the *guanxi* literature by defining it as a by-product of the norms of obligation, reciprocity and sanctions. Whilst sanction is a less documented norm in the literature on *social capital*, this thesis contributes to our understanding of sanction as another form of motivation for Chinese recruiters to hire well-connected employees. Third, the consideration of the dynamics of individual positions within different networks in various communities, including families, workplace and society in general, provides an insight into the literature on *guanxi* and social mobilisation. This

research highlights that Chinese individuals are not entirely enslaved and tied up by social norms and hierarchy, as previous research suggested. Bian (1994a, p.972) proposed that ‘*all Chinese live in a web of social relationships*’ from which ‘*traditional Chinese family values*’ and ‘*obligations to... kin relations*’ (ibid., p.986) emerged. Similarly, Luo (1997, p. 45) suggested that *guanxi* are ‘*delicate fibres woven into every Chinese individual’s social life*’ and ‘*the lifeblood of the Chinese business community, extending into politics and society*’. On the contrary, this doctoral research suggests that the Chinese individuals have certain levels of agency in cultivating, deploying, mobilising, and avoiding *guanxi*.

The research also contributes to the theoretical knowledge by identifying a few subtle differences between *guanxi* and *social capital*. The findings suggest that *guanxi* can be considered as a form of *social capital* to a large extent. Fundamentally, the ways in which *guanxi* operates share some similarities with *social capital* in terms of how the norms of obligation and reciprocity intertwine with individual network location and hierarchical position in organisational and social structure to enable the instrumentality of social connections. However, the research findings reveal that, to identify an obligation in a connection, Chinese individuals often take into account factors related to informal hierarchical structure, including age, gender, the nature of the connection, and the communities in which this connection is located. On the contrary, individuals in Western society seldom appear to consider these factors, but mainly the positional resource of a connection provided by the formal hierarchical structure. The research also suggests that the notion of trust in the Chinese context is not as explicit as the conceptualisation of trust offered by *social capital theory*.

This research also offers three important managerial implications for recruiters. It firstly highlights the importance of a better understanding of social connections in Chinese management decision-making. To obtain such an understanding requires not only an appreciation of the propensity of *guanxi* but also the contextual factors that influence its effectiveness. Secondly, the empirical findings also reveal a concern about increasing pressure from the central government and negative social perceptions of the banking sector. This concern suggests that recruiters should be highly aware of and fully understand the legal requirements for personnel selection when deploying social connections. Thirdly, the conflicts between HR managers and non-HR managers, revealed in this research, point to a need for better communications and negotiations at the top level of managerial decision-

making. Specifically, HR managers suggested various degrees of pressure from top management, turnover, and employment budgets resulting from a lack of, or ineffective, communications with their senior non-HR colleagues.

1.7 The outline of the thesis

This thesis presents seven chapters. Following this introductory chapter, chapter two offers an in-depth review of the literature on *guanxi*, *social capital theory*, and social connections in personnel selection decision-making in Chinese organisations. It concludes with several important questions for investigation in the empirical research based on the research gaps and weaknesses identified in the literature review. Chapter three is devoted to a discussion about the research methodology. Chapter four presents the findings of the interviews with HR managers. Chapter five turns to the empirical evidence on how social connections affect senior non-HR managers' decision-making in personnel selection. Chapter six concentrates on synthesizing these two perspectives to build an observational model of the selection decision-making process in which social connections are involved. Chapter seven discusses the ways in which the empirical findings support, add to, refine, and contradict the existing literature and theory. The final chapter offers a review of this doctoral project and the contribution of this thesis both to academic knowledge and management practice, with an acknowledgement of its limitations and suggestions for managerial implications and future research directions.

Chapter 2 Literature Review

2.1 Introduction

The main objectives of this chapter are threefold. First, it reviews the literature on four key research subjects related to the issues that this doctoral project seeks to address. These research subjects were personnel selection decision-making in the Western context, personnel selection decision-making in Chinese organisations, social connections in China that were frequently known and studied as *guanxi*, and the deployment of *social capital theory* in personnel selection decision-making. The exploration of relationships between these subjects in previous studies is also examined in this chapter. Despite the fact that this research was intended to understand personnel selection decision-making in the Chinese context, the conceptualisations and theorisations related to personnel selection decision-making in the Western context remained highly relevant as personnel selection practice in Chinese organisations was often considered to be influenced by modern Western practices (Zhu, Thomson and Cieri, 2008). Meanwhile, *guanxi* was frequently identified as an important factor that affected Chinese personnel practice in both domestic and overseas business operations (Chen and Easterby-Smith, 2008). This potentially dominant factor was conceptualised as a form of *social capital* in order to assist Western scholars and practitioners in understanding social connections in the Chinese context (Lin, 2001b).

The second objective is to generate a valid research question for this doctoral project through an in-depth review of relevant literature. Third, this chapter provides a foundation for the choice of research method and the design of qualitative fieldwork.

This chapter commences with a review of the extant literature on personnel selection decision-making in the Western and Chinese context. Following this review is Section 2.3, which is dedicated to reviewing the conceptualisation, construction, classification and historical roots of *guanxi*. Section 2.4 reviews the main theoretical lens offered by the Western literature in relation to their capacity in understanding and analysing *guanxi*. Section 2.5 moves on to review the existing studies of social connections in personnel selection decision-making with a focus on *guanxi* and *social capital*. Section 2.6 outlines the research questions that emerged from the literature review.

2.2 Personnel selection decision-making

This doctoral project was carried out to examine *how a decision about whether or not to shortlist, select, and recruit a job applicant was made and the role of social connections in this decision*. This research was *not* about any other types of personnel decision-making. Prior to reviewing the literature on personnel selection decision-making, it is crucial to examine previous research for an understanding of *what* personnel selection is and *how* personnel selection decision-making is carried out in general.

2.2.1 In the Western context

The mainstream Western literature frequently considered personnel selection as a stage in the recruitment process, identifying, and selecting the right individuals to meet specific personnel and job requirements through a series of assessments (Armstrong, 2012; Barber, 1998; Breaugh, 1992; Breaugh and Starke, 2000). For instance, Armstrong (2012) defined personnel selection as a process that involves using assessment to decide on the degree to which the characteristics of candidates in terms of competencies, experience, qualifications, education, and training match the person specification. The term ‘personnel selection’ is used in the literature on industrial, work, and organisational psychology concerned with the objective and systematic prediction of candidates’ future performance (Evers, Anderson and Voskuijl, 2005; Schmitt and Chan, 1998). For Roe (2005, p.74), personnel selection is ‘*a configuration of instruments, procedures, and people created with the purpose of selecting candidates for certain positions, in such a way that they can be expected to optimally fulfil pre-defined expectations*’. Drawing from these definitions, personnel selection is constituted by job analysis, assessment of individual differences, and prediction of future performance. This conceptualisation of personnel selection, however, merely represents the scholarly work that has been conducted in the context of American and Western Europe, particularly the United Kingdom and therefore could be described as a stereotype. It is of great importance to acknowledge that the use of terminology of “Western literature” and “Western context” in this doctoral thesis is constrained by this contextual limitation.

The main research focus of this study is, as emphasised earlier, the process of deciding *whom to select*, or more specifically, ‘*deciding to which candidates the organisation wishes to offer a job and which candidates will be rejected, based upon an evaluation of all relevant candidate information*’ (Born and Scholarios, 2005, p.267). In line with this definition, Born

and Scholarios (2005) proposed a three-stage model of the personnel selection decision-making process, which deals with processing candidate information, making predictions, and deciding whether or not to make a job offer. According to this model, the first stage of personnel selection decision-making focuses on choosing effective assessment instruments, such as interviews and assessment centres, to rate job applicants. In the second stage, recruiters use clinical or mechanical instruments to judge each individual applicant's potential success in a job. The final stage concerns the actions of accepting and rejecting job applicants. This model signifies that personnel selection decision-making in the Western context largely depends on the results of personnel assessment and prediction, which expects a high level of objectivity from decision makers that included HR professionals and line managers.

This expectation reflects the core of the psychometric model of personnel selection that emphasises the development of assessment instruments and the evaluation of the validity of these instruments to ensure formal, professional and normative selection decision-making (Hollway, 1991; McCourt, 1999). A wealth of literature has been dedicated to the development and evaluation of different assessment methods with regard to their validity, which referred to the accuracy of predictive inferences about future job performance drawn from assessment scores (Sackett, Putka and McCloy, 2012). In contrast, Born and Scholarios (2005) underlined that the dominant expectations of objectivity in personnel selection can be illustrated by the classic economic rationality model, which presumes perfect rationality in that decision makers were able to maximise the effective outcomes of decision-making by recognising and calculating all possible alternative choices.

The classical rationality model has often received critiques of being unrealistic (Ramsey and Scholarios, 1999). An important step in dealing with this classical theory's limitations was taken by Simon (1955, 1959, 1979, 1997) who developed a model of bounded rationality concerned the danger of incomplete and imperfect information, and decision makers' disagreements on organisational objectives. Whilst arguing that rationality can be achieved at a certain level, the bounded rationality theory also admits the possibility that decision makers were less rational in reality than the rational model claimed. Departing from a similar viewpoint, some empirical studies suggested a series of potential factors affecting decision makers, including the types of decision (Shafir, 1993; Shafir, Simonson and Tversky, 1993), the accuracy of reasoning (Tetlock and Boettger, 1989), and interviewers' emotion (Baron,

1987). Moreover, decision makers who lack selection experience were found to develop a personal style and routine through a heuristic approach that explored different ways to deal with candidates' information and repeated certain practices in the next selection decision (Lord and Maher, 1990; Shapira, 2002). Within the same organisation, individual differences between decision makers were also found in the ways in which they identified, justified and used different criteria as the most job-relevant benchmarks in evaluating the competence of job applicants (Graves and Karren, 1992).

Empirical evidence in relation to a relatively irrational, less objective approach to personnel selection decision-making obtained from these scholars' observations of real life practice had crucial implications for this doctoral research. Most importantly, focusing on the design and development of an effective selection decision-making procedure is not satisfactory to understand how a selection decision was actually made by practitioners, either as individuals or as a collective. Research that merely examined personnel assessment and prediction methods neglected the fact that the implementation of any effective method and procedure relies on the realisation made possible by individual practitioners. More specifically, selection decisions also depend on the ways in which individual practitioners perceive, interpret and utilise an assessment method, a selection criterion, or a decision-making procedure. This dependence therefore led this research to focus on the perspective of individual decision makers.

Moving beyond the role of decision makers, some scholars questioned the impracticality of the rational model that largely isolated decision makers from the broader context of the organisational and social environment. For instance, Ramsey and Scholarios (1999, p.67) remarked that *'the rational psychometric model does not adequately reflect either how decision makers value information about performance in the hiring process or how their decisions are shaped by organisational and environmental constraints'*. From a multilevel perspective, they provided a comprehensive review of rational and irrational models and concluded that selection decision-making should be considered as a *'socio-cognitive'* process (ibid., p.73). The cognitive perspective was concerned with the two-way dynamic interactions between individuals and organisations with an emphasis on empowering candidate perceptions in selection. The social perspective considered personnel selection decision-making as a social relational process constituted by individuals' perception and interpretation

of organisational events, which rejects the static causality between objective assessment and prediction and selection decisions in the rational model.

The social relational view was supported by Bolander and Sandberg's (2013) empirical investigation into the discursive process of decision-making. Their observations of eight real-time decision-making meetings in relation to selecting IT professionals rejected the focus of the rationality model on objectivity and validity. They found that decision makers' perceptions of candidates were changeable during decision-making meetings, which implied that a static definition of individual differences and job performance was untenable in this case. Therefore, they called for attention to an understanding of how candidate information was used by selectors for sense making rather than how this information was collected and analysed. The discursive approach was useful in understanding actual decision-making practices, yet challenging in practice. Given the sensitivity of candidate information and other information involved in selection decision-making, gaining access to and recording real-time decision-making meetings could bring methodological difficulty to future research. However, the emphasis on the ways in which collected information was made sense of by individual decision makers remains insightful.

Born and Scholarios (2005) developed the socially-constructed view of personnel selection decision-making by assembling decision makers, organisational factors, and macro-structural and societal factors into a multilevel model of personnel selection decision-making. From the micro to macro level of contextual forces, this multilevel model illustrated the dynamics of personnel selection decision-making as an ongoing and interactional process of mobilising candidates' information for sense making. The micro level focuses on cognitions and other characteristics affecting decision makers. The organisational level deals with potential variables that form, restrain and sustain decision-making instruments, such as the size and structure of organisations (Barclay, 1999), employment patterns (Judge and Ferris, 1993), and organisational values and culture (Sparrow, 1997). The macro level deals with environmental factors such as labour market conditions (Rousseau and Tinsley, 1997) and national culture (Herriot and Anderson, 1997; Wilk and Cappelli, 2003).

For Ployhart and Schneider (2002), a multilevel perspective is vital in effective personnel selection owing to a number of unanswered questions raised by a divergence between theories and practices of personnel selection decision-making beyond the individual level.

One of these questions is *'to what extent... and how individual-level selection results generalise across cultures'* (Ployhart and Schneider, 2005, p.496). This question has an important implication for this thesis with regard to the queries about the extent to which Chinese organisations have adapted Western personnel selection practices and remain under the influence of specific cultural values and social norms. These queries will be addressed in the next subsection of this chapter.

Despite the fact that this doctoral project was *not* intended to examine different levels of personnel selection decision-making, the multilevel perspective formed a critical foundation for this research with its emphasis on personnel selection decision-making as a socially constructed process. This emphasis implied the importance of considering not only selection criteria, or predictors, and relevant information but also how these criteria and information were processed, weighted, and eventually used by individual decision makers. This implication returns us to Bolander and Sandberg's (2013) concern about the scarcity of research on how personnel selection decisions were made in practice compared to the wealth of literature on how selection decisions should be made. An earlier study by Silverman and Jones (1976) offered a glimpse of real life cases of personnel selection decision-making. Their empirical findings revealed that selection decision makers tend to make their decisions at the early stage of job interviews, followed by efforts to seek and deploy relevant information to justify their decisions. However, the majority of later empirical studies did not follow this argument, but moved on to emphasise objectivity and rationality in personnel selection.

More recently, Bolander and Sandberg (2013, p.304) conceptualised the process of personnel selection decision-making as *'practical deliberation'*, which was in contrast to a step-by-step model promoted by the mainstream scholarship on personnel selection. The concept of *'practical deliberation'* (ibid.) captured the interactive nature of personnel selection decision-making. Individual decision makers were found communicating and negotiating with each other by mobilising information gathered from different selection tools, such as job interviews, as evidence to support their impression of candidates, interpretation of candidates' attributes, and final selection decisions. Two types of meeting emerged in this decision-making process. One was an *'initial agreement'* (ibid., p.304) on individual opinions about specific candidates that was reached by different decision makers at the early stage of decision-making. The other concentrated on reducing *'initial disagreement'* (ibid., p.304)

between selection decision makers to arrive at a clear, consistent '*version*' (ibid., p.304) of candidates and to reach a final decision based on an agreeable version. Despite having different departure points in decision-making, both types of meeting were found to share a common objective, which was to ensure a consistent fit between *versions* of candidates and selection decisions. In pursuit of this fit, decision makers either sought a decision based on their *versions* of candidates or sought a *version* of a candidate to support their decisions. These empirical findings implied a gap between theorisation and implementation, which posited an enquiry into the extent to which the frequently endorsed step-by-step, systematic selection decision-making practices were deployed in actual organisational practices.

The potential gap between theorisation and implementation of personnel selection practice was also found in Chinese organisations, which was a frequent subject of debate in terms of the extent to which imported Western selection practice is compatible with domestic culture, personnel practice, and business operation (Zhu, Thomson and Cieri, 2008). In contrast to the Western scholars' call for the involvement of line managers (Purcell and Hutchinson, 2007), little evidence on the involvement of line managers in making selection decisions was found in Chinese organisations (Zhu et al., 2008). Although the lack of involvement of line managers in personnel selection implied a dominant role of HR professionals in decision-making, a research also revealed that actual selection decision-making remained strictly the authority of top management, whilst personnel assessment was often delegated to junior managers (Wang, 1997). This implied a potential divergence between assessment outcomes generated by a group of decision makers, mainly HR managers, and the sense making of these outcomes conducted by a different group of decision makers, such as senior executives. It is therefore crucial for this research to investigate *how* individual decision makers in Chinese organisations make sense of information in order to select or reject a job candidate, rather than how the information was collected and analysed.

The next section explores the historical development and reforms of Chinese personnel selection practices with a focus on the impact of these changes on personnel selection decision-making as well as drawing a contrast between Chinese and Western practice in selection decision-making.

2.2.2 Personnel Selection in the Chinese context

Compared to relatively well-researched and established personnel management methods and systems in the West, as revealed in the previous sub-sections of this chapter, the Chinese labour market and personnel policy went through important reforms only in recent decades. It is therefore important to obtain some insights into the nature of those reforms, and the ways in which they have shaped personnel selection practice in China in order to understand personnel selection decision-making in contemporary China. This sub-section offers a brief summary of personnel selection in China.

Personnel selection in contemporary China was frequently considered as a result of a compaction of the country's labour market reform in the 1980s, influence of Western personnel practices, and social and cultural factors (Ding, Goodall and Warner, 2000; Warner, 2012; Zhu and Dowling, 2002). However, far less attention was paid to the oldest documentation of personnel selection practice in China, *The Rites of Zhou*. This ancient Chinese literature focused on the personal attributes of adequate candidates for officials' job positions to serve the ancient Chinese bureau, including general knowledge, cognitive abilities, problem-solving skills, and moral characteristics.

Dating back to the year AD 587, Wang (1997) pointed out that the Imperial Examination System in China was the first national personnel selection system in the world. The core of this system was, as its name indicates, examination, which remains important in modern China's personnel selection practice. Examination in ancient China's personnel selection system, to a great extent, focused on individual differences and the categorisation of individuals based on their knowledge assessment results (ibid.). Whilst the emphasis on grading individuals based on knowledge reflected the influence of Confucius' ideology of wisdom and virtue (ibid.), the definition of testing individual difference in ancient Chinese personnel selection appeared to be similar to how personnel assessment was defined in Western literature. However, the emphasis on a paper and pencil examination of knowledge, such as logic and language, as a core personnel assessment method remained distinctive in Chinese organisations (Trescott, 2007; Wang, 1997; Warner, 2010), particularly in the civil service (Miyazaki, 1976). In contrast, Western scholars and practitioners dedicated great efforts to design psychological procedures (Highhouse, 2002), to develop new psychometric methods, and to test the validity of new methods (Guion, 2011). The importance of the Imperial Examination System was demonstrated by the system's continuing existence for

over 1,300 years (Sterba, 1978) as well as its influence in the deployment of the written examination as a personnel assessment method in both in China (Pepper, 2000; Warner, 2010) and the West (Têng, 1943). Personnel selection decision-making in China therefore, for a long period, can be considered as a process of decision-making that highly relied on examination-oriented information, under the traditional influence of bureau assessment and selection.

Between the 1950s and 1970s, a national planned job assignment system was introduced and enforced to tackle unemployment following the founding of the People's Republic of China in 1949 (Bian, 1994a; Wang, 1997). Unlike the Western organisations' consideration of personnel selection as an integrated process of job analysis, personnel assessment, and performance prediction (Armstrong, 2012), the central state-job-allocation system in China placed three aspects at the heart of personnel selection: increasing employment rate, especially employment of school and university graduates (Wang, 1997); control of rural-to-urban migration (Freeman, 2014; Yang and Zhou, 1999); and lifelong employment (Bian, 1994a). The high level of bureaucratic control in personnel selection provided governmental officials with a greater level of authority and influence on personnel selection decision-making, whilst placing restrictions on individual job seekers' occupational choice (Cooke, 2005). The quality of personnel selection decisions was considerably low during the post-1949 period in China (Wang, 1997), owing to the high level of dependence on job candidates' economic and personal information, such as social connections with governmental officials (Bian, 1994a). Substantial evidence on the dominant role of social connections in personnel selection in pre-reform China was provided by Yanjie Bian's extensive research (1994a, 1994b, 1997). During this period, the type of social connections that were found to be useful in obtaining a job in China included kinships, particularly the relationships between children and parents in the context that children took over parents' job positions, as well as non-kinships with influential individuals, such as governmental officials who had the capability either to assign jobs or to influence the decision makers in allocating jobs.

Political criteria were another important personal attribute to meet the demands of the government's communist ideology (Helburn and Shearer, 1984). Political criteria dominated the evaluation of job candidates as a result of priority and preference of the key decision makers, who were mainly governmental officials (Meng, 2000). Whilst a certain group of candidates found themselves benefiting from employment security, the life employment

system, also known as the *iron rice bowl*, largely induced management inefficiency and low performance (Cooke, 2012; Zhao, 1994). Following the economic reform in the 1980s, concerns about personnel inefficiency resulting from the centralisation of the labour system eventually led the Chinese labour system to enter a reform period in which systematic, Western-influenced personnel selection practice was introduced (Ding, Goodall and Warner, 2000).

During the transitional period and post-reform era, scholarship on Chinese personnel selection shifted its focus to *how* Chinese organisations incorporated Western practice with Chinese characteristics in personnel selection (Warner, 1993, 1996; Zheng and Lamond, 2009; Zhu and Dowling, 2002). The development of Chinese personnel selection towards Westernised practices was reflected in three main changes. First, the lifelong employment system was aborted and replaced by a Labour Contract System (Cooke, 2005; Wang, 1990). Second, various performance prediction measurements, such as psychometric tests and assessment centres (Cooke, 2012), were introduced to the personnel assessment system that had previously relied on examination and political criteria to a great extent. Third, the reformed employment system provided both job seekers and employers with more autonomy, which meant the right to choose occupations, work locations, and so on with a higher level of mobility for the former (Bian, 2002; Bian and Ang, 1997) and selection decision-making authority for the latter (Wang, 1997). The diffusion of decision-making authority from the governments and the increasing diversity in organisation ownerships also transferred the composition of selection decision makers from mainly bureaucratic officials to industry experts, supervisors, and HR managers within organisations (Wang, 1997).

Yet, whilst studies of personnel selection decision-making in China remained scarce with the dominant focus on personnel assessment methods, the literature revealed inconsistent findings with regard to first, *how* a personnel selection decision was made in post-reform China; and second, the *extent to which* Chinese organisations had adopted Western personnel selection practices. For instance, Huo, Huang and Napier (2002, p.40) suggested that the top criteria deployed in assisting recruiters to make selection decisions were '*one of a kind*' based on their cross-national comparative studies. They also revealed that the job interview, as one of the most dominant personnel selection methods, was not shortlisted in the top three methods in Chinese organisations. The emphasis was placed on job candidates' ability to meet the technical requirements of a specific job, examination, and previous work experience

(ibid.). This was contrary to empirical evidence on the dominance of a combination of examination and job interview in Chinese personnel selection (Cooke, 2012; Easterby-Smith, Malina and Yuan, 1995). For example, HR managers in the Industrial Commercial Bank of China revealed that their selection decisions were made based on the outcomes of a theoretical test and a follow-up job interview (Ke and Morris, 2002). The contradictory findings of previous studies point to a gap in our understanding of *how* personnel decisions in Chinese organisations are made in practice, rather than in theory.

Similarly, the literature also revealed a gap in our understanding of the extent to and the ways in which the Western systematic approaches to personnel selection decision-making were adopted by Chinese practitioners. On the one hand, some scholars suggested that, unlike in Western organisations, the application of psychometric tests and assessment centre in post-reform China remained scarce (Braun and Warner, 2002). On the other hand, a comparative study suggested that only 42% of state-owned organisations in China believed they had adopted a systematic personnel selection practice (Ke and Morris, 2002). Meanwhile, the importance of social connections with governmental officials in obtaining a job during the pre-reform and the transitional period (Bian, 1994b) was arguably dismissed with the adoption of systematic personnel selection practices and institutional reforms (Guthrie, 1998). However, many researchers suggested a continuous deployment of social connections as a strategic choice made by employers resulting from marketization and competition for talent and resources (Cooke, 2012; Han and Han, 2009; Zhang and Lin, 2015). The deployment of social connections was also found in Chinese multinational companies that operated in the West, although with a restricted effect on actual selection decision-making in the IT sector compared to other sectors (Chen and Easterby-Smith, 2008). These divergent viewpoints implied a dynamic, contextual nature of the importance of social connections, which, regardless of the importation of Western personnel practice, could exert different levels of influence on selection decision makers and organisational personnel policy.

More recently, Cooke (2010, p.49) pointed out that Chinese HR management practice in general is influenced by the core values related to social connections, which posited a danger for practitioners who seek to implement Western style HR practice in '*an undigested manner*'. Cooke continued to call for attention to treating management practices in China as '*an art rather than a science*' (ibid.). These statements imply that the key to understanding Chinese personnel practices lies in social connections, even though personnel practices have

witnessed an adaptation to Western practices. However, these arguments were not developed further into enquiries about the extent to which social connections affect Chinese HR practice, such as personnel selection decision-making, in a transitional management environment under the influence of Western practices. This doctoral research therefore was intended to examine the impact of social connections in personnel selection decision-making in contemporary China, in which personnel practice is heavily intertwined with not only management ideology based on either domestic or foreign conceptions, but also the changing dynamics of social connections and relevant social norms.

2.3 Social Connections in China (*Guanxi*)

Social connections were considered as a key factor in personnel selection decision-making in pre-reform China and potentially remained important in the transitional and post-reform period. Social connections had such a substantial influence in Chinese society and the economy so that its equivalent term in the Chinese language, *guanxi*, became part of the Chinese vocabulary that entered the English-speaking academic and business world without translation (Gold, Guthrie and Wank, 2002).

Defining *guanxi* is challenging due to the difficulty in translating this term from the Chinese language into English with precision and richness in terms of literal meaning as well as contextual applications. The complexity of *guanxi*, however, can be resolved by exploring the key dimensions of the conceptualisation of this term provided by previous research. These dimensions are discussed below in separate subsections on definition, normative construction, classification, instrumentality, practice, and historical roots.

2.3.1 Defining *guanxi*

The Contemporary Chinese Dictionary³ (2012) defines *guanxi* in its latest edition as: (1) a status of mutual functions/effects that exist between objects; (2) a connection with certain characteristics that exists between people/objects; (3) the influence or importance of an object in its relevance to another, or something worthy of attention; (4) a cause/condition; (5) a membership credential that approves a connection between an individual and an organisation; (6) a link/concern. Drawing from these official definitions, the term “connection” appears

³ All translations of dictionary entries in Chinese language dictionaries used in this doctoral thesis are mine. Back translations of key concepts, definitions, and quotes were carried out by a research assistant at the Centre for Social Surveys at the Sun Yat-sen University, China.

salient to the nature of *guanxi*. However, the usefulness of these definitions is restricted to understanding the meanings of *guanxi* at the linguistic level, rather than the underlying implications of *guanxi* for Chinese individuals' social life and organisational activities.

Through a political lens, Jacobs (1979, p.238) defined *guanxi* as '*particularistic ties*' that serve the purpose of making political allies and securing votes. This definition was later adapted by Walder (1988, p.179) who defined the practice of *guanxi* as '*an exchange of relationship that mingles instrumental intentions with personal feelings*' with a particularism that seeks to affect authority, especially within work units. Guthrie (1998) stretched this definition to a further theoretical statement that treated *guanxi* as particularistic relationships produced in weak institutional environments to be used as an alternative path to the formal bureaucratic procedures. The contribution of these definitions is limited to an understanding of the use of *guanxi* in the political context, which only examined the institutional factors whilst overlooking the cultural influence.

The management literature has also contributed to the conceptualisation of *guanxi*. With regard to the function of *guanxi* in business sustainability, So and Walker (2006, p.3) defined *guanxi* as '*the totality of a relationship between two business partners and as being mainly utilitarian in nature*'. Similarly, by citing a popular expression in China, "who you know is more important than what you know", Jacobs, Belschak and Krug (2004) claimed that the power of personal contacts outweighed other factors in business success in China compared to the West. Luo (2007) also dedicated his seminal work on the role of *guanxi* as being all kinds of connections to be drawn on for securing favours in personal relations to access bureaucratic support for economic demand and business survival.

An important step in the field was taken by Yang (1994, p.6) who theorised *guanxi* as an object of study named *guanxiology*, which was concerned with '*the exchange of gifts, favors, and banquets; the cultivation of personal relationships and networks of mutual dependence; and the manufacturing of obligation and indebtedness*'. For Yang (ibid.), *guanxi* contained thick information about '*history, condition of formation, and specific contours*' that reflected the connotation of the social forces that shaped *guanxi*. Other authors also gave prominence to the notion of exchange implied by *guanxi* based on in-depth ethnographic studies in rural China. For example, Kipnis (1997) considered *guanxi* as social connections that are similar to friendships with desires for affection and mutual benefits.

As exemplified above, the literature has employed a rich discourse to elaborate *guanxi* in different contexts. However, defining *guanxi* from one specific perspective may lead to a limited scope that is neither applicable to a broader context nor duplicable for future research. By taking this issue into account, Yang's (1994) conceptualisation of *guanxiology* remains as a powerful departure point for studying *guanxi*. This conceptualisation captures the kernel of *guanxi* as social connections embedded with reciprocal and obligational notions of indebtedness between individuals or the communities that they represent. To a large extent, Yang's (ibid.) emphasis on the importance of reciprocity, obligation, and exchange in enabling the instrumentality of *guanxi* represents the key arguments presented in the majority of previous studies.

However, Yang's (ibid.) attempt to distinguish *guanxi* from its referent *guanxi practice* lead to a theoretical problem, which was overlooked by other scholars who either followed Yang's approach to these concepts (Guthrie, 1998; Yan, 1996a) or simply adopted the term *guanxi practice* or *guanxi behaviour* without explicit definitions (So and Walker, 2006). Yang (ibid.) suggested that *guanxi* stands for social connections, whilst *guanxi practice* implies a gift or favour exchange behaviour that fulfils norms in social connections and offers an alternative to formal institutions. The introduction of the term *guanxi practice* contributes to our understanding of the important role of individual practices in enabling the instrumentality of *guanxi*. Yet, speaking of *guanxi practice* as a stand-alone concept is problematic owing to the lack of an explicit boundary between *guanxi practice* and *non-guanxi practice*.

More specifically, the distinction between *guanxi practice* and any other social practice is largely an analytical one. With a focus on practice that serves a specific purpose of creating, maintaining, and utilising *guanxi*, the term *guanxi practice* fails to capture the fact that other practices not intended for *guanxi* production also construct or have a capability to construct *guanxi*. It is of great importance to understand that the relationship between the knowledge of the instrumentalities of any social connections, and the practice to realise these instrumentalities and to reinforce such knowledge, is fundamentally, mutually constitutive (Bourdieu, 1977, 1984, 1990). More specifically, as Luo (1997) remarked, *guanxi* pervades Chinese individuals' day to day life and even Chinese individuals' self-identification. In this sense, any practice carried out by Chinese individuals could directly and indirectly facilitate the production of *guanxi* (ibid.).

This thesis therefore considers *guanxi* and relevant practices as mutually constitutive and that it is impossible to analyse one subject separately from the other. However, practices related to *guanxi* in this research project were not examined or conceptualised as *guanxi practice*. In other words, this thesis did not adopt the term *guanxi practice* used by other scholars. Instead, it considers all practices in social interactions as relevant to the direct and indirect, implicit and explicit, tangible and intangible production of *guanxi*, with a focus on practices that individual actors perceived as effective and eventually carried out to create, maintain, and deploy *guanxi* within the context of personnel selection decision-making. To summarise, grounded in the definitions offered by dictionaries, political, management, and ethnographic studies of *guanxi*, this thesis examines the subject of *guanxi* as social connections that require constant effort to carry out the practices of material and symbolic exchange in a recognisable and appreciative form of reciprocity, obligation, respect, loyalty or appreciation with or without specific personal or organisational goals to achieve. The next section explores the normative construction of *guanxi* whose kernel is believed to be reciprocity and obligation.

2.3.2 The normative construction of guanxi

The literature considers emotional commitment, reciprocity and obligation, face and reputation, and trust as the core normative elements that form the foundation of *guanxi*. This section explores the dictionary definitions and social implications of these normative elements based on a review of the literature.

Emotional commitment

To understand the concept of emotional commitment related to *guanxi*, it is important to explore four relevant Chinese terms: *ganqing*, *renqing*, *jiaoqing* and *qingmian*. Whilst all share the word *qing*, which mainly stands for psychological, emotional status or situations caused by external factors (Anon, 2004), these four terms have different foci on emotions. According to the Contemporary Chinese Dictionary, *ganqing* refers to strong psychological reactions to external factors or affective sentiments towards an object or a person; *renqing* stands for common human feelings, *jiaoqing*, etiquettes of interpersonal interactions, or presents and favours; *jiaoqing* emphasises emotions aroused by interpersonal interactions; and *qingmian* is about *jiaoqing* and *mianzi*, or feelings and face.

Many scholars extended these definitions to a broader account for social implications. *Ganqing* was frequently considered as a basic indicator of the quality of *guanxi* (Chen and Chen, 2004; Chow and Ng, 2004; Wang, 2007). For Kipnis (1997), *ganqing* is essential for the production of *guanxi* through materialising and embodying emotions in an obvious manner in both specific social occasions and everyday social interactions. Yet, the materialisation of *ganqing* in a monetary form requires particular articulation of the context and type of *guanxi* involved; otherwise it could posit the danger of causing the opposite effect (Yang, 1994). In particular, economic involvement between family members was either avoided or undertaken at the expense of one party to demonstrate *qingqing*, the type of *ganqing* towards family members, as well as selfless sacrifice in order to reinforce the strength of family *guanxi* (ibid.). In a critique of his own work, Kipnis (2002, p.21) later on developed a concept of '*ganqing avoidance*', referring to a series of negative practices that also produce *guanxi*, such as denial of food and threat of punishment or actual punishment.

The term *renqing* was frequently associated with the notion of indebtedness (Chang, 2010; King, 1989). Contrary to *ganqing*, which was regarded as an indicator of the strength or quality of *guanxi* through individual perception of affective sentiment, *renqing* entailed the guidance of social behaviours or social interactions rules (Hwang, 1987, 2011). The rules of *renqing* were believed as critical as social and moral ethics that originated from rural Chinese social activities (Yan, 1996b). The fundamental rules of *renqing* implied obligation and reciprocity (Yang, 1994), which revealed that the emotional commitment that produced or was produced by *guanxi* was not necessarily voluntary. Meanwhile, there were no universal rules of *renqing* but specific expectations of different behaviours according to the type of *guanxi*, such as family relationships (Guo, 2001).

In contrast to *ganqing* and *renqing*, the terms *jiaoqing* and *qingmian* were hardly mentioned in previous studies. However, it is important to be aware of the accurate usage of these terms in different contexts, as well as the nuances between these terms owing to their connections with other normative elements of *guanxi*. One of the few exceptions was Chen and Chen (2004) who considered *jiaoqing* as a sense of indebtedness embedded in interpersonal exchange. This interpretation of *jiaoqing*, to some extent, was incorrect. Under most circumstances, *jiaoqing* merely entailed a form of *ganqing* that emerged from interpersonal interactions. Another exception from the literature that focused on *ganqing* and *renqing*, was Yang (1994, p.72) who briefly mentioned *qingmian* as '*feelings and sensibilities*' that

Chinese individuals had to avoid and dismiss when making the choice of priority between community interest and personal interest. Although rarely discussed by the extant literature, the term *qingmian* implied the importance of giving face to a connected person based on *jiaoqing*, which pointed to an association between emotional commitment and reputation.

Reciprocity and obligation

The extant literature frequently places reciprocity at the heart of the normative construction of *guanxi* (Yeung and Tung, 1996). Reciprocity is considered as a form of obligation that denotes a mixed nature constituted by both voluntary and involuntary gifts or favour exchange (Yang, 1994).

Following the classic text by Mauss (1967), Yang (1994, p.8) suggested that the obligation of reciprocity embedded in *guanxi* consisted of obligations ‘*to give, to receive, and to repay*’. The obligation to give often implies an obligation to help friends and kin with little selfishness, which requires a recognition and perception of emotional commitment (ibid.). The obligation to help, particularly non-kin, was considered as a strategic practice to enforce the obligation of a request and obtain reciprocal support and assistance in the future (Guo, 2001). In other words, the motivation for fulfilment of the obligation to give was to establish a sense of indebtedness in *guanxi* in order to enforce a reciprocal return. Another motivation for obligation to give, according to Yang (1994), was an intention to avoid damaging *guanxi*, especially *guanxi* within a finite social circle in which both parties in a relationship have shared connections, such as mutual friends and colleagues. In this sense, the notion of social sanctions played a critical role in ensuring Chinese individuals felt compelled to fulfil their obligations to help. Obeying an order or request from superiors with loyalty and respect was considered as a nuanced form of obligation to help that demonstrated and reinforced organisational and social hierarchy (Banfe, 2011; Chen, Tsui and Farh, 2002; Law et al., 2000).

According to Yang (1994), the obligation to receive was regarded as a performance of social etiquette that indicated personal reputation associated with an individual’s ability to reciprocate, as well as a willingness or rejection to establish *guanxi*. On the one hand, the importance of personal reputation, which was often known as face or *mianzi* in the Chinese context, required both parties in a *guanxi* to take each other’s dignity into account when considering refusing a present or favour (ibid.). Rejection of a present or a favour could cause

the loss of face for both parties and eventually lead to potential damage of personal reputation and loss of respect, even in a shared community (Kipnis, 1997). Rejection of presents could be also considered as an indication of inability to repay in an expected form or within an expected time frame, which could indirectly cause a loss of face (Yang, 1994). As a consequence of fear of a loss of face, Chinese individuals showed a tendency to grasp opportunities to be a favour giver rather than a favour receiver (Lo and Otis, 2003; Smart, 1993). On the other hand, refusing a present or a favour could be interpreted as an unwillingness to establish a relationship with or to be associated with the favour giver (Yang, 1994). The consequence of such interpretation could cause termination of future opportunities to create *guanxi* or to ask for favours (ibid.).

The rationale behind the obligation to repay was considered far more complicated than an expectation of a reciprocal return of a present or favour with a more or less equivalent amount of value, which highly depended on specific situations, economic capacity, social status, and personal tastes of the individuals involved, and timing (Yang, 1994; Yan, 1996b). An inappropriate form of return, such as cash, could be perceived as commodity exchange or transaction rather than *renqing* (Kipnis, 1997).

Face and reputation

The notion of face and reputation, as discussed above, plays a crucial role in demonstrating emotional commitment, respect, and loyalty in *guanxi*. In addition to the term *mianzi*, some authors also studied a similar term related to face, *lian*. Hu (1944) pointed out that *mianzi* conferred reputation gained from personal achievement, success, and privilege whereas *lian* emphasised reputation obtained through membership in society as well as complying with moral conducts. In this sense, the loss of *lian* was regarded as less acceptable than the loss of *mianzi*, as damaging *lian* resulted from the violation of fundamental ethics approved by Chinese society (ibid.); whilst *lian* could be considered as a basic form of face, the accumulation of *mianzi* could be transferred to *lian* eventually.

However, Yang (1994) argued that *mianzi* played a more important role in the construction of *guanxi* compared to *lian* owing to the fact that the production and maintenance of *guanxi* acquired appropriate individual behaviours according to specific situations and types of *guanxi* rather than a universal guidance of social behaviours. This argument was made based on Yang's (1994) fieldwork in which participants rarely mentioned *lian*.

The usages of *lian*, according to Kipnis (1995), were rather different from *mianzi*. He pointed out that a termination of *guanxi* could be interpreted as *fanlian*, which meant breaking or turning over face. Failure to give someone *mianzi* could lead to *fanlian* in *guanxi* (ibid.). Meanwhile, an individual who sought for favours through *guanxi* with a high frequency would be considered as someone who had *houlianpi*, which meant thick facial skin (ibid.). The boundary between *mianzi* and *lian* appeared less explicit under certain circumstances such as weddings, in which the number of attendants was considered as an indicator of the size of *mianzi* as well as the level of social respect that the hosts received in the form of *lian* (ibid.).

Kipnis (1995) also discussed the difference in connotations between the term face in the English language and *lian* and *mianzi*. He argued that the notion of losing face in the Western context was often limited to awkwardness and embarrassment during social occasions that created 'illusions and false social appearances' (Kipnis, 1995, p.129). In contrast, losing face in the Chinese context could construct a reality of identity and social hierarchy with an impact on *guanxi* (ibid.). Kipnis also revealed that the usages of face beyond linguistic meanings in the Chinese context were richer compared to the West, giving examples of considering face, regarding face, giving face, borrowing face, and respecting face. The variety of the usages of face in the Chinese language indicates the flexibility of face in providing different channels of communication, or utilising *guanxi*. Communications that occurred in relation to face construct social hierarchy (Zito, 1994). The bigger the size of the metaphorical surface of face, the more likely communications could be initiated, and the more *guanxi* can be created (Kipnis, 1995; Yang, 1994). Moreover, the focus of the notion of face in giving and receiving in the Chinese context revealed the importance of reciprocity (Ho, 1976; Kipnis, 1995).

Despite sharing a similar view to Kipnis (1995) in relation to the difference of face connotations in Chinese and Western contexts, Ho (1976) took a step further and argued that face was not unique to the Chinese context, but a universally important notion that denoted individual respectability in society. However, this conceptualisation of face as universal should be treated with caution for two reasons. First, as Ho (1976) also recognised, with an obligation to protect the esteem of others, Chinese individuals were compelled to perform reciprocity. On the other hand, individuals in the West showed a tendency to focus on

personal interest in their face behaviours (ibid.). This contrast revealed that, although individuals in China and the West may both regard face as crucial in their social interactions, they exhibited different behaviours and motivations. Second, in the production of *guanxi*, the nature of face in Chinese society was regarded as both social and political (Hwang, 1987, 1998). Respecting, providing, and protecting the face of oneself and others implied a concern about not only personal respectability obtained from either positional legitimacy or social influence, but also conflict avoidance (ibid.). For instance, the participants in Hwang's (1998) research revealed that they gave face to superiors, especially on public occasions, as a strategy to avoid conflicts in the workplace and to maintain their relationships at work, even under the circumstances where strong disagreements emerged.

Trust

Trust has received least attention from the extant studies of *guanxi* so far, even in some in-depth seminal work such as that produced by Kipnis (1997). A possible explanation was offered by Chen and Chen (2004), who suggested that a lack of trust in general with a tendency to leverage more trust within particularistic social networks, such as families, in Chinese society motivated the creation of *guanxi* as an approach to build trust. So and Walker (2006) shared a similar view and pointed out a difference between trust in business partnerships in the West and in China: the former focused on trust in business contracts and the latter concentrated on trust in affection.

Many authors used *xing* to represent trust in the Chinese language (Banfe, 2011; Bedford, 2011; Chen and Chen, 2009); the correct spelling of the term trust, however, is not *xing* but *xin*, or *xinren* (see the Contemporary Chinese Dictionary). Defining *xin* as '*sincerity and ability*', Chen and Chen (2004, p.9) treated trust as an indicator of the quality of *guanxi* between Chinese individuals. They suggested that trust in sincerity is about the extent to which an individual was revealed to have a real intention to create and maintain *guanxi* with another. On the other hand, trust in ability was concerned with the level of ability of an individual in performing reciprocity (ibid.). By citing McAllister (1995), Chen and Chen (2004) made an attempt to define trust in sincerity as a similar equivalent to affective trust, with trust in ability was cognitive trust. The argument about the similarity between sincerity and affective trust, and ability and cognitive trust, however, was misleading to some extent. McAllister (1995) interpreted affective trust as showing and reciprocating care and concern

and cognitive trust as individual dependability and reliability. In producing and keeping *guanxi*, the emphasis of trust in ability for reciprocity lies in demonstrating the ability to reciprocate. In contrast, according to McAllister (1995), the emphasis of affective trust in relation to reciprocity could be manifested through expressive performance, but not necessarily actual conduct of reciprocal favours. Wang (2007) also supported the view that the notion of trust involved in *guanxi* differed from its counterpart in the West in terms of the high level of dependence on judging an individual's capability, ability and intention to reciprocate. Other authors also spoke about trust in the context of *guanxi* in relation to *renqing* only (Chang, 2010; Yang, 1994).

The discussion on the normative construction of *guanxi* so far has pointed to a closely woven web of four key norms, which appeared inseparable from one another. To summarise, the notion of trust in *guanxi* relies on the confidence in individual ability to reciprocate; the fulfilment of reciprocity depends on a reinforcement of emotional commitment and an enforcement of obligation, such as protecting each other's face. The next section looks into how the extant literature classifies the types of *guanxi* based on the extent to which these norms are involved in a social connection, in addition to classification based on the emerging origins of *guanxi*.

2.3.3 Classification of *guanxi*

Based on the involvement of emotional commitment and the instrumentality of such commitment, Hwang (1987) suggested that *guanxi* involved expressive, instrumental, and mixed ties. Expressive ties refer to interpersonal relationships that are dominated by blood relations on the basis of emotion, affection, and sentiment (*ganqing*) and ethically obligated reciprocity (*bao*). Instrumental ties refer to relations based on an exchange of favours (*renqing*), and face and personal reputation (*mainzi*), which imply a social obligation to support in-group members with exclusive resources. Individuals who benefit from these exclusive resources produced in relation networks (*guanxi wang*) are named *guanxi hu* (ibid.). Mixed ties represent a combination of expressive and instrumental ties.

Recent studies also captured the types of *guanxi* in a similar fashion. For instance, Fan (2002) classified *guanxi* into family, helper, and business ties. Similarly, Bedford (2011) categorised

guanxi according to two instrumental purposes: working *guanxi* for work-related purposes, and backdoor *guanxi* for business activities and solutions.

On the other hand, Yang (1994, p.111) argued that social connections such as friendship and kinship are '*not co-extensive with guanxi, but serve as bases or potential sites for guanxi practice*'. Despite the fact that Yang's (ibid.) attempt to distinguish *guanxi* from *guanxi bases* remained at an analytical level only, useful categories of *guanxi* were identified from the argumentation, which pointed to an origin-based classification, including family and kinship, neighbours and native-place ties, non-kin relations of equivalent status, and non-kin superior-subordinate relations. According to Yang (ibid.), *ganqing* was the key normative element that activated the instrumentalities of the former two types of connection, whereas the latter relied on the perception and enforcement of a political sense in interactions.

The existing classifications of *guanxi* were useful in providing analytical distinctions between different types of social connection in Chinese society. However, classifying *guanxi* based on social norms or the origins of social connections overlooked the mutually constitutive nature of these norms as well as the transferable nature of different types of *guanxi*. As Fan (2002b, p.374) pointed out, *guanxi* could '*upgrade*' or '*down grade*' from one type to another owing to its '*elastic and situational*' nature. Therefore, drawing an absolute chasm between different types of *guanxi* based on constructive norms could be misleading. Although this thesis deploys terms such as kinship, it does not intend to classify *guanxi* with definite boundaries between different types of social connection.

2.3.4 Historical root of guanxi

This section explores the historical root of *guanxi* by taking both cultural and institutional factors into account, which reveals an ongoing debate over whether *guanxi* is unique to Chinese society and a challenge to study *guanxi* without taking both perspectives into account.

The cultural perspective

Despite the fact that *guanxi* was not included in two classic Chinese dictionaries published in 1915 and 1936 respectively, Yang (1994) argued that *guanxi* emerged from core Confucian notions that set social laws for Chinese individuals to follow since the time of ancient China,

including social hierarchy, social rituals, and harmony. These notions indicate how one should treat another in social interactions by following a strict social etiquette of showing high respect to societal hierarchy and masculinity in order to ensure societal harmony. This etiquette was reinforced by *wulun*, an ancient social system that divided social connections in China into five kinds: *'love between father and son, duty between ruler and subject, distinction between husband and wife, precedence of the old over the young, and faithfulness between friends'* (Yao, 2015, p.664). The strict ordering of boundary lines between individuals under the influence of Confucianism were considered as the root of a *guanxi*-based society, which led a Chinese individual to consider himself as *'a social or relational being'* (Luo, 2007, p.7) and to refer self-identity to a relationship with the others (Chen and Chen, 2004). The important association between self-identity and social connections, therefore, encourages Chinese individuals to create family-like memberships to reduce the distance between inferiors and superiors in order to produce future instrumental opportunities (Hwang, 1987). Accordingly, some scholars argued that *guanxi* should be treated as a unique Chinese cultural phenomenon that was produced in the virtue of Confucianism and *wulun* (Luo, 1997; Yang, 1994).

'Let the ruler be a ruler, the subject a subject, the father a father, the son a son.'

-The Analects (1979, p.114)

Compared to Yang (1994), some authors have argued for the uniqueness of *guanxi* in a subtler way by pointing out the extent to which social connections are fundamental to Chinese society. For instance, without mentioning Confucianism, Bian (1994a, p.972) proposed that *'all Chinese live in a web of social relationships. People's family, kinship networks, work colleagues, neighbours, classmates, friendship circles and even casual acquaintances are the social communities into which they grow and on which they depend'*. For Hwang (1987, p.959), the importance of *guanxi* in satisfying Chinese individuals' personal interests and facilitating the functioning of Chinese society was considered as *'China's national character'*. The key to the sustainability of this national character, according to Chang (2010:457), was *'li shang wang lai'*, which referred to *'giving and paying is the thing attended to'*, or reciprocal obligations, as extensively discussed by many

authors. It seems evident that an exchange of emotion, gift and favour in *guanxi* is deeply rooted in Chinese society as a fundamental social etiquette.

The institutional perspective

The institutional perspective denies the uniqueness of *guanxi* and treats it as a product of a state-controlled system (Walder, 1986), the Cultural Revolution (Ledeneva, 2003, 2008), and economic and social reforms (Guthrie, 1998). On the one hand, the scarcity of resources, especially necessities such as food and jobs, that were distributed by the State, was believed to render the persistence of *guanxi* in the day to day life activities as an alternative to formal bureaucratic procedures (Ledeneva, 2003, 2008; Walder, 1986).

On the other hand, the Cultural Revolution aggravated the lack of rational laws and the pervasion of practice seeking protection from social disorder and insecurity through *guanxi* (Guthrie, 1998, 2002; Ledeneva, 2003, 2008). Following the end of the Cultural Revolution, Chinese society witnessed a series of reforms from a state-controlled system of resource allocation, such as jobs, to an open market model in the labour market, and an economic and social systems under the influence of Western institutions operating in China, which promoted an adaptation to formal and standardised procedures (Guthrie, 2002; Hanser, 2002). The institutional change during the reforms was, therefore, considered a determining factor that induced a declining importance of *guanxi* (ibid.). Guthrie (1998, 2002) attempted to use the institutional change to China's social and economic system to argue that *guanxi* was not a unique phenomenon in China, but a form of social connections that existed in all societies and alters with institutional transformation.

Social connections with Chinese characteristics

Both the cultural and institutional schools alone showed a limited capacity for exploring *guanxi* alone. The cultural school overlooks the possibility for Confucian notions and relevant social norms to develop and evolve in the development of Chinese society. For instance, Kipnis's (2002) examination of social etiquettes in interpersonal interactions in rural China revealed an emerging practice of avoiding the establishment of *guanxi* and consequently *ganqing*, one of the key norms that enable the instrumentality of *guanxi*. Meanwhile, the institutional school focuses on recent political contingencies in China but failed to take into account the historical particularities of Chinese culture and society in analysing the nature and importance of *guanxi* in modern Chinese society. As Riley (1994)

highlighted, jobs and housing in Chinese society still require the assistance of *guanxi*, in particular *guanxi* that is passed down through the generations within kinship networks.

This doctoral research project incorporates both perspectives and points to the dynamic nature and contextual importance of *guanxi* that depends on individual perceptions of norms and implementation of relevant practices. In other words, this thesis examines *guanxi* as a form of social connections with Chinese characteristics. Taking both perspectives into consideration in this research was constructive in terms of placing the research focus on the real life practice of individual decision makers rather than the external environment. As the literature review of personnel selection and *guanxi* has revealed so far, the actualisation of both personnel selection decision-making and the instrumentalities of *guanxi* are made possible by individual social actors. External factors such as cultural and institutional changes merely provided a foundation for that actualisation.

The next section reviews the extant literature on the similarities and differences between *guanxi* and social connections in other societies. It also explores the possibility of deploying extant Western theories to understand and analyse *guanxi*.

2.3.5 Comparative studies of guanxi

To answer the question about the cultural uniqueness of *guanxi*, several authors have gone beyond the debate over the historical roots of *guanxi* and conducted comparative studies of social connections in different societal settings (Alston, 1989; Chang, 2010; Herrmann-Pillath, 2010a; Ledeneva, 2008; Lin, 2002a; Qi, 2013; Wang, 2007; Xuewei, 2009).

Alston (1989) compared *guanxi* to *wa* in Japan and *inhwa* in South Korea, suggesting individual and personal loyalty as the kernel of *guanxi*, whereas group loyalty is at the core of *wa* and social hierarchy, and Confucian rituals are the key to the functioning of *inhwa*. This comparative study revealed that the influence of Confucian notions in constructing *guanxi* is not unique to Chinese society. Rather, compared to Japan and Korea, the Confucian influence on social interactions between individuals in China appeared less traditional with a higher levels of mobility (ibid).

Hutchings and Weir (2006) compared *guanxi* to *wasta* in the Arab societies. They suggested that both forms of social connection are similar in relation to group orientation, masculinity, and the interplay of religious philosophy and public life, whilst the differences lie in two aspects (ibid.). First, they argued that *guanxi* is mainly perceived as positive whereas *wasta* is negative. However, this argument is yet to be examined in empirical research. Second, *guanxi* intertwines with developing legal practice as the Chinese economy interacts with Western capital, whereas the notion of *wasta* remains critically essential, above the law even, in the Arab societies (ibid.). With regard to the role of social connections in business practices, Hutchings and Weir (2006) argued that Islamic notions, to a great extent, restricted the development of the financial services sector in Arabic countries and consequently the instrumentality of *wasta* is limited to satisfying needs that are not prohibited by religion, whereas *guanxi* shows the capability to foster profitable opportunities in the Chinese banking sector.

Ledeneva (2003, 2008) offered an extensive comparative analysis of *guanxi* and *blat* in Russia. Her analysis suggested that *guanxi* and *blat* shared two important characteristics. First, they were both produced by economic shortage and a lack of institutions caused by State centralisation (ibid.). Second, both forms of social connection proved to be capable of satisfying individuals' regular needs for essential materials, such as food, clothes and houses, periodical needs (e.g. travel and holidays), and the needs of others (ibid.). However, *guanxi* was considered to be closely associated with kinship ethics whereas *blat* derived from a criminal origin (Ledeneva, 2008). Reciprocity involved in *blat* was found to be mediated by a third party in a social connection rather than involving direct exchange (ibid.). Meanwhile, reciprocity in *guanxi* was considered to be as the result of the collective perception and implementation of cultural tradition, whereas *blat* was largely associated with economic rationality (ibid.).

Smith et al. (2011, 2012) attempted to examine the level of uniqueness of *guanxi*, *wasta*, *jeitinho* in Brazil, *svyazi* in Russia, and *pulling strings* in the UK. The examination was carried out by contrasting individual managers' perceptions of specific scenarios that involved a local form of social connections. The conclusion from this comparative study was that *guanxi* was perceived as less typical and unique compared to *jeitinho* in Brazil. Yet, this study failed to offer an explicit articulation of the similarities and differences between *guanxi* and other forms of social connection.

The findings of the extant comparative studies implied that *guanxi* might not be as culturally unique as some authors claimed. Yet, these studies, either implicitly or explicitly, also revealed two distinctively culture-influenced features of *guanxi*. One is the centrality of kinship in constructing and maintaining *guanxi* in the networks of both family members and non-family members. Lin (2001, p.155) defined the kinship-like connections as *pseudo-families*, referring to 'a special type of social network like families in that the constructed memberships are an egocentric network'. Of great importance is that the production of *pseudo-families* strictly requires a similar level of respect to hierarchy, patriarchy and reciprocal obligations exerted by kinship ethics (ibid.). The dependency of a social connection on transferring from a non-family connection to a family connection in order to maximise the actualisation of the instrumentality of *guanxi* has two crucial implications for understanding Chinese management practice. First, treating family and non-family connections in Chinese society as two completely distinctive, opposite sets of social connection may posit a problem of failing to meet the expectations of obligational reciprocity. Second, failing to identify the highly flexible transferability of both family and non-family connections may lead to a misrecognition of business opportunity.

The other distinctive feature of *guanxi*, compared to social connections in other societies, is the long overlooked influence of *relational collectivism* in Chinese society, which emphasises the dependence of individuals' self-identity on their social connections with others, with and without the account of group identity and group interests (Herrmann-Pillath, 2010b). In contrast to *collectivism*, as the opposite of *individualism* in Western society, which dominated the theoretical assumptions in previous studies of Chinese management and culture (Earley, 1993; Hofstede, 2003; Kirkbride, Tang and Westwood, 1991), *relational collectivism* offers a less generic lens to investigate *guanxi* and its influence on Chinese management practice in the 21st century when two seemingly opposite sets of norms in the West and in China are heavily intertwined in producing and maintaining a political and economic system of *socialism with Chinese characteristics* (Boisot and Child, 1996; Redding, 1990; Sigley, 2006; Tsai, 2007). Tung and Worm (2001) conceptualised China's seemingly open market economy with heavy state intervention and the prevalence of *guanxi network capitalism* and argued that European multinational organisations face a challenge of successful accomplishment of overseas assignments in China by employing expatriates rather than local Chinese labour. This challenge was induced by expatriates' inability to produce

strong *guanxi* with the local authorities and relevant business associates owing to a lack of recognition of the overlap of social connections between personal, work and business social circles, as well as the distinctive practice to achieve individual and group satisfaction in social interactions (ibid).

Drawing from the discussion above, extant comparative studies have contributed to our understanding of *guanxi* as a form of social connections with Chinese characteristics. The similarities between *guanxi* and many other forms of social connections pointed to a possibility to comprehend *guanxi* through a theoretical lens developed from a non-Chinese context. Yet, the literature lacks an explicit theoretical positioning of *guanxi* in order to examine the interplay of *guanxi* and Chinese personnel selection practice. The following subsections will discuss the capacity of different theories to understand *guanxi*.

2.4 Western approaches to conceptualising social connections

This section offers a review of the dominant theorisation of social connections offered by the Western literature, including *social exchange theory*, *clientelism*, and *social capital theory*. The choice of these theories was made on the basis that extant research sought assistance from these theories to understand and explain the nature of *guanxi*.

2.4.1 Social exchange theory

The opportunity for material and symbolic exchange that *guanxi* offers has led to a conceptual comparison between *guanxi* and *social exchange theory*. This comparison emphasised the similarity between the two concepts in terms of a rational nature of exchanges based on personal interests. This similarity addressed the *unitarian* facet of *guanxi* as ‘*a collective and public good*’ (Lin, 2001a, p.161) that is cultivable and accessible to all individuals who desire the resources embedded in others’ social connections. These resources involve *economic capital* from transactions of material and monetary exchanges, and *social capital* from favour exchanges (ibid).

Paralleling *guanxi* with *social exchange*, however, is problematic and contradictory to the existing theorisation of these two concepts. The widely accepted assumptions of *social exchange* suggest a relatively equal position of both parties in terms of the knowledge of their exchange, and the relatively voluntary nature of such an exchange results in a rational

calculation of the value of the exchanges and reciprocal return in equal values (Blau, 1986; Emerson, 1976; Homans, 1958). Although exchanges through *guanxi* also require reciprocity, the return of a favour does not necessitate equal economic value. Rather, with or without the return of favour in any other form, favours given through *guanxi* often require return in the form of symbolic, expressive, personal and social recognition of individuals, which largely contribute to personal satisfaction of *face* (Hwang, 1987, 1998). The desire for gaining *face* and fear of sanctions owing to losing *face* or making other individuals lose *face* are distinctive in exchanges through *guanxi*, which constitutes its *irrational rationality* produced by the perception of reciprocity as both a moral norm and a relational exchange pattern.

Therefore, *social exchange theory* is inadequate in explaining the carefully crafted personal reputation and individual identity in society through fulfilling reciprocity and duties to protect the *face* of related individuals.

2.4.2 Clientelism and patronage

The notion of reciprocity and exchange embedded in the concept of *clientelism* and *patronage* has also induced some scholars to draw a parallel between *clientelism* and *guanxi*. This parallel shifted the focus of dyadic ties from the level of individual relationships, as intensively studied by *social exchange* theorists, to the level of organisational relationships between business and state. This conceptual comparison emphasises the role of patron-client ties as a strategic resource for increasing economic productivity in the era of marketization of Chinese economy (Wank, 1996). In the exchanges through such ties, private business is positioned as clients whereas governments as patrons (ibid.). Whilst clients receive cost saving benefits from gaining access to bureaucratic resources, patrons obtain the rather intangible benefits of support.

The comparative research, however, overlooked that *clientelism* in Western countries promotes a relatively more explicit reciprocity for both parties, and that very often, such as in Britain, governmental officials are considered as clients rather than patrons, in searching for public support to influence electoral results (Piattoni, 2001). In other words, extant conceptualisation of *clientelism* is mainly concerned with public decision-making that exerts political influence, rather than mainly focusing on economic outcomes (Putnam, Leonardi and Nanetti, 1994; Weitz-Shapiro, 2012).

The argument of *guanxi* as *clientelism* evolved later into the development of lawful systems in China and a declining importance of client-patron ties (Wank, 2002). This is yet another facet of the nature of *clientelism* and *guanxi* being overlooked. In other words, the importance of neither *clientelism* nor *guanxi* is subject to institutional changes. As Piattoni (2001, p.2) insisted, '*clientelism and patronage have the capacity to adapt the existing circumstance as well as to alter them... their adaptation is ultimately always a question of choice*'. Likewise, the importance of *guanxi* has not been dismissed by institutional changes, but its instrumentality and relevant practices have shifted from access to essentials such as food to other areas such as employment (Yang, 2002).

2.4.3 Social capital theory

The third potential lens that the Western literature offers to examine *guanxi* is *social capital theory*. The kernel of *social capital theory* could be abstracted into '*relationships matter*' (Field, 2008, p.1), or in other words that social connections have value. This fundamental assumption emphasises the nature of social connections as a resource whose value is not necessarily realised by explicit social exchange, but also by possession, or more specifically, by accumulation and curating of connections and relevant notions such as prestige.

Although Pierre Bourdieu did not define *social capital* explicitly in his earlier work (Bourdieu, 1991, 2010; Bourdieu and Passeron, 1977), his exploration of the principle forms of capital that constitute society and the way in which these forms of capital were transformed by elite groups into strategies to achieve their personal interests has largely contributed to the understanding of *social capital* (Baron, Field and Schuller, 2000; Field, 2008). For Bourdieu (2010), *social capital* can be only spoken about in relation to economic and cultural capital, which means that, in turn, economic capital provides the fundamental basis for cultural capital and cultural capital facilitates social capital. More specifically, the power of economic capital invested and accumulated by elite families and communities can be transmitted between generations to secure cultural capital, which is considered to be a *habitus* that affects and reflects the dispositions of thoughts, tastes, and behaviours that can be converted into resources in social action (Bourdieu, 1990, p.52). These cultural resources, such as elite private schools, allow children from elite families to achieve educational success and therefore, career success more easily when compared to children from non-elite groups.

Eventually, this transformation of economic capital into cultural and educational capital provides a capital of social connections: social capital, which conceives '*the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition, or in other words, to membership in a group*' (Bourdieu, 2010, p.286).

Bourdieu's writing on *social capital* and its attachment to other forms of capital has implications for this research in relation to the creation of *social capital* and the logic of the way in which *social capital* affects real life. To a great extent, Bourdieu's (2010, p.439) emphasis on '*inherited social capital*' that highlights the exclusive usefulness of surnames and kinships within elite groups is comparable to the dominant role of family ties in *guanxi*. In the context of educational and career advantage, the importance of kinships to elite individuals in the Chinese context could probably be exemplified by the China Merchant Bank (CMB) case, in which some candidates surpassed the others before their job interviews were undertaken thanks to their fathers' high social status and economic power. The majority of these favoured candidates also held diplomas from expensive Chinese and overseas academic institutions (The People's Daily, 2012). The effect of *guanxi* within elite groups on career advantage as shown by this case, according to Bourdieu (2010), was a reproduction of privilege. In this sense, *guanxi* can be considered as a form of *social capital* with an emphasis on kinships, especially family ties between parents and children, which provide potential power to achieve personal objectives through overwhelming others.

James Coleman followed Bourdieu's exploration of the role of *social capital* in obtaining educational advantage through reproduction of memberships within dense networks (Lin, 2001b). Unlike Bourdieu, however, Coleman's development of *social capital theory* heavily relies on empirical investigations of the linkage between young individuals' social relationships and their educational achievement (Coleman and Hoffer, 1987), which argues that individuals from non-elite groups can also benefit from social capital. Coleman considers social capital as an '*aid*' (1994, p.306) that can be requested and lent through '*establishing obligations, expectations, and trustworthiness*' (1988, p.104). The reciprocal notion of investment in social relationships with expectation of future returns in the operation of social capital is similar to the one embedded in the operation of *guanxi* to achieve personal and business purposes in Chinese society (Jacobs et al., 2004). However, the extent to which *guanxi* requests reciprocity may be stronger than *social capital* does in Western society. In

Chinese society, *'the willingness to maintain social relations is seen as the expression and practice of the higher-order law of morality, ethics, and obligations to other human beings'* (Lin, 2001a, p.160), which may cost one's reputation and face to deny and reject reciprocal obligations.

More recently, Robert Putnam provided important insights into how *social capital* can be established in two ways: heterogeneous groups tend to create their social capital by *'bridging'* whilst homogeneous groups prefer *'bonding'* (Putnam, 2000, p.22). The bridging approach focuses on embracing a wide diversity of social individuals from outer world, which is found particularly useful for job information exchange in the American labour market. For Granovetter (1985, 1973), this approach creates *weak ties* between individuals of varied social status, such as less-dense relationships between acquaintances, which allow the exchange of job information and affect selection results via *'putting in a good word'* for certain candidates in the American context. He suggests that social networks differ from each other based on *'tie strength'*, which refers to a *'combination of the amount of time, the emotional intensity, the intimacy, and the reciprocal services which characterise the tie'* (Granovetter, 1973, p.1361). On the other hand, the bonding approach focuses on reinforcing relationships between like-minded people and their exclusive identities (Putnam, 2000), which creates *strong ties* that focus on long-term and exclusive relationships between close friends and family members (Granovetter, 1973). For Bian (2002), weak ties are more likely to be purely instrumental and short-term whereas strong ties tend to be long-term friendships. Whilst weak ties are found useful in the American labour market, strong ties were found to be more valuable in China's State assignment of jobs during the late 1980s (Bian, 1994a) and, recently, selection decision-making in the CMB case. In this sense, *guanxi* could be considered as strong ties with an emphasis on long-term trust and obligations created via a bonding approach. The writings of Bourdieu, Coleman, and Putnam are useful in understanding how *social capital* provides advantages in social life for certain groups, which offers a background of how *guanxi* may be used as a form of *social capital* to achieve a similar effect in the Chinese context. The way that *social capital theory* permeates this research could be abstracted into a series of terms that includes kinships, obligations and reciprocity. More specifically, this research will explore different types of social connection and nuances between their normative construction and instrumentalities.

To speak of *guanxi* in the context of which selection decision-making is intervened and affected by social connections, it is also crucial to be aware how *guanxi* as a form of *social capital* may affect individuals instead of groups. For instance, Lin (2001a) pointed out that, in the recruiting process, *social capital* may, firstly, allow information flow among individuals to help with their search for and access to information on job opportunities; secondly, affect decision-making regarding personnel selection; and thirdly, be considered as important credentials that reflect individuals' social skills.

2.5 Guanxi in personnel selection decision-making

Following the review of the literature on Western theorisation of the nature and instrumentality of social connections, this section moves on to investigate the role of *guanxi* in personnel selection decision-making. The literature has predominantly focused on the debate over whether *guanxi* matters or not in the recruiting process, especially in affecting employment results, rather than how *guanxi* may affect selection decision-making. The following content will discuss the contributions and insufficiencies of the literature.

2.5.1 Guanxi and personnel selection

Many authors have sought to provide empirical evidence on the potential effect of *guanxi* on selection decision-making in different types of organisations and sectors. Grainger (2003) interviewed 25 middle and senior managers and 11 officials, academics, and businessmen involved in a four-star hotel in China. He claimed that the majority of selection in 1999 was conducted through *guanxi*. Current employees sought employment in the hotel for their family members and friends by recommending these candidates to managers. Han and Han (2009) pointed out that there is a pervasive effect of *guanxi* in selection processes in large organisations and state-owned organisations in China. This conclusion is drawn from telephone interviews of 65 line managers from nine sectors in China, and focus group interviews of 33 HR managers who were MBA students in a leading business school.

Similarly, among the interviewees in the research conducted by Warren et al. (2004), one manager acknowledged that a preference for job applicants who have wide social relationships was indicated clearly in the organisation's public recruitment advertisement. Such a claim manifests the importance of being able to produce, maintain, and use *guanxi*

from the perspective of Chinese managers. However, the study does not provide any further information about how such “wide social relationships” were defined.

With regard to multinational organisations, Chen and Easterby-Smith (2008) explored the role of *guanxi* in selection in Taiwanese organisations’ operations in the UK. They concluded that *guanxi* still plays an important role in Chinese-related organisations’ overseas operations. Meanwhile, they also pointed out that the effect of *guanxi* varies across industries. For illustration, the information technology sector’s strict requirements of specific qualifications and work skills accounts for managers’ rejection of *guanxi* in selection decision-making.

Yanjie Bian has focused on the centrality of *guanxi* on job allocation in urban China in the 1980s and 1990s. Based on quantitative data of the job search histories of 1,008 households in the city of Tianjin in 1988, Bian (1994, 1997, 1999) and his colleagues (Bian and Ang, 1997) concluded that the majority of Chinese individuals obtained their jobs via the influence of certain “helpers”, such as parents, kinships, friends and acquaintances. Through 1315 interviews of employees who were employed in a Chinese city one week before the interviews, Zang (2003) also confirmed the persistence of *guanxi* during the reform period in China. More recently, Huang (2008) interviewed 65 individuals who worked in 12 cities in China between 2003 and 2004, which led to the conclusion that job seekers used *guanxi* to obtain state-sector jobs, highly-desired jobs and soft-skill jobs.

During the reform era, China was seeing the termination of the Chinese state-job-allocation system and the rising coexistence of three recruiting systems: direct state job assignment, indirect state job assignment, and direct individual application. Extant literature suggests that *guanxi* appears to have a strong effect on selection results in both State job assignment and direct individual application via bridging the candidates with governmental officials, especially the labour bureaus’ officers. According to Bian (1994a, p.976), ‘*guanxi pervades every stage of the assignment process*’. Individuals who had close relationships with government officials were more likely to obtain their favourite jobs in direct job assignment (Bian, 1994a, 1997). Meanwhile, indirect job assignment allowed the younger generation to continue with parents’ jobs when parents retired without competing with other job seekers. Job seekers whose fathers had professional occupations tended to obtain their desired job position via *guanxi* (Zang, 2003). In direct individual job applications, inefficient job advertising and recruiting procedures also led to the prevalence of *guanxi*. Empirically,

Huang (2008) shows that *guanxi* still has an impact on selection in contemporary China, which is now open to a large numbers of job seekers for direct applications. Yet, he implies that *guanxi* does not necessarily affect final job attainment, but can also be used for sharing job information.

Regrettably, extant research suffers from several pitfalls. The first is the chaotic use of *guanxi* at the conceptual level as Guthrie (1998, 2002) criticised. Many authors are aware that the meaning of *guanxi* varies within contexts and the notion of reciprocity and obligation is fundamental. However, no clear definition of *guanxi* has been provided in extant surveys and interviews. Implicit definition of *guanxi* raises questions about the research focus: is the research examining *guanxi* as social connections, or is the research treating *guanxi* as an instrumental practice of social connections? What does *guanxi* mean to interviewees? This presents a theoretical problem that the literature lacks a clear explanation of how *guanxi* is enacted to affect employment results.

For Bian, the usefulness of *guanxi* in affecting employment contains three functions: information flow, trust bridging, and obligation binding. This is reiterated in Bian's recent work (2002), which stretches the research setting from one city to six cities and interviews 100 individuals about their job change experiences in 1996 and 1997. He found that 69% of occupational attainments were achieved under the influence of a 'helper' (Bian, 1994a, p974), which strengthens his argument of the persistence of *guanxi* in selection. With regard to the cause of the pervasion of *guanxi* in making a selection decision, Bian criticised the restricted information channels of the job assignment system and the immaturity of the market economy. Graduate interviewees have little trust in public employment information and use presents to gather 'reliable information' through their relatives and friends. Information uncertainties also facilitate *guanxi* in bridging trust between employers and job seekers via a third person who has a strong connection with both parties. The intervention of government, the corruption in legal institutions, and the non-existence of a worker union together increase the need for informal obligations biding employers and employees to reduce job insecurity. However, Bian's implicit use of the term 'helper' does not provide appropriate information on: Who are the helpers? Why are they particularly helpful? What kinds of communication are used by these helpers? This increases the difficulty in distinguishing the use of *guanxi* in the Chinese context from the use of personal contacts in the Western context.

The methodological problems of these studies are twofold. First, the importance of *guanxi* in affecting employment results has been demonstrated by empirical evidence in extant research, whereas how *guanxi* functions to achieve these impacts is neglected. Large-scale surveys and in-depth interviews about past job searching experiences at the individual level are not adequate in explaining the importance of *guanxi* in selection, since job seekers are ‘*on the poor end of information asymmetry*’ (Guthrie, 2002, p.51). This means that we need to examine the actual selection decisions that are made by practitioners who represent organisations, not by job seekers who believe *guanxi* works in their job attainment. Second, leaving aside organisations’ selection systems and job seekers’ qualifications is not sufficient to explain the impact of *guanxi* on obtaining job information and job attainment respectively.

Guthrie (1998, 2002) strongly disagreed with the persistence of *guanxi* practice in selection decision-making. He conducted 155 in-depth interviews with Chinese officers and industrial managers in Shanghai in 1995 to investigate *guanxi* practice from the managerial perspective. Interestingly, these managers were evidently aware of the existence of *guanxi* in the decision-making of selection, but the majority of them believed that three forces have downplayed the function of *guanxi* in employment, including the reformed legal and institutional system, the adoption of Western selection procedures, and the increasing competitiveness in business. They also pointed out that job seekers’ qualifications are crucial regardless of *guanxi* in order to sustain positive organisational performance. These findings seem to give support to Guthrie’s argument.

However, the evidence for Guthrie’s argument has two main shortcomings. The first is that in his analysis, the nature of *guanxi* is treated as an alternative to a formal legal system during the economic transition. Based on this assumption, dismissing the appearance of *guanxi* practice may encourage the emergence of other networks to substitute for formal procedures (Wank, 2002). The second is that the interview data in Guthrie’s study is not sufficient to support his argument of the declined effect of *guanxi*. Despite the fact that managers in his interviews revealed the increasing importance of formal laws had surpassed the importance of *guanxi* in contemporary China, they did not address the reason why the changing institutions have an impact on individual perceptions of *guanxi*.

Hanser (2002) also reports a declining role of *guanxi* in affecting selection results. She argues that the functions of *guanxi* in final job offers for young individuals no longer include trust

bridging and obligation binding, as Bian claimed. Instead, it is limited to the collection of job information, which is similar to the theory of weak ties in the American context. With respect to the causes, Hanser suggests that the labour market reform in China assures the legality of direct job applications and encourages competence-based selection, which reduces the demand for *guanxi* in securing job positions. Meanwhile, the increasing workplace and regional mobility for the younger generation limits both the sphere and use of *guanxi*. Furthermore, China is seeing a dramatic increasing number of higher education graduates, which means that the younger generation is more employable so they have less reliance on *guanxi*. Zang (2003) also argues that college students were less likely to employ *guanxi* in job attainment. These findings imply that for well-educated job seekers, *guanxi* may play a bigger role in obtaining job information than in obtaining a job position.

Yet, some problems appear in Hanser's research. It lacks a clear definition of *guanxi* before stepping into further research on the impact of *guanxi* in selection results. Secondly, it does not define the age of the young generation clearly. Thirdly, there exists a misleading connection between the interview data and conclusions: the interviewees showed that they gather job information via *guanxi*, but did not indicate whether this information was a vital determinant or not in the final decision-making process.

Whilst these authors focus on Chinese managers' use of *guanxi* in selection, Nolan (2011) reported a remarkable finding that Western managers from the banking sector also employ *guanxi* to select Chinese applicants. This selection method requires reciprocal help from local Chinese officers, which facilitates Western managers' accomplishment of their personal purpose of sustaining business success. Although the banking sector has established formal selection procedures that underline the importance of adequate qualifications and skills, managers in Nolan's interviews acknowledged their acceptance of applicants who have a close *guanxi* with influential Chinese officials regardless of official personal requirements. This finding supports McEllister's (2012, p.107) statement: '*guanxi can be extremely beneficial when access to, or favourable treatment from, the government is required*'. The important role of governmental officials in enabling the instrumentality of *guanxi* has an implication for this research in terms of exploring the nature and instrumentality of different types of *guanxi*, rather than focusing on kinship only, as previous studies have done.

As exemplified above, the importance of *guanxi* in selection decision-making remains controversial. Some authors have pointed out that recruiters accept and use *guanxi* for selection with the purpose of satisfying their personal interests. However, none of them has explicitly indicated how *guanxi* is used in selection decision-making. For instance, Grainger (2003, p.59) points out that in a Chinese hotel, managers are asked by current employees to ‘pay special attention’ to the applications from certain candidates. In order to maintain the relationship with referees, managers usually choose to accept this request. This case illustrates the importance of choosing a suitable time to ask for managers’ to pay special attention to certain candidates, but it does not define the boundary of a suitable time. Nolan (2011) claims that Western managers accept referrals from governmental officials as a personal favour exchange, but what remains unknown is in which way these officials deliver their reference for certain candidates to managers, and what information is involved in their communication about favour exchange. Moreover, the existing studies only address the connection between *guanxi* and selection in a relatively implicit way. A few studies seem to insinuate that HR practitioners tend to neglect pre-established policies for formal selection criteria, and to seek candidates through employee referrals as an alternative path. Yet, none of them discusses the actual activities undertaken by recruiters who employ *guanxi*. It remains unknown if *guanxi* and employee referrals work in a similar way.

Taking a step back to the discussion of the difference between *guanxi* and other social connections theories, we can see that *guanxi* is deeply affected by cultural factors that expect reciprocity. *Guanxi* studies have indicated that managers’ personal desires account for their acceptance and use of *guanxi* (Grainger, 2003; Nolan, 2011). It is used to ensure effective communications about job and organisation information between HR practitioners and job applicants, to lower the reality shock for newcomers, and to achieve better matches between applicants and jobs, and applicants and organisations (Iles and Robertson, 1997; Saks, 1994; Wanous and Colella, 1988). This means that being aware of the potential importance of *guanxi* in selection decision-making is crucial due to its consequential effect on other aspects of HR, organisational activities and benefits. Meanwhile, there is a lack of explicit empirical evidence to fulfil the need for understanding *how* exactly *guanxi* may affect selection decision-making, which will be addressed by this doctoral research.

2.5.2 Research on social capital and personnel selection

The literature has also provided some insights into how social connections, as a form of *social capital*, were deployed in personnel selection. The conceptualisation of the bonding and bridging approaches in *social capital* (Putnam, 1995) has paved the way for the analysis of individuals' operation of social capital in job attainment and personnel selection in later empirical studies. Again, similarly to the research on *guanxi* and selection, current studies of *social capital* also tend to take the path of job attainment based on job seekers' and changers' historical career experiences, which appears to be the weak end of informantion.

For instance, Granovetter (1985, 1973) concentrates his research on job seekers' use of the *bridging* approach to create weak ties between individuals relevant to their career development and themselves, such as less-dense relationships between acquaintances, which allow the exchange of job information and affect selection results via "putting in a good word" for certain candidates in the American context. He suggests that social networks differ from each other based on '*tie strength*', which refers to a '*combination of the amount of time, the emotional intensity, the intimacy, and the reciprocal services which characterise the tie*' (Granovetter, 1973, p1361). On the other hand, the bonding approach focuses on reinforcing relationships between like-minded people and their exclusive identities (Putnam, 2000), which creates strong ties that focus on long-term and exclusive relationships between close friends and family members (Granovetter, 1973). These ideas offered later research on *social capital*, job attainment, and personnel selection decision-making implications, in terms of the measurement of social ties and the ways in which these indicators affect the selection outcomes.

The earlier works of Lin and his colleagues (Lin, Ensel and Vaughn, 1981; Lin and Dumin, 1986) examined the effect of *social capital* on selection based on questionnaire data collected from job seekers. Based on these informants' previous job-search experiences, Lin and his colleagues suggested that *social capital* was a crucial factor in job attainment, especially job positions of relatively higher occupational status. Such findings have provided crucial implications for future research on social capital and selection in terms of considering occupational types and the main responsibilities of these types of job within an organisation as a potential variable that may affect the significance of social ties in selection decision-making and the ways in which social ties are deployed. Whilst claiming to be coherent to Granovetter's conceptualisation of the strength of ties, Lin's exploration of the production of

social capital for instrumental uses has merely captured one of the many indicators of the strength of ties, i.e. the frequency of social interactions, which lacked a comprehensive consideration of other variables such as emotional attachment. Similarly, social ties with low density are found to be useful in affecting inter-organisational selection (Podolny and Baron, 1997) and obtaining a desired job with high wages and occupational status (Mouw, 2003)/

Another author in the field, Burt (1992, 2000) also concentrated his writings on the structure of social ties that facilitates individuals in obtaining valuable job relevant information. His findings are useful in exploring the role of a third party on behalf of a candidate to gain access to the influential others in this candidate's career development, which is often overlooked in empirical studies. Burt's works are also consistent with Granovetter's emphasis on external and weak ties between friends and acquaintances produced through the bridging approach.

A study conducted by Lin et al. (2009) attempted to tackle the problem of the single perspective of job seekers that appeared in the majority of relevant studies, by embracing both sides of the labour market, but unfortunately failed due to a sampling issue: supervisors involved in this research were not necessarily the ones who recruited and selected occupants and therefore were not competent in offering information on the actual effect of social capital on selection decisions. Interestingly, this research was set in the Chinese context in which the pervasion of *guanxi* was often found. However, Lin et al. (2009) merely borrowed the term *social capital* to analyse the importance of social ties in selection decisions in the way that stands for *guanxi* without an explicit comparison between the two, which is unsatisfactory in providing a rigorous conceptual treatment and consequentially, a reliable conclusion in relation to the actual impact of *social capital*.

Of great importance is the fact that the conceptualisation of *social capital* began as a collective asset with an emphasis on reciprocal and privileged ties between members who belong to the same communities, which however, has appeared to fade away in the empirical studies of *social capital* and personnel selection. Instead, the evidence provided by job seekers and recruiters in the discourse of real life activities and experiences tends to lean towards the weak ties between friends and acquaintances. The norm of reciprocity could still be found in the form of individual assets with little attention to membership. In other words, reciprocity is not necessarily a product of exclusive memberships, such as kinships like many

previous studies highlighted in the research on *guanxi*. The dynamics of different types of social connections point to the importance for this research to examine not only existing social connections and community memberships but also prospective social connections.

2.6 Research questions

So far, research on *guanxi* and personnel selection in the past three decades has provided significant insights into the subject at the conceptual level through the comprehensive analysis of cultural and institutional factors that may have facilitated the potential persistence or decline of *guanxi* in various contexts. The management literature has also revealed the role of practices related to *guanxi* as a means of information exchange, trust bridging, and obligation binding.

Yet, little is known about *how* these practices were deployed by individual practitioners who made the actual personnel decisions. The main research limitations of previous studies resulted from a lack of explicit theoretical positioning in empirical research, and a dominant research focus on the importance of *guanxi* rather than the ways in which this importance is enacted, as well as the deployment of individual job seekers as research subjects rather than actual personnel selection decision makers. It is also important to explore the similarities and subtle differences between *guanxi* and *social capital* manifested in actual practices related to establishing, accumulating, reinforcing, and deploying social connections.

Drawing from the literature review presented above, I propose to probe the research question: ***How do social connections affect selection decision-making in the Chinese banking sector?***

The investigation of this question is divided into two sub research questions that explore, firstly, the existence of a relationship between *guanxi* and selection decision-making, and secondly, the ways in which this relationship is operated in reality. The investigation of this research question requires an examination of how a decision maker in personnel selection identifies, perceives, and realises norms embedded in a social connection in practice that exerts an influence on both individual decision-making and collective decision-making in relation to giving a job offer to a candidate.

Chapter 3 Methodology

3.1 Introduction

Following the previous chapter that revealed and addressed the need to research *How do social connections affect personnel selection decision-making in the Chinese banking sector?*, this chapter offers an explanation of the rationale behind the choice of the research methodology deployed in this doctoral research. To address the rationale, section 3.2 discusses the philosophical perspective that guided this doctoral research, including both the ontological and epistemological stands. Section 3.3 outlines the research design with a focus on the choice of an appropriate research method and the conduct of an exploratory study. Section 3.4 focuses on the conduct of fieldwork, including the pilot study and the main study, with a focus on the development of the interview protocol, sampling, and data analysis. The final section discusses the limitation of the research methodology used in this doctoral project.

3.2 Philosophical positioning

3.2.1 Philosophy and social science research

The role of philosophy in social science research is considered to have developed from raising awareness of *'the nature and implications'* of social scientists' practices to *'deploying social research to question some of the assumptions and beliefs that underlie philosophical issues'* (Bryman, 1996, p.xiv). This development of the relationship between philosophy and social science research points to the importance for social science researchers to understand that *'the ontological and epistemological outcomes of philosophical investigations'* (Williams and May, 1996, pp.9–10) exert an influence on *'what we can say of social properties'*, whilst the current debates in research, with and without explicit philosophical reflection, would provide philosophical implications (ibid.). As Williams and May (1996, p.11) highlighted, *'methodological decisions are implicitly ontological and epistemological'*.

3.2.2 Ontological positioning

Numerous scholars have offered useful insights into different strands of ontology that is concerned with reality, or the subject of existence. The categorisations of these strands and the definition of these categories were, however, distinct from each other.

Hatch and Cunliffe (2012) discussed ontology in the field of organisation studies as objectivism, subjectivism, and postmodernism. Taking their definitions of each of these

ontological assumptions into consideration, this doctoral research could be located in a subjectivist path, which believes that the construct of reality relies on social entities' experience and interpretation of the world (ibid.). The subjectivist assumption reflects not only the doctoral researcher's personal view of reality, but also a methodological fit with this research, which was intended to understand the views and experience of individual social actors. More specifically, this research sought subjective individual conceptions of personnel selection decision-making, the strength, mobility, and instrumentality of different types of social connection, and social norms related to individual practice in decision-making as objective knowledge of *how* social connections affect personnel selection decision-making.

This research, however, did not adopt a simplistic, radical form of subjectivism. Rather, the ontological positioning of this research also accounted for the implications of *social capital theory* and relevant concepts. Despite the fact that Pierre Bourdieu did not engage in a clear conversation about the ontological position of his research, his conceptualisation of *habitus*, field, and reflexivity in exploring the logic of individual social actors' practice was an attempt to seek objectivism from subjectivism (Bourdieu, 1977, 1990; Bourdieu and Wacquant, 1992). A great deal of effort was undertaken to address the traditional, absolute chasm between subjectivism and objectivism through defining the structural order of society as an objective reality in which the production of meaning is constituted by the *habitus* of social actors.

Moving beyond the debate over subjectivism and objectivism, later development of ontological paradigms had more to offer. Blaikie (2007) categorised ontological views as idealism, realism, and neo-realism. Within his definition of neo-realism, the view of *social constructivism*, which advocates a reality constructed by individual embodied experience in social interaction (ibid.), offered a methodological fit with this research. As emphasised in the previous chapter, this research sought to explore individual actors' experience (perception) of selecting candidates connected to influential others and to understand the meaning (interpretation) of their practice and experience. This is contrary to an external, socially recognised and shared account of personnel selection decision-making that involves social connections, which could be understood with the lens of *social constructionism*.

The distinction between *social constructionism* and *social constructivism* is particularly important to this doctoral project as its research question was derived from the lack of an

account of individual decision makers' views and experience in selecting candidates with influential social connections in Chinese organisations. The views and interpretations offered by social actors may appear insufficient in offering a representation of a socially shared reality. This challenge could also be addressed by Pierre Bourdieu's mutually constructive view of the relationship between biological subjects and the fields in which they are located. To conclude, this research was positioned as ontologically subjective and followed the path of social constructivism.

3.2.3 Epistemological positioning

Epistemology defines the way in which we seek, understand, and claim knowledge (Bryman, 1996). Similar to ontology, the categorisation of different strands of epistemology and their sub-strands is not universal.

The researcher's ontological view of the world and the positioning of this research within a subjective stream of ontology led to the rejection of many epistemological views supported by objectivism, such as positivism. On the other hand, the interpretivist view of knowledge appeared to be more appropriate to represent the ways in which this research enquired *how* social connections affect individual decision makers in choosing prospective employees. Interpretivism advocates the importance of contexts and living experience in forming knowledge, which points to an approach to contextual meanings through either coherent or contradictory views and interpretations of identical artefacts based on different social actors' discourse (Yanow and Ybema, 2009).

An epistemologically interpretivist approach to knowledge presented an opportunity for this research to explore individual managers' experience and perceptions of being influenced by social connections in their selection decision-making, which was highly contextual, subject to not only individual living experience, workplace, job position, organisation but to many other known and unknown factors. The potential impact of these contextual factors indicated the impossibility of obtaining an independent reality of the meaning of either social connections or personnel selection decision-making or the interplay of the two.

Although Bourdieu has long been criticised for his avoidance of an explicit ontological position and his ontologicalisation of epistemological position (Vandenberghe, 1999), his

individual and collaborative efforts to emphasise and seek empirical reality through a structuralist lens also had a methodological implication for this research (Bourdieu, Chamboredon and Passeron, 1991). Bourdieu showed a concern that individual conceptions only construct part of social reality, which led him to propose a relational reality that relies on both subjective individual conceptions and objective structural order, or in other words, the theory of an inter-relational reality of *habitus* and fields in the production of practice and the reproduction of structures (Bourdieu, 1977, 1990; Bourdieu and Wacquant, 1992). Despite the fact that the researcher was only interested in exploring individual conceptions, it was important to be aware of the mutual constitution of individual conceptions of social connections and the structural order of society. It was also important to be aware of the challenge in seeking a phenomenological description of the meaning and logic of the role of social connections in personnel selection decision-making, which involved interpreting individual decision makers' own interpretations. This challenge required a vigilant choice of research method to avoid pre-assumptions, or a deductive approach.

3.2.4 Abductive research strategy

The choice of research strategy has significant implications for the use of concepts and theory, styles of explanation and the status of the understanding developed (Blaikie, 2007). A coherent approach was required to ensure that the ontology, epistemology and from this the methodology, are consistent (Burrell and Morgan, 1979).

Previous empirical research on social connections and personnel selection employed a largely deductive approach. With a focus on variables that derived from pre-established assumptions, a deductive approach posits a challenge in relation to capturing individuals' real life decision-making practice and the many factors, known and unknown to both the researchers and the subjects of research, which influenced their practices and understanding of these practices. In other words, previous studies showed a tendency to seek a collective, generalizable representation of the impact of social connections, but failed to examine *how* this impact was actualised by individuals' everyday practice.

As constructivist and interpretivist, this research adopted an abductive research strategy as an alternative approach. This approach, according to Blaikie (2007), explores the everyday language used by social actors and then seeks to re-describe this language in the form of a

social scientific account. It goes beyond the observation of actors and explores the understanding and meaning put on process and events by the actors themselves. The objective of an abductive approach is *'to discover why people do what they do by uncovering the largely tacit, mutual knowledge, the symbolic meanings, intentions, and rules, which provide the orientations for their actions'* (Blaikie, 2007, p.90). In this sense, an abductive approach had much to offer in terms of providing a reasoning tool to obtain a social scientific account from social actors' own voice and worldview (Bryman, 2012). This approach served the purpose of seeking an understanding of *how* social connections affect individual decision makers in choosing newcomers for their organisations.

3.3 Research design

This section outlines the design of an operational framework to be used in the fieldwork. By locating this research as social constructivist and interpretivist, the fieldwork required a pursuit of *thick description* of subjective, personal experience of importance in order to generate a meaningful interpretation of such experience (Geertz, 1994). In essence, *thick description* is an inscription of meaning of social events, occasions, and actions that displays comprehensible, structured patterns of social life with particularity. As Geertz (ibid.) elaborated in his argument in support of the profound significance of an interpretative approach to cultural analysis, it is meaning that should be placed at the heart of ethnographic research and all other social science studies. As the kernel of an understanding of what informed a particular act or practice of a social subject, meaning could be sought through interpreting and drawing considerable conclusions from a small set of data with dense texture (ibid.). The rich interpretation of data therefore offers a *thick description* of the contextual meaning of specific languages used and practices carried out by individual social entities.

In turn, the pursuit of contextual meaning indicates a need for purposeful interpretation of data, which required a qualitative research method that allows data with rich texture to be collected. More specifically, this doctoral research was intended to examine how individual decision makers reach their decisions of whether to shortlist, select, and recruit a candidate within the context of that social connections are involved. Seeking *thick description* in this doctoral research requires a rich set of data that displays individual decision makers' description and interpretation of perceptions and practices related to their selection decisions

as well as the reasoning behind and the impact of their decisions. The next sub-section will explore the method that is suitable to collect dense-texture data.

3.3.1 Research method

The objective of this research was to explore and understand *how* social connections affect individual personnel selection decision-making in the Chinese financial services sector. Therefore, an appropriate research method must have the capability to acquire rich data concerning *how* personnel selection decisions were made, *how* social connections were identified, perceived, and utilised, *how* a perception enabled the instrumentality of social connections, *what* social and organisational norms were involved in personnel selection decision-making, and *how* individual decision makers anticipate the development of the role of social connections in selection decision-making.

Qualitative interviewing was a suitable method to obtain and generate rich data to answer these questions owing to its capacity to grasp the individual discourses of the external world (Kvale and Brinkmann, 2009). Amongst the many qualitative methods, semi-structured interviews offered an effective tool to obtain various views of the same subject of research from individual participants in the research (Kvale, 2008). Semi-structured interviews also provided an opportunity for unknown ideas, descriptions, and conceptions to emerge without being restrained by the established interview protocol under the guidance of a theoretical framework (*ibid.*). This opportunity was of great importance for this research as the meaning of social connections and relevant norms is highly individual, and contextual.

Prior to the deployment of semi-structured interviewing in this research, an exploratory study was carried out to develop a suitable and valid interview protocol. The next section provides a summary of the design, development, and conduct of the exploratory study.

3.3.2 Exploratory study

An initial exploratory study was therefore carried out in December 2013 to identify the main themes relating to the research questions, which later informed the design and development of the interview protocol. Given the exploratory nature of this study, a broader question was addressed in the qualitative interviews rather than presuming that at the outset social connections have an impact on decision-making:

What are the factors that affect personnel selection decision-making in Chinese banks?

Exploratory study sampling

The exploratory study involved interviewing six HR managers in three Chinese commercial banks, of whom two were female and four were male, whose work responsibilities were concerned with personnel selection. The commercial banks were chosen as the research site owing to both research access and the lack of attention given to the Chinese banking sector in management research, as the literature review suggested. These participants were informed and recruited for the research in advance via telephone and face-to-face meetings and chosen based on three common attributes:

- Chinese nationality;
- current professional work position as an HR professional;
- having rich work experience in personnel selection.

Table 1 An overview of exploratory interview participants

Interviewee	Gender	Managerial level	Bank	Years of work experience in personnel selection
1	F	Junior	PCB 1	1.5
2	M	Senior	PCB 2	5
3	F	Junior	SOCB 1	1.5
4	M	Senior	SOCB 1	4.5
5	M	Senior	SOCB 2	7.5
6	M	Junior	SOCB 2	3

PCB refers to private commercial bank; SOCB refers to state-owned commercial bank

The research context required participants to have a high level of understanding of Chinese-related concepts and phenomena, which restricted the research subjects to Chinese HR professionals. The criterion of being an HR professional was established based on an assumption obtained from the literature, which considered HR professionals as the key decision makers in personnel selection across all industries.

Exploratory interviews

Five interviews were conducted through face-to-face conversations and one on the telephone. Based on the choice of interviewees, two interviews were conducted within working hours, whilst the others occurred in non-working hours. The interviews lasted between 41 and 118 minutes. All interviews were conducted in the Mandarin language except one interviewee who used some English words during the conversation, such as “HR”, “CV”, and “decision-making” due to her British educational background and the frequent use of these English words in her workplace.

During the interviews, each participant was asked to describe: “how are personnel selection decisions made in your organisation?”, “how did you make a decision to select or reject a candidate?”, “what factors did you consider when selecting a candidate?”, and “what is the role of social connections in your selection decisions”. Please refer to [Appendix 1](#) for a full list of interview questions. The phrasing of these questions were reviewed by a junior HR professional who volunteered to provide some feedback to the interview protocol based on her personal work experience in personnel selection. Many follow-up questions were also asked to encourage the participants to recall and reflect how personnel selection decisions were made in their organisations in general, as well as their personal experience and perception.

In addition to these questions, the researcher also asked each interviewee whether there was anything else other than what had been mentioned that they would like to add in terms of their personnel selection experiences. Four interviewees recalled their own experience of being a job candidate seeking a position in their current workplace. These interviewees also talked about the changes in personnel selection practices and policies since they joined their organisations.

Data analysis in exploratory study

All interviews were recorded and transcribed verbatim. All interviews were analysed in the Chinese language before being translated into English to restrict the level of error caused by linguistic difference. The data obtained from the exploratory study were analysed using a qualitative content analysis method, following a procedure outlined by Klenke (2008).

Exploratory study findings

Five main groups of broad themes emerged from the interviews conducted in the exploratory study: (1) the ranking of higher education institutions; (2) personal impressions; (3) abilities

and skills; (4) social connections; (5) decision makers. Please refer to [Appendix 2](#) for the coding structure.

(1) The ranking of higher education institutions

All interviewees indicated that the ranking of the university that a candidate had attended was one of the most crucial criteria in their selection decision-making. The organisations strictly required candidates to hold a degree certificate from one of the higher education institutions that were included in the “211” and “985” projects. These projects present the best universities in China that receive substantial funding from the central and local governments and have a great reputation in academic teaching and research.

All interviewees pointed out that candidates whose universities were excluded from these projects were screened out in the first round of selection, which often involved reviewing each CV and a short interview of between 5-10 minutes. However, the criterion of higher education institution is not often listed as one of the written personnel requirements. For example, Interviewee 3 said,

‘We have so many candidates that come to our job fair on campus... thousands and thousands... I often feel overwhelmed by the number of heads that I can see in the air, but soon feel relieved after cutting almost half by using the 211 and 985 list...they must have known [this criterion] because it is an unwritten rule now in many financial institutions like us.’

However, Interviewee 6 pointed out that there are exceptions:

‘So the ranking of their universities is very important because we don’t actually know about these universities... I am sorry but truly... I did not know yours either. We are familiar with those big names like Oxford, Cambridge, Yale, oh and Manchester, thanks to the football fans... I am not one [of them] though...ha ha...but yes, we use ranking list online, like the Times.’

(2) Personal impressions

All participants spoke about the ability of a candidate to make a good first impression and its importance in affecting their decisions, although the impact of a good impression on their

decision-making was not necessarily all positive. Taking a successful example, Interviewee 1 indicated that,

'When he told me that he arrived at the interviewing avenue two hours before the event started at 8am, I was very touched... So wet in the rain... we did not have the avenue fully covered unfortunately and thousands of people got wet. Also he had a rather good understanding of what we wanted and what we do.'

Some candidates failed to enter the second round of selection, as they did not make a good impression regardless of a suitable background. For instance,

'He had great results from the Imperial College, you must know about it... in London wasn't it? Brought up in Hong Kong...Very impressive with suitable subject too and yet asked for too little... I was not pleased about it. He knew little about what we do and what he wanted to do. He said, directly you know, he heard from his previous colleagues in university that the job we offer was well-paid... and he would not mind doing basic jobs at the beginning, but I did not believe that it was convincing enough as a motivation to join us' (Interviewee 1).

(3) Abilities and skills

The abilities and skills included the ability to conduct mathematical and financial computation, and logic analysis, as well as Chinese language skills. These abilities were tested via pencil and paper examinations, which often allowed half of the candidates who receive poorer results to be excluded. As Interviewee 1 explained,

'Mathematical computation skills are tested in our examination. It is the second phase of selection that really depends on candidates' own ability. This will lead to the third phase; first interview...the computation is to do with mathematics and financial knowledge. We also test their logic.'

Interviewee 4 also remarked that computation skills were essential,

'...well this is a very fundamental requirement really. All of us have to know at least how to deal with numbers and the sense of numbers. It is not very difficult if one

managed to read and learn a bit of the basics. I think every bank does it [computation test]... it is so popular.'

(4) Social connections

This refers to the social connection between one candidate and an influential individual who had an impact on decision-making. These people varied in relation to the value of such a connection to the bank and the recruiters.

(4.1) Social connections/obligations

The interviewees discussed the pressure of being obligated to obey superior colleagues' request to select certain candidates. For example, Interviewee 3 pointed out:

'it is rather difficult and unnecessary to say no to your boss, especially in our case, we don't take the second interview seriously really. If you passed the exam and the first one [interview] then you are often getting the job. There are often little changes. The HR boss [the leader of HR department] and the president [of the sub-branch bank] say it all any way so when they came to me and asked me to pay attention to this girl, I said okay.'

Interviewee 6 also remarked on this by saying:

'... it is often tricky but what is the point to say no... You see... we all start with the same job as a cashier and she [the candidate] had the potential as a finance graduate, though from a not-so-good university, it did not matter. Looking after her is only a small thing to do.'

(4.2) Social connections/financial benefits

This refers to the potential profits that one can bring to the bank. All the participants pointed out that Chinese commercial banks competed with each other heavily in attracting clients' savings and investment, which meant a high demand for candidates with connections to potential clients, which would be useful in attracting and holding their investment. As Interviewee 5 indicated,

'...we always need more savings [from clients]. We talk about savings all the time and it has even become a competition between some client managers. We need them [clients] to survive and to compete. So social connection is very important. Getting a candidate whose connection network is vast and powerful means a lot to us. In this case, we are slightly tolerant... not entirely though... I think this is not about the university name or the subject background but ability that actually...directly brings profitable contributions to us.'

The third group of themes focused on the role of different actors in personnel selection decision-making, which offered some insights into the required sampling for the pilot study.

(5) Decision makers

The exploratory interviews demonstrated that HR professionals are the key decision makers in personnel selection in Chinese commercial banks, but that non-HR professionals are also involved.

(5.1) Decision makers/HR professionals

The administrative structure of Chinese commercial banks follows a top-down hierarchy from headquarters to provincial branches to local subsidiaries. Only headquarters and provincial branches are allowed to establish HR departments, implying a low level of local subsidiaries' participation in selecting their own employees. According to the interviewees, in many cases line managers and supervisors in local subsidiaries are not aware of the newcomers who are joining them until the selection decision is officially finalised and announced. The interviewees also pointed out that the lack of non-HR professionals' involvement in Chinese banks was caused by the nature of work as a banker, which requires every newcomer to be trained as a counter cashier for between two months and two years. Since all candidates are expected to start their jobs from the same departure point, line managers and supervisors therefore have little need to meet and test their potential subordinates as they are selected in a standard manner. Interviewee 4 pointed out that,

'...everyone, especially graduates who have very little work experience. We are trained as cashiers for two years...yes, strictly, two years...so it is unnecessary for them

[candidates] to meet their direct boss [supervisors]. It would waste time and money for nothing...well, under most of the circumstances.'

Interviewee 5 suggested that,

'The process [of selection] is rather standard. CV screening. You [candidates] get to talk about yourself for about 10 minutes or so, then the [job] interviewer would decide whether to pass you to the second round or not. Then exams. Straightforward result... yes, standard answers. The content [of the exam] is universal. I know that most banks are looking for the same things... Interviews. It is a bit like assembly lines [in factories]... we are picked and put in a mould to see whether we fit or not in a standard way.'

(5.2) Decision makers/non-HR professionals

However, there were also exceptions. For instance, two of the banks involved in the exploratory study did invite presidents of some subsidiaries and departmental directors to join the selection decision-making. One bank was a state-owned commercial bank (SOCB) and the other was a private commercial bank (PCB). The SOCB had non-HR professionals involved in selection decision-making for society recruiting, which is a selection process that targets at hiring experience candidate for managerial jobs. These experienced candidates were expected to be trained quickly as cashiers and to join different departments as employees who share important responsibilities with the departmental directors. Some of these candidates were also assigned as presidents of new subsidiaries after a short period of training. This case reveals that non-HR professionals are more involved as decision makers in society recruiting compared to campus recruiting. The PCB confirmed that it also invited non-HR professionals to join the selection process at the interview stage as the organisation believes in the beneficial effect of having supervisors involved in choosing the right person.

Decision makers also varied in different stages of interviews. For campus recruiting, junior HR professionals only made decisions about whether to accept candidates' applications during the CV screening stage. These decisions were often made by individuals. Senior HR professionals were involved in choosing candidates based on the exam result, whilst HR directors and high level non-HR professionals made final decisions according to the interviews. For society recruiting, junior HR professionals were found to be only involved in dealing with documents and other administrative activities, whilst provincial branch

presidents dealt with first and second interviews and departmental directors normally joined the second interview after the first interview and exam. Interviewee 1 said,

'I didn't get to see what happened next. Only senior HR managers can [get involved]. They [senior HR managers] are in charge of exams and second round interviews...the procedure in general. I meet the candidates for the CV screening and decide on whether to pass their documents to the department for exam arrangement. Then the experienced [senior] HR [professionals] will deal with the exam and interviews...Yes, very similar, but we [junior HR professionals] are more limited in society recruiting. We only get to organise the documents [related to the candidates] and arrange the meeting places [interview venues]. The old boys [senior managers] are in charge.'

3.3.3 The development of an interview protocol

The exploratory findings were used to inform the design and development of the interview protocol to be used in the main study. The development process of this protocol involved five main stages. First, a list of interview questions concerning the theme “social connections” that was identified from the exploratory study was generated. Since this research focused on the impact of social connections and relevant norms on personnel selection decision-making, other themes identified from the exploratory findings, including the ranking of higher education institutions, personal impressions, and abilities and skills were not explicitly included in the interview protocol. Second, all questions were reviewed systematically with the purpose of ensuring their relevance to the research question *How do social connections affect personnel selection decision-making in the Chinese banking sector?* Interview questions about social connections were created as prompts for when participants did not proactively discuss social connections. Third, the interview protocol was reviewed by two HR practitioners who volunteered to provide feedback. These practitioners were participants in the exploratory study. Fourth, the protocol was reviewed in order to consider the duration of the interviews. Finally, these questions were reviewed and refined with help from the researcher's doctoral supervisors.

The final version of the interview protocol involved two main aspects. Firstly, it walked each interviewee through the research objectives, permission to record the interview, data confidentiality, use of collected data, and the approximate length of interview time. Secondly, participants were asked to talk through the selection decision-making process. Each

participant was asked to describe and reflect on two specific cases of their experiences in choosing candidates.

3.3.4 Critical incident technique

The level of delicacy of the research subject and the depth of exploration required led to a challenge in the exploratory study, in which the participants were reluctant to discuss social connections. Based on the feedback from the participants in the exploratory study and the researcher's personal learning and reflection from conducting the study, a critical incident technique (CIT) was introduced to the pilot study and the main study.

Oriented from the American psychologist Flanagan's (1954) research in the use of direct observations of human behaviours in assisting the solution of practical problems and the development of psychological principles, CIT has been used in organisation studies for nearly two decades (Chell, 2004). CIT is defined as '*a qualitative interview procedure which facilitates the investigation of significant occurrences (events, incidents, processes/issues) identified by the respondent, the way they are managed, and the outcomes in terms of perceived effects*' (ibid., p.48).

Deploying CIT in interviews allowed the researcher to focus on the specific situations and stages of personnel selection decision-making that were affected by social connections. CIT also allowed the researcher to explore these specific situations in-depth as by using CIT, interviewees '*can be prompted to reveal how they felt about situations and can discuss what the incidents meant to them as an individual*', which can '*provide an insight into how the individual acted, the psychological prerogatives behind their actions and an indication of how their actions affected the outcome of the incident*' (Chell and Pittaway, 1998, p.26). Therefore, CIT was adopted as an appropriate interviewing method that was effective in eliciting in-depth information in both the pilot study and the main study. CIT was applied in the interview questions that asked participants to recall from their own experiences in selecting candidates and general selection decision-making procedures in their organisations.

3.4 Fieldwork

3.4.1 Pilot study

Following the exploratory study, a pilot study was carried out between February and March

2014 with the purpose of testing the interview protocol and method. This section outlines the process of, and rationale behind, the selection of the sample, the recruitment of participants, the interview process, and data analysis in the pilot study.

Pilot study sampling

As discussed above, the exploratory findings revealed that the initial selection of participants, which was limited to HR professionals only, was not adequate to elicit sufficient information to answer the research question. Under some circumstances, non-HR professionals including departmental managers and presidents of local subsidiary branches and provincial branches were also involved in personnel selection as decision makers. Whilst the key characteristics of participants were updated as the following, the selection of sector and organisations remained the same:

- Chinese nationality;
- working in a Chinese commercial bank;
- having rich experiences in personnel selection as a decision maker.

Table 2 An overview of pilot study participants

Interviewee	Gender	Professional status & managerial level	Organisation	Years of work experience in personnel selection
1	F	Junior HR professional	PCB 1	2.5
2	F	Senior HR professional	PCB 1	5
3	M	Local subsidiary branch president	PCB 1	2.5
4	M	Local subsidiary branch president	SOCB 2	4
5	F	Senior HR	SOCB 2	6

		professional		
6	M	Client resource department manager	SOCB 3	10
7	M	Senior HR professional	SOCB 3	7.5
8	M	Junior HR professional	SOCB 2	1.5

The pilot study involved interviewing eight managerial professionals, of whom three were female and five were male, from one PCB and two SOCBs. The recruitment of HR professionals as participants was initially based on telephone conversations that allowed the researcher to approach her key contacts from selected organisations. These conversations also allowed the researcher to briefly explain the research objectives and to express her intention to invite the most appropriate individuals to participate in the research. The non-HR professionals involved in the research interviews were identified and recruited by the HR professionals who agreed to participate in the research.

Following requests from some potential participants, preliminary, face-to-face meetings between the researcher and potential participants were later arranged to ensure a clear understanding of the research and the confidentiality of research data. These meetings also assisted in identifying appropriate interviewees and seeking help in recruiting non-HR professionals who acted as key selection decision makers. Two participants were known to the researcher.

Pilot interview process

Six interviews were conducted by telephone and two through Internet video calls by using a computer software Skype, lasting on average 74 minutes (ranged between 65 and 96 minutes). The choice of these interview mediums instead of face-to-face interviewing was due to the varied locations of the participants, limited research time, and limited travelling budget (i.e. the participants were based in four different cities in China – Shenzhen, Dongguan, Beijing and Xiamen – and the researcher was based in England). Conducting interviews through Internet video calls was the choice of two participants who were concerned with being able to have a face-to-face conversation. Please refer to [Appendix 3](#) for

the interview protocol that was used to test this pilot study. The interview questions were translated into the Chinese language from English. All interviews were recorded and transcribed by the researcher.

Pilot data analysis

Before producing the initial coding structure, all interview data were transcribed and then analysed in the Chinese language. The coding structure of the themes that emerged from the pilot findings were translated to the English language. Each transcript was printed and read carefully to identify and highlight words and phrases that appeared to be of importance and relevance in the research, and were later used to generate provisional codes.

The coding process of the pilot interview data used template analysis following the guidance provided by King (2004): preliminary coding; organising codes; producing an initial template; reviewing and revising the template. The use of template analysis in the research involved four main stages. First, preliminary coding of two transcripts was carried out by referencing the interview questions and the literature. A number of themes were identified and presented in a non-hierarchical list format.

Second, the preliminary codes were reviewed, organised, and presented in a hierarchical structure. The themes that shared the same meanings were reviewed and organised into clusters. For instance, several codes described the HR managers' perceptions of how candidates behaved at the interview venue and how they interacted with their job interviewers, such as manner, reaction to questions and courtesy. These codes were grouped into the theme of personal impression.

Third, these themes were entered into NVivo⁴ to create the initial template that represented the key themes that emerged from the exploratory interviews in a hierarchical order. The development of the initial template was based on a list of themes identified from the transcripts of the first two interviews with reference to the literature. Please refer to [Appendix 4](#) for the initial template.

Finally, this template was reviewed and revised by reflecting on the research question and the theoretical framework. By reading the transcripts and the initial codes carefully again, the researcher recognised that the interviewees mentioned the ranking of higher education

⁴ NVivo 10 was chosen to support the analysis of data collected from the exploratory study, however, it was not used to conduct the analysis and interpretation of data. All the data were later transferred over to NVivo for Mac.

institutions more frequently than any other codes included in the theme of qualification. This revealed the potential importance of the ranking of higher education institutions in affecting selection decision-making. Therefore, this code was later moved to a higher-order level. With the focus on social connections and relevant norms that may affect selection decision-making, the researcher also recognised that a sub-theme, obligations, was related to the norm of obligations between superior and inferior individuals that was emphasised by the concept of *guanxi*. Another sub-theme, financial benefits, was connected to the focus of social capital theory on the role of social connections as an important resource for individuals' life activities. The later revision of the coding structure (Appendix 5) was made after all interviews were completed, transcribed and coded, following the same coding procedure.

Summary of pilot study findings

The results of this pilot study affirmed that the interview protocol used was effective in eliciting information to answer the research questions. The main findings are discussed below:

(1) Process of selection decision-making

Although the participants were from three different banks, they pointed to similar processes of personnel selection that can be simplified. Personnel selection approaches in the selected banks include two types: campus recruiting and society recruiting, which often share the same procedures of selection: face-to-face CV screening, paper and pencil examinations, face-to-face interviews. In line with the exploratory findings, the pilot interviews demonstrated that junior HR professionals were only involved in the CV screening and initial interviews whilst senior HR professionals and senior non-HR professionals made the key decisions in the second interviews.

(2) Types of social connection that matter in affecting selection decisions

The majority of participants confirmed that connections between candidates and influential individuals, including internal senior staff in the organisation and external senior officials, had an impact on their selection decision-making. These influential individuals mentioned in the interviews were all males with great authority within families and high social and economic status in Chinese society. This finding revealed the dominance of masculinity in social connections that are effective in selection decision-making. With regard to the density of the connections, the connections between the candidates and the actual decision makers in selection tend to be much weaker than the connections between the candidates and their

patrons who connect them to the decision makers.

The types of connection varied in different contexts. Therefore, it was difficult to define what kinds of connection were effective. Some participants indicated that they were not aware of connections between the candidates and their patrons. The sources of information with regard to helping candidates to pass the interviews were mainly senior staff that they never met personally.

(3) Key norms of these social connections

The interviews revealed that the norms of social connections that were perceived and actualised into practice were individually diverse. The types of social connection between the decision makers, candidates, and the third party played a key role in connecting the candidates and decision makers. The most distinct norms that affected the decision makers included obligation, face, reciprocity, responsibility, social appropriateness, personal principles, and supervisory authority.

Regarding obligation, some participants pointed to the importance of maintaining their social connections, especially friendships, through accomplishing the obligations embedded within their interactions. However, when the participants who mentioned their “friendships” with influential others were asked to describe and define those friendships, the answers tended to point to acquaintances rather than friendships. The norm “obligation” was often mentioned and emphasised with “reciprocity” and “supervisory authority”.

(4) Individual perception and actualisation of social norms

The ways in which these norms were perceived and actualised by decision makers were divergent. In the case of accepting social connections, the majority of participants saw these norms as the usual and common rules that led their day-to-day social interactions, which did not bring any disturbing feelings. However, under the circumstance of rejecting the request from senior colleagues to choose certain candidates, some participants revealed that they tend to feel “*embarrassed*” and “*stressed*”, due to the fear and pressure in relation to “*losing face*”. In this case, a junior HR manager saw a meeting with the president of an important branch as a meaningful and potentially helpful opportunity that may affect her future career.

These norms were achieved through casual meetings at work, sharing meals, informal personal phone calls, and house visiting. House visiting appeared to be the most important way in which candidates established their connections and ensured the message of “help in

need” was delivered to the actual decision makers. House visiting occurred, with and without appointments, between candidates and influential individuals. The next section will discuss the implications of the pilot study results for the development of the interview protocol used in main study.

Implications for the development of the interview protocol

The pilot study findings had a number of implications for the interview protocol development with regard to:

(1) The appropriateness of interview questions and the language used

The participants reported that, to a great extent, the interview questions offered them a good opportunity to recall and reflect on what they have done at work in some specific scenarios that they “*did not spend time to think of*” prior to the interviews. Three participants reported that using the phrase “your bank” made them feel “*a bit unnatural*” and suggested the researcher to change it to “your organisation” or “your working unit”. Meanwhile, four participants pointed out that some questions seemed a bit repetitive for them. For example, they suggested choosing one of the questions concerning the role of decision makers in the selection process and removing the others (i.e. Q4 What are your main responsibilities in the selection process? Q5 What is your involvement in personnel selection decision-making?). They also pointed out that it may not be necessary to ask “What did the results of the CV screening/exams/interviews tell you about the candidates?”, as the information is often provided by the answers of the previous questions. Therefore, the questions that were considered unnecessary and repetitive by participants were later removed.

(2) Difficulties inherent in the protocol

All participants found the interviews straightforward and clear, and they responded to all questions appropriately.

(3) Estimated interview time

The actual interview time was reasonably close to the estimated time of 60 minutes (i.e. ranged between 65 and 96 minutes).

(4) The suitability to generate useful information

Overall, the interview protocol was sufficient to gather information that is relevant to the research question as illustrated above. Rich data were gathered in relation to understanding

how norms related to social connections were fulfilled through practices, such as house visiting and sharing meals outside of the workplace.

(5) Issues of access to appropriate participants

Some participants that were approached through shared personal contacts showed a certain level of uneasiness at the beginning of the interviews, which was not expected by the researcher. In contrast, participants who were recruited through relatively formal methods without personal contacts showed a higher level of willingness to participate. Four potential participants from the same state-owned bank withdrew their participation agreement prior to the interviews due to negative news reports about the income of senior bankers and the high level of media and public attention to the report. These issues were taken into consideration prior to the conducting the main study. To build a rapport of trust with the research participants and to gain authentic information, the researcher approached the majority of the interviewees in the main study through relatively formal meetings. The researcher also emphasised the confidentiality of this research prior to the interviews and offered the interviewees an option not to be recorded verbatim if they felt uneasy in expressing their views.

3.4.2 Main study

Following the pilot study, the main study took place between the end of May and July 2014.

Main study sampling

The main study involved interviewing 42 senior managers, of whom seven were female and 35 were male, from 14 Chinese commercial banks, whose work responsibilities were concerned with personnel selection. Although the unequal gender proportion of the population may be a limitation in this research, it also reflects the actual female representation in the top level of management in the banking sector.

These participants were recruited for the research via telephone and face-to-face meetings and chosen based on three common attributes:

- Chinese nationality;
- having rich experience in personnel selection as decision makers;
- having a job position at a senior managerial level.

The first criterion in selecting participants for this research was determined based on the need to understand the Chinese culture and society. The second accounted for the fact that both HR managers and non-HR managers were found to be key decision makers in personnel selection across the Chinese financial services sector. The third was established based on the feedback given by participants in the exploratory study and the pilot study, that managers at junior managerial level did not participate in the key decision-making meetings that determined the final acceptance or rejection of a candidate. Junior managers were also not informed about the final decisions with regard to the candidates who passed the screening stage in which the junior managers took part. Therefore, the researcher decided to interview senior managers who were suggested to be the key decision makers in the preliminary studies.

The identification of the participants was based on these criteria as well as the level of access that the researcher was able to gain. The delicate and sensitive nature of the research subject limited the possibility for the researcher to deploy a systematic approach to recruit participants through their organisations. All participants were accessed via either the contacts of the participants in the preliminary studies or the researcher's own personal contacts. However, to ensure the quality of the data, the researcher only interviewed one participant who was known personally prior to the research. Prior to the research, seven participants requested to meet the researcher face-to-face briefly to ensure a clear understanding of the research and the confidentiality of research data. Five participants had shared meals with the researcher to discuss the possibility of conducting their interviews without being audio recorded. These five interviews were recorded in a meeting minute format by using Google Note on a tablet. The interviews lasted on average 86 minutes.

Main study data analysis

The interviews were analysed in the Chinese language before being translated into English to restrict the level of error caused by linguistic difference. The interviews were analysed with reference to Miles and Huberman's (1994) three-stage process for analysis of qualitative data. First, the data required reduction from its original form. During this process, themes were identified by using an inductive approach (Boyatzis, 1995). Next, the data were displayed so that sense could be made of the high volumes of data that had been generated. Finally, this reduction allowed the drawing of conclusions and the building of theory from the thick description that had been generated. Consistent with the constructivist stance taken, this was

carried out alongside the ongoing collection of data (Easterby-Smith, Thorpe and Jackson, 2012).

The coding of data followed the procedure used for the pilot study. The initial coding template was developed based on the coding structure generated from the pilot study as well as new codes that emerged from the main study. Each new code was added under the existing part of the structure and re-classified after 11 interviews to generate an initial coding structure. Theoretical saturation was reached with no new themes identified after 11 interviews in the group of 17 HR managers and 19 in the group of 25 senior non-HR executives. This coding template was revised after referring to the research questions and the main themes that the research interest was related to completed the analysis of all interviews (see [Appendix 6](#)).

Level of analysis

The research question that focused on social connections in selection decision-making was examined at the individual level. The research dealt with the empirical data by drawing from individual informants' insights and experiences in making selection decisions. More specifically, the individual unit of analysis allowed the researcher to explore social norms and relevant practices that had an impact on the views and behaviours of individual informants in selection decision-making. It also allowed the researcher to elicit the actual effect of social connections on individual decision-making from the two different perspectives of HR and non-HR managers.

3.5 Methodological limitations

The issue of research validity, reliability and generalisability depends on the philosophical perspective of the research. As this research adopts a social constructivist perspective and a qualitative interpretative methodology, all three tests have to be applied.

First, in relation to validity it is necessary to ask whether '*the study clearly gain(s) access(es) to the experiences of those in the research setting*' (Easterby-Smith, Thorpe and Jackson, 2012, p.109). The validity of this research was sought through careful methodological design and thorough pilot testing of the method and specific interview techniques. Pilot interviews were carried out before the main study, which allowed the phenomenon and the techniques

used to investigate it to be extensively reviewed. Bryman notes that triangulation can be carried out through the use of '*multiple observers, theoretical perspectives, sources of data and methodologies*' (1989, p.379). In this research multiple sources of data were used by interviewing different groups of individuals, namely HR managers and senior non-HR executives. The accounts of different individuals was crucial as this research was intended to understand individual conceptions of the role of social connections in personnel selection decision-making, with the objective of being able to provide a *thick description*.

Regarding reliability, the question was asked whether there is '*transparency about how sense was made from the data*' (Easterby-Smith, Thorpe and Jackson, 2012, p.109). Reliability of this research was sought through the rigour of the interview capture (i.e. verbatim recording and transcription), and robust data reduction and analysis techniques. These methods were transparently recorded in this chapter to allow other researcher to see the techniques employed in forming the overall theory. Clearly the research process was a series of interpretations. Views and thoughts may change over time. However, it was felt that the process was robust enough to provide a reliable capture of the interviewees' thoughts and practices that they carried out in decision-making.

Finally, generalisability is about whether the '*concepts and constructs derived from this study have any relevance to other settings*' (ibid.). In this research, no claim is made to wider generalisability. With the focus on seeking a *thick description* of individual conceptions, this research was not intended to provide any generalisation of the findings.

Chapter 4 Main findings: The perspective of HR managers

4.1 Introduction

This chapter is the first of the two chapters that present the main findings that emerged from the fieldwork conducted in this doctoral project. The content of this chapter draws on the data collected through individual interviews with 17 HR managers in the Chinese banking sector. The literature has considered HR managers as key actors in both the policy-making in personnel selection and the implementation of relevant practices. Based on their personal views and involvement in personnel selection decision-making, the HR managers who were interviewed for this research provided an insight into three main aspects. First, the interviewees demonstrated the importance of social connections in affecting individual selection decision-making in Chinese financial services organisations. Second, the discussion surrounding social connections revealed that the strength of different norms facilitated the persistence and prevalence of social connections. Third, the HR managers interviewed showed their general perceptions of the social norms as affecting their personnel policies and practices.

The content of this chapter includes three main sections. The first presents a broad picture of *how* personnel selection decisions were taken with regard to two different types of personnel selection process discussed in the interviews: campus recruiting and society recruiting. This section shows the process of selection decision-making from the perspective of HR managers, which offers an understanding of the importance of social connections in their decision-making. The second examines the key findings in relation to the importance of social connections in individual selection decisions. It also explores the central concepts related to the importance of social connections as well as *how* and *why* these concepts influenced HR managers' selection decisions. The third section captures HR managers' perception of their organisations' propensity to continue placing social connections at a central position in personnel selection. To support the findings, direct quotations from the interviewees were used with an indication of the number of HR managers endorsing each theme.

4.2 Personnel selection decision-making process

This section presents the data collected from the interviews with HR managers with a focus on two types of the personnel selection decision-making process: campus recruiting and society recruiting.

4.2.1 Campus recruiting process

Campus recruiting was described as a recruiting process targeted at a large pool of recent graduates only, with the specific objective of filling vacancies for particular cashier job positions. All the organisations that the interviewed HR managers worked for shared some commonalities with each other in terms of selection procedures, assessment methods, and selection criteria. According to the interview data, personnel selection in campus recruiting was usually carried out following a three-stage personnel assessment procedure: CV screening, paper and pencil examinations, and job interviews. Selection decisions in these stages were taken in three different forms.

Individual selection decisions in campus recruiting

The first form of selection decision-making was the individual decision. During CV screening in campus recruiting, decisions on choosing the candidates to be shortlisted for the next assessment phase were conducted by individual HR managers, and occasionally senior line managers. In other words, decisions in the CV screening phase were solely based on the personal judgement of whether candidates met the basic personnel requirement. Such judgement was an independent, one-time decision that usually required no further evaluation by a second decision-maker. Rejected CVs were disposed of immediately, which therefore provided neither papers nor meeting minutes to be reviewed later on. Each individual decision maker had sole decision-making authority in accepting or rejecting any candidate.

Yes, they were all individual decisions. We did not have to consult anyone else. In fact, no one would like to go through these documents again anyway. We had far too many candidates to do this. (HR-1)

The interviewees suggested that these decisions were based on objective evaluation against a list of fundamental requirements of education and qualifications.

We were requested to judge them [job applicants] according to the requirements provided by the bank... For example, you [candidate] ought to be [a graduate from] a [project] 211 [university]. [A project] 985 [university] is of course preferred. (HR-5)

This definition reflects the dominant position of the university ranking in affecting individual selection decisions. However, the majority of interviewees (16 out of 17 HR managers) pointed out that candidates whose university background failed to meet the requirement were still selected with the permission of senior executives in their organisations. In this circumstance, the HR managers considered themselves to be executors of individual decisions made by their senior executive colleagues, rather than actual decision makers.

University ranking was the lowest threshold indeed, but thresholds are flexible as well... yes, we had many students like overseas returnees joining us last year. Many of the universities [that these candidates graduated from] were not in our list of names. (HR-11)

Meanwhile, other subjective elements such as personal appearance and communication skills as complementary criteria were illustrated by the following comments:

[I] mainly look at the expressions. How he [a candidate] spoke and presented himself in order to sell himself [to the employer]. Selling is what we do every day. I thought he would be sorted if he could communicate in a very clear and attractive way... how he looked was also important because we have to deal with many difficult customers. Looking friendly and charming helps a lot. (HR-4)

Computer-based selection decisions in campus recruiting

The second form of decision-making was based on the automatic ranking of exam scores generated by computer software. Six organisations in this research recently introduced a computer system to screen CVs automatically against personnel requirements that were established in advance.

We now use computers to avoid bias and difficulties in explaining ourselves to different [people who had influential] connections.... the exam was designed in an optional format. You [candidates] only have to tick one to answer the question. We don't have to go through all the paperwork. The computer does it for us. If the result said that you [the candidates] passed, then you passed. Otherwise, it becomes quite messy having had to explain why I did not help [the candidates] to get a better score. (HR-9)

Collective selection decisions in campus recruiting

The third form of selection decision-making was group decision-making that was deployed in job interviews. The number of job interviewers varied from four to six managers, which sometimes included a maximum of two line managers. During job interviews, all decision-makers were asked to evaluate candidates against a series of pre-established criteria and to give scores on each criterion on a certain scale. Candidates were ranked according to the aggregation of their scores on each criterion, which was used to assist selection decision-making.

We use a scoring system. On each of our forms that included personal information of the job applicants, we had a series of criteria to think about. We usually mark [the scores] next to the criterion and then calculate the final score that each applicant received so as to compare them after they leave the [interview] room. (HR-13)

In the past five years, 12 out of 14 organisations discussed in this research started to introduce an assessment method called ‘group discussion’ in a format that was considered by all the interviewed HR managers as a method similar to the concept of an assessment centre deployed by Western organisations. During ‘group discussion’, candidates are divided into groups to find a solution for assigned scenario tasks. The ‘group discussion’ method was carried out prior to job interviews. Similar to job interviews, the selection decisions made in the ‘group discussion’ stage were conducted by a group of managers as collective decisions, including at least one line manager.

We are trying to catch up with the Western model of selection, like group discussion that involved many interviewers watching over the performance of an individual in [conducting] a group project. In this case, we usually invite the line managers to join us on the side. After all they know better than us with regard to what kind of employees that they want to [hire to] do jobs similar to theirs. (HR-14)

4.2.2 Society recruiting

Society recruiting targets mature candidates with at least two years' or more working experience in the financial services sector. The research interviews with HR managers identified two types of decision-making processes in society recruiting.

Individual selection decisions in senior executive-led job interviews

The first type of decision-making involved a job interview with a senior executive (i.e. branch presidents or department directors) followed by another with a group of two to three HR managers.

They [the candidates] usually meet with the department directors or whoever was in charge of leading the team [that the candidate would be assigned to work with] in person, [and] then we [HR managers] follow the [job interview] meeting results to decide whether there was a need for us [HR managers] to interview [the candidates] once more. If the candidates failed to get a pass from our colleagues [senior executives], then there is certainly no need for us [HR managers] to set up another meeting [with the candidates]. (HR-3)

From the perspective of all the interviewed HR managers, the job interview method and selection criteria deployed by non-HR managers in society recruiting were not clear to them. The decision-making process was considered neither systematic nor consistent.

We don't really have a procedure for them [non-HR managers] to follow. The initial thought was that they all wanted different people. Client managers would hire someone more open and sociable. The risk assessment department usually prefers females, or someone who is willing to do the usual office work and is not too ambitious. There are lots of different requirements for certain jobs and we do not wish to intervene. (HR-6)

The conversations between a job candidate and a senior executive were often off the record. Candidates selected by senior executives were recommended to the HR department through telephone calls. During this process, neither papers nor any other types of documentation were prepared and submitted for future reference. Communications between senior executives and HR managers in relation to the detailed reasons why a candidate was chosen

did not seem to occur since senior executives were trusted with responsibility of, and ability to, evaluate the core skills of potential employees.

Yes, we did speak about what he [candidate] was like and his background. Nothing more... it is like an unwritten split of responsibilities. They [line managers] look out for the attributes that they want, and then we just have to trust their judgement. (HR-8)

Individual selection decisions in HR managers-led job interviews

The other type of decision-making process in society recruiting started with a job interview with HR managers, followed by another with a senior executive.

We met with the candidates first sometimes when no one senior enough [at the managerial level] was available. I interviewed many candidates for the client management department because the head was busy meeting with far more important people. I recommended some candidates to him after making sure that the candidates would be a good fit. (HR-9)

Collective decisions in society recruiting

All interviewees suggested that the impressions of a candidate from both perspectives were equally valued theoretically according to their organisational policy. However, the HR managers also suggested that they deployed very different criteria compared to the senior executives in assessing job candidates.

Usually we were all taken into account, really. We discussed how we thought about the candidates, of course, often from very different angles because we tend to look at their communication skills and personalities, but line managers spoke about how their [the candidates'] performance predicted their potential and how it [the predicted potential] would affect their actual performance at work. (HR-17)

The interview data collected from the viewpoint of 15 HR managers indicated that selecting experienced employees appeared to be a process of aggregating separate decisions taken by senior executives and HR managers with more respect given to senior executives' opinions. It

was not considered as a holistic process with established assessment methods and formal discussions between different decision-makers.

We [HR managers] did not know whether it would be us or department directors or the presidents to interview the candidate. It was not like a step-by-step procedure [in society recruiting]. If they [senior executives] were available, they would do the [job] interviews. And if they were not, then we would take the lead... we try to brief on information when we can, but it was not always necessary... (HR-9)

Information about personal attributes and relevant knowledge and skills possessed by candidates was rarely discussed between decision-makers unless any disagreement occurred. Only on one occasion did an HR manager point to a formal selection decision-making process.

It was a special event and so far I have only been to one since I joined [the bank]. We set up the interviews in the manner that you would only expect from famous TV programmes. That was truly about having star judges. Most senior executives attended the [job] interviews following a formal procedure. They were all asked to fill out the forms in [the form of alphabet] score numbers that they had in their mind about each candidate... criteria were very different as well. We even had TV presenters and journalists participating in the [job] interviews. It was usually unthinkable. (HR-7)

4.2.3 The role of different decision-makers

Overall, the interview data suggested that HR managers played a central role in selecting candidates for vacancies at lower managerial levels, albeit with the influence of other decision-makers, especially senior executives. In contrast, senior executives seemed to play a more important role in recruiting for job positions at higher managerial levels. In describing the ways in which the opinions of HR managers and senior line managers were ensured to be taken into account in affecting the final selection decision, the following comment was typical.

They [line managers] usually get whomever they want... it is difficult for us to strike a balance. We tend not to disagree with them. The truth is that it was not really necessary

to disagree with them unless we seriously cannot afford hiring someone who is too expensive or we had no vacancies for this person. (HR-2)

A majority (15 out of 17) of HR managers provided similar responses. This implies that selection decisions in society recruiting were usually taken according to the interview results offered by senior executives. The ways in which job candidates were assessed and selected by the senior executives were believed to vary with required personal attributes to meet specific job positions.

To be honest, I don't really know [how senior executives make their selection decisions]... I never asked unless someone was referred to me to process [the job application] to the next stage... still, I didn't ask about the details, but they [senior executives] usually briefed me a few reasons why they thought this person was fine. Then we went on to deal with the paperwork and negotiate the salary. (HR-16)

In particular, the interviewed HR managers from non-state-owned organisations considered themselves as less important players who were only in charge of reviewing certificates, pay and bonus levels, mental health, personal credit, and criminal records.

I don't know them well. We never work together directly. I only know most of these people by their names. I know a few who had come over to ask me whether we could go over the budget to hire a young man who seemed to be very suitable [for a vacancy]. The negotiation went forward and backward and eventually we [the HR department] just gave up. That was one of the rare cases that we had actual interactions. The rest of the time we just had to check the documents supplied by the job applicants, meet them briefly to make sure that they don't have mental illness or negative credit or a criminal record. That would be deadly dreadful. (HR-16)

However, HR managers from the state-owned banks shared a different opinion. They believed they had equal influence on final selection decisions as the senior executives who were at a similar managerial level, although they also perceived that there was pressure to take advice from senior executives who intervened in their decision-making.

We don't talk about our opinions about job applicants in detail unless there was a disagreement. When we did, we arranged a meeting to discuss the issue quite quickly. We respect each other's viewpoint in this case anyway, but we would give in if they insisted on a preference for someone [a candidate]. (HR-15)

The self-identification of HR managers in their organisation also provided further evidence of senior executives having more influence in society recruiting. The interview data indicated that HR managers viewed themselves as processors of documents and gatekeepers of pay and bonus levels, while considering senior executives as the players that actually exercised the decision-making power.

[I] don't mean to be judgemental. But they [senior executives] really are arrogant in the ways that they behave...but we all know that they have the power to do so because they bring the money [into the bank]... I used to receive dozens of phone calls per day, asking me about [job] vacancies, even when it was not the [campus recruiting] season... he [a senior client manager] came to my office and gave me the CV [of a candidate]... I still receive phone calls and CVs sent to my office directly... (HR-10)

4.2.4 Summary

To summarise, personnel selection decision-making from the perspective of the HR managers interviewed in this research denoted a process of choosing candidates that met the required higher education background, personal appearance, communication skills, and other potential personal attributes desired by senior executives, especially in hiring for job positions at the higher managerial level. Compared to campus recruiting, selection decisions in society recruiting were taken with a lower level of formality and a higher level of flexibility. HR managers were believed to have less influence on decision-making for hiring experienced employees compared to senior executives.

4.3 Personnel selection through social connections

Having explored *how* selection decisions were usually taken in Chinese financial services organisations, this section will present the findings relevant to the effect of social connections on selection decision-making from the perspective of HR managers. The interview data suggested that social connections played a crucial part in both campus recruiting and society

recruiting. The ways in which social norms, especially reciprocity and obligations, interacted with organisational norms in affecting decision-making dominated HR managers' reflection on their selection practices. This section commences with a presentation of the key concepts that were discussed by the majority of interviewees in this research, which is followed by a summary of the divergent viewpoints.

4.3.1 The notion of hierarchy

All the HR managers placed the notion of hierarchy at the heart of their selection decision-making process, with discussions dwelling on how hierarchy affected their personal evaluation of social connections and how their evaluation was established through both individual and collective reviews of organisational and social norms; the notion of hierarchy identified in the interviews included social hierarchy and organisational hierarchy.

Social hierarchy was considered as a complex system that ranked individuals and organisations according to their political influence and socio-economic status. At the individual level, social hierarchy was defined with reference to a ranking system of social class and economic status. HR managers' identification of the positions of themselves, job candidates, and relevant individuals in society was found to shape their judgement about whether to take relevant social connections into account in their decision-making. At the organisational level, social hierarchy appeared to reflect the market value and political influence of organisations. On the other hand, organisational hierarchy focused on the ranking of individuals within their workplace according to their authority, personal background and contribution to the business output.

...but it is crucial to know your location at the work unit, family, and society as well. That tells you how to judge and make choices in different situations. Just like I have said, we know that we are here to hire adequate candidates that match our demand, but we are also aware that our work experience is limited to what we do day to day in our office. That is to say, our viewpoint is also restricted by our experience. When we had to step outside and look at the world from a wider perspective, we had to respect our colleagues who had more experience in many other things. They bring the clients and

sustain our work environment... without recognising your position; you would just embarrass yourself. (HR-16)

4.3.2 The types of social connections

The dominance of the notion of hierarchy was highlighted as the source of benchmarking for the importance of different types of social connections. The degree to which a connection was considered valuable depended on HR managers' positioning of themselves and relevant others within the organisational and social structure. The interview data revealed two distinct types of connections that were effective in influencing HR managers' selection decision-making.

Connections at the workplace

The first type of social connection involved the relationships between HR managers and other managerial individuals who worked for the same organisations. In particular, the interviewees pointed out that their relationships with senior executives, who were responsible for dealing with clients directly and accountable for the financial performance of the organisations, played an important role in affecting their selection decisions, especially in social recruiting. The quote below illustrates that HR managers perceived their non-HR colleagues at a similar managerial level as more influential decision makers. Within the workplace, the perception of hierarchy had a strong effect on HR managers' decision-making.

Yes, we are at the same executive level indeed. But I am not the one that actually keeps the bank running, am I? They are like the gods that bestowed rice upon us so they have more rights to choose. I think it is common knowledge that we only have so much to say. (HR-13)

All the interviewed HR managers shared a similar view with the HR manager who supplied the quote above. Senior executives in general were considered to exert influence over HR managers:

If it is difficult for you to understand the situation, let me ask you a question. If the branch president came to me and asked me to pay special attention to a friend, would I

say no? If an official from the banking regulatory commission came to me and asked for a job for his son, would I say no? Would I be able to say no? (HR-11)

Connections outside of the workplace

All of the interviewed HR managers suggested that they were not directly in touch with individuals who were employees of their organisations. Social connections with individuals outside of the workplace were considered as connections created and maintained by non-HR senior executives.

Generally speaking, we would not come into contact with these people. Our social circle at work is after all very small. We don't deal with clients... We only manage our jobs and that's all. (HR-7)

Information relating to social connections between senior executives and individuals outside of the banks was not made clear and transparent to HR managers.

How could we have known this [information about the social connections]? Usually it [the information] was given in two or three sentences to resolve it [any question], such as so-and-so's child etc. ...Unless we come across a special situation like [reaching] an authorised size of work unit, which requires adjustment, then we would have to carefully question which social connection is more important. (HR-11)

4.3.3 The strength of different connections

Typically, the effect of the direct and indirect connections between HR managers and individuals outside of their organisations was enforced through the relationships between HR managers and their colleagues within the bank. However, unlike the connections within the workplace, social connections outside of the recruiting organisations were not reported to be equally effective across different hierarchical structures. In particular, all HR managers highlighted the connections between individual bankers and governmental officials, especially those who were related to the industry, such as the China Banking Regulatory Commission (CBRC), as the most effective type of connections in affecting their decisions.

No, yes... nothing particular would happen, at least in the near future, even if I rejected him [a governmental official]. But we are all conscious that his authority is not going to fade away, but instead may grow stronger. That means political pressure on not only us, but the rest of the bank. We almost never said no in this case because it is in fact a great honour to be asked to do him a favour. You never know whether you would like a favour from him one day. It is crucial and mutual knowledge. (HR-6)

The significance for individual bankers to maintain a relationship with these officials was considered as a projection of a business demand for, and strategy of, financial services organisations to develop a connection with relevant governmental and regulatory institutions. This projection implied that the hierarchical place of an organisation within the industry structure had an important influence on how individuals within this organisation identify their position in a broader social structure by comparing it to other individuals outside the organisations.

It is particularly important these days. The regulatory commission is watching over us more than ever especially since the [communist] party leadership has changed. We are no longer under the permanent protection umbrella that we used to think we had. It is always easier and better to make a friend than an enemy. (HR-13)

Similar statements were made with regard to the strength of the connections between individual bankers and their business clients in affecting selection decision-making.

Why do I think the telecommunication company was important? I guess the answer is simply that we had been working together over the years and they are one of our biggest clients. Certainly investment would not be withdrawn overnight, but we cannot risk losing any potential investment. And we knew that he [shareholder in a business partnership company] had the influence over the board. (HR-12)

It was apparent that all interviewees were asked to pay extra attention to certain candidates who were connected to influential clients that had established a long-term business relationship with their organisations. The definition of influential clients provided by the majority of the HR managers pointed to both corporates, such as one of the biggest telecommunication companies in China, and individuals related to those corporates.

We had to report to the senior executives and especially the presidents if we came across candidates who associated themselves with these companies [who had a business partnership with the bank]. It is important that they are fully informed of it so that we don't risk our decisions over potential business relationships. (HR-4)

Although 14 out of 17 HR managers interviewed claimed that they were not directly connected to business clients, all interviewees confirmed that they were aware of the business connections between their organisations and those clients when they were asked to select certain candidates, as one interviewee remarked:

Yes, of course I knew about the relationships. I had to. They had to tell me so that I remembered to take care of the case. Otherwise I would be blind and perhaps careless in making the correct choice. (HR-9)

The extent to which HR managers were conscious of the existence of these connections and prepared to take these connections into account in their decision-making implied the importance of business connections and the relevant resources that these connections possessed to financial services organisations, and therefore, to the individual decision makers involved.

It is very common for us to choose candidates recommended by our clients. We understand the importance of maintaining a good relationship between our client managers and our clients, as well as the companies that they represent. The industry is very competitive and we cannot afford to lose any potential advantages. (HR-11)

In contrast, the interviews with HR managers offered little evidence of the importance of family-centred and family-like relationships in affecting selection decision-making. The interviewees provided two explanations for the weak strength and the low level of instrumentality of family connections in terms of power structure and business demand. First, HR managers repeatedly raised concern about the actual decision-making power that they had within their organisations. They found themselves vulnerable in a hierarchical structure that empowered individuals who directly contributed to the business performance more.

We usually cannot bring anyone that we know or like. I have so far only recommended a few friends, and friends of friends to apply, but my recommendation was restricted to provide them with information about when the jobs were available and whom they may meet with in job interviews. It was not actually a case that my personal influence was important or I had the power to choose my friends. But they [senior executives] easily can. Friends, ex-colleagues from a different bank and so on. (HR-9)

Second, the focus on financial input and output in their organisations led to a potential preference for business connections. Family connections with less financial capital had a weaker effect on selection decision-making as the organisations perceived a high level of risk in terms of political pressure.

There may have been family members [of current staff of the organisations], but I am not sure about it. Although I have to say that relatives are poor excuses to use and we do not accept that unless they are someone to do with the loyalists [communist party members or influential governmental officials]. But you see, job seekers who have rich and influential families do not usually need to ask for a job here [in the bank]. They have better options. Otherwise, ordinary families would just put us in an awkward situation because without the monetary benefits or social influence that they can bring, we cannot risk becoming a scandal target in the press. We don't want our organisation to be ramped full of 'connections that come with skirts and belts' [meaning connections from marriage]. (HR-16)

Third, family relationships were considered pragmatic in two particular circumstances. On the one hand, HR managers confirmed that they reached out to candidates in job interviews through identifying the potential amount of financial input that relevant family connections could bring once the candidates were selected. The nature of the effect of family connections on selection decision-making in this circumstance appeared to be similar to the effect of business connections.

Our senior executives often have a number in their mind about financial input that they would like a candidate to contribute within a certain period. In this case, family members offered the fastest and easiest access to the accumulation of this number for candidates. He [candidate] was very smart and seemed to be aware of what we wanted

immediately so he gave us a list of people that he thought he could persuade to open an account here. We welcomed this kind of candidate... family members are our usual target but only those with financial capacity. (HR-3)

On the other hand, HR managers highlighted family relationships as a channel of informal flow rather than a determining factor in their decision-making. Family relationships were found to play a part in sharing knowledge such as the availability of job vacancies and job application procedures.

I did tell her [candidate] that we were looking to hire a junior client manager and the number and size of potential clients that we were looking for, but eventually the meeting did not go well. I could not have done more because I was only doing my parents a favour. Also, it was impossible for me to impose a relative on the branch. Everyone wants the best especially those come with connections. Hers were limited to the local area so did not really fit the demand here. (HR-10)

All HR managers appeared to expect and experience the effect of different social connections on their selection decision-making, albeit with similar perceptions of various relevant norms. The following content will therefore explore four main social norms that construct the instrumentality of different types and strengths of connection: obligation and reciprocity, face and reputation, trust, and affection.

4.3.4 Obligation and reciprocity

The concept of obligations dominated all HR managers' reflection on their evaluation of social connections involved in their selection decision-making. The feeling of being obligated to superiors in a social network penetrated the overall discussion about how candidates were successfully selected through the social connections that they possessed.

I think we all feel obligated to our colleagues to some extent. Some more than others, especially those at the top of the management. It is a usual phenomenon in many organisations and in the industry even. (HR-4)

In campus recruiting, all HR managers reported that they felt relatively more empowered to choose job applicants according to the criteria produced through formal meetings and documentation, and personal attributes that they believed to be valuable to certain job positions. However, the relationships between HR managers and senior banking professionals, especially client managers, were portrayed as imbalanced power networks, particularly in social recruiting. The expectation of which HR managers should take their non-HR colleagues' opinions into consideration or even obey these colleagues' decisions was felt to be common knowledge, particularly in joint-stock companies.

We were freer to choose whom we like in campus recruiting, especially in the early stage. But still, we had to comply with the minimal requirements, but they [senior executives] don't. Not to mention in society recruiting. In most situations we were just not included in the decision-making at all. Like Z [name of a candidate], his name was given and his profile was passed on to us. The only part that I was involved in was checking the profile and progressing the labour contract and so on. I am used to it and I have to be. It is my job to help find the right employees, but not my right to choose one sometimes. (HR-7)

The statement above made by an HR department director revealed that it is done through an unofficial and yet established hierarchical structure within an organisation as well as an expectation of which staff were capable of identifying themselves within this structure, and therefore understanding and fulfilling their obligations to their superiors at work. The pressure of feeling and having had to be obliged to senior non-HR management was highlighted as:

It was a bit anguishing... I was not new to this game, but I was not comfortable in being secondary in my job. I did negotiate with him [senior executive], but often in a joking way only. It was not always exciting to joke about it though because the stress and workload that he brings to us [HR managers] was very annoying... at the end of the day, I still signed the paper and passed it to our director. I understood my position just like everyone else... it was necessary so I said yes. (HR-2)

The extent to which the norm of obligations in the workplace came into effect heavily depended on the hierarchical structure and the ways in which decision makers locate themselves and relevant others within this structure. This was illustrated by a case in which

an HR manager had to make a choice between several candidates recommended by different senior colleagues at work. The manager felt the need to justify herself to her colleagues in relation to her choice by emphasising the hierarchical positions of different individuals involved and the limited demand for the number of newcomers.

We cannot hire as many people as we want to. There was a certain number of employees permitted by headquarters. So it became very difficult. I had to think carefully whom I can and whom I cannot afford to offend. It was a headache to choose between two client managers, so I waited to meet the brand president to find out whose connections with the job applicants were more important to us... that conversation also gave me the confidence to use the branch president as an excuse to say that he also recommended someone so I had to give this person priority... the influence of the president was well-known amongst us and we all knew that we had to obey the upper hands. That's how the conflict was resolved. (HR-5)

Whilst HR managers perceived their colleagues at a similar management level as superiors and felt obliged to them, differences in terms of the strength of such perceptions were found between connections with institute officials, business clients, and family-like individuals. Senior institute officials were also recognised as superiors in the hierarchical structure of the Chinese society. HR managers conveyed an indirect pressure to comply with these superiors through their colleagues at work.

Have I met him [an official]? No. Although I could recognise him from the television. Would he ever know about me? Probably not. But if I had ever rejected the application of his nephew, I doubt that he would not be interested to find out who I was. It could also cause lots of pain for the [department] director as well. And certainly not to be the trouble maker in the bank. If I had to be frank, I did not want to make a fool of myself and be the rebel. I don't think we have ever had this kind of rebel before. (HR-16)

This pressure was often enforced through an understanding of the symbolic power of institute officials over the organisation and even the industry. In this sense, normative obligations to institute officials were related to an expectation of a reciprocal return of a symbolic profit. This led to reciprocity, the second dominant norm that affected selection decision-making.

The interviewees reported that the organisation as a whole perceived a sense of protection through co-operation with institute officials.

I was not expecting any specific return, but at least my decision helped the bank to continue a positive relationship with the association [a governmental institution]. In that sense, we knew that it was an important achievement, and yet a very easy one to achieve. (HR-14)

Although HR managers also felt obliged to the business clients of their organisations, the norm of reciprocity appeared to be stronger and to overrule other normative motivations in their decision-making. In most organisations, the size of the potential financial return was considered as a benchmark for comparing different business connections involved in selection decision-making.

We all had our own preference for one connection or another. The question was really about what exactly we do need rather than what we want. The answer was that we need more investment to compete. We [HR managers] consulted our colleagues about the amount of financial input that they expect from a young graduate and we used it as a benchmark. The more, the better. (HR-3)

Through establishing and enforcing the notion of reciprocal return, HR managers in joint-stock companies also actively sought job applicants who were capable of assisting the company in growing and maintaining financial capital. The interview data showed that this was a common selection approach for financial services companies.

We got the information from job interviews because it was very important for us to attract and hire candidates that provide us with competing advantage in the market. We usually start with questions about family members and relatives... yes, I believe that it is a very common approach for smaller banks to obtain competing advantages. (HR-8)

Significantly, the importance of obligation and reciprocity in other relationships, such as family members, friends, colleagues, classmates, and any other acquaintances, was only confined to rhetoric rather than being pragmatic unless these individuals were involved in any governmental and business institutions related to the banks. Occasionally, HR managers were

encouraged to recommend job candidates related to them but only in the case that these candidates could bring financial benefits to the organisations or local units. However, only seven HR managers confirmed that they had done so.

All sorts of connections were welcomed, but the benchmark of recommendation was set there: investment, investment, and more investment. (HR-13)

However, the majority of the HR managers recognised a different pressure from feeling obligated to kinships and other relevant ties: face and reputation, which will be examined in further detail in the next subsection.

4.3.5 Face and reputation

In contrast to obligation and reciprocity that appeared to be instinctive and regular motivations of HR managers' choice of job applicants, the norm of face and reputation seemed to be defined with reference to the notion of sanctions as an aftermath of decision-making. The following comment represents the views of HR managers who mentioned the importance of face and reputation.

I could not think about losing face in front of my colleagues. The consequence could be very pricey. (HR-7)

The concern about face and reputation was raised in two ways. First, all HR managers felt the need to defend themselves with regard to their positional power and influence within their social networks. They sought to demonstrate such power and influence through offering help to potential candidates who might be ruled out in any stage of the recruitment procedure.

I had to maintain my reputation among our relatives and family friends. I have worked in this organisation for too long not to be able to recommend anyone, even if it is just about getting someone more or less adequate a job interview opportunity. (HR-16)

According to HR managers, failing to fulfil the expectation of obligation and reciprocity could raise anxiety of confronting issues related to norm violations, especially when dealing with influential individuals.

It would be very embarrassing if I turned him down. The world is small and we all rely on each other. (HR-10)

Second, the interviewees felt the need to protect the face and reputation of influential individuals who sought help in the selection process. Eight HR managers spoke of the face and reputation of influential individuals as the face and reputation of their own organisations as well as the institutions that these individuals represented. For instance, turning down a favour seeker recommended by family members could lead to a negative perception of the family and the family name.

She was very well educated with two degrees from well-known universities. It was easier for me to be a kind helper than a cold-hearted person that left the people from my hometown and never looked back... My parents still live there so I have more reasons to keep my face and make them look good. (HR-16)

Similarly, rejecting a candidate referred by a business client also implied a danger of damaging the business relationship between two organisations.

We have been taking care of each other for the past six years. They [a business partner] have contributed to the fast growth of our provincial branch and we all expect this business relationship to continue. So if I refused to give an opportunity to this young student, the relationship between our companies may not fall out immediately but the extent to which he [the business partner] wishes to maintain such a relationship might be questioned. (HR-9)

The ways in which face and reputation affected HR manager's decision-making involved an assessment of the potential consequences of moving away from norms that they felt to comply with and their personal ability to manage relevant risks. The price to pay for failing to enact obligational and reciprocal behaviours within a non-business network was found to be relatively minor compared to that within a business environment.

I don't see my family often these days so it is not so difficult if I absolutely had to reject a favour seeker from my extended family, but it would always remain like a scar in our

relationship and when I return, I would not be able to [keep my] head up most of the time. It would be remembered. (HR-13)

One explanation offered by the interviewees for this difference was that their reputation in the workplace was judged based on their connections with influential individuals in the industry, which also could affect their career development.

Many of us [staff in the bank] have connections with someone here and there. I am the one that has very few and they are not very influential. I think somehow my interest in building a connection with an upper level of the industry encouraged me. It did not make me famous, but it enhanced my reputation among my colleagues. I know one day I might have to ask for their help, to offer me a ladder to a better job position. (HR-16)

Through speaking of protecting the face and reputation of both favour seekers and themselves, HR managers came to the conclusion that the extent to which this norm was taken into account in their decision-making was determined by two factors. The first was their personal capability of accepting and managing potential sanctions. The second was the potential damage to their self-interest in future career development.

4.3.6 Trust

The strength of the norm of trust was seen to be moderate in affecting HR managers' decision-making compared to other normative elements. Only on one occasion did the interviewees point to the norm of trust, which showed their confidence in candidates recommended by their colleagues and influential others. Such confidence derived from both past recruiting experience and the strength of the connections with these referees. Eleven interviewees reported a positive results from hiring newcomers through connections and praised such results as referees being capable of judging the personal attributes of job applicants based on their own working experience in the industry.

We had plenty of people from all kinds of connections with our presidents and department directors. Most of them started their job from scratch and have been doing well so far. Compared to candidates who came to join our team without any special

and influential referees, they are also doing a good job I think. Some have even made it to a very senior level. (HR-5)

Only eight HR managers suggested that their close work relationships with referees of the candidates provided them with confidence in trusting the potential work performance of these candidates.

Usually if the candidates were really good, they would not be recommended, especially not by our long-term clients who are familiar with how we function. I do not expect candidates supplied by informal channels to be extremely outstanding, but I do not expect them to always lack certain attributes either. Sometimes they only felt safe to put their name forward to obtain an advantage rather than to cover their flaws. So I trust the referees' choice. (HR-6)

Much more typical was the following response,

Of course I had to trust him... what else could I have done? To trust him or not was not a question. I had to trust him to choose him. I chose him so I had to trust him. (HR-15)

The norm of trust was not considered as a thought-through element in most HR managers' selection decision-making. Trust that existed between HR managers and other individuals involved in selection was considered as an instrumental product rather than an emotional preference. The rationale behind the choice of trust seemed to be a mechanical choice along with individual decisions.

4.3.7 Emotional commitment

Similar to trust, the norm of emotional commitment was also seen to have a moderate effect on HR manager's selection decision-making that involved social connections. Only six interviewees indicated that when financial resource was not considered rare and difficult to access, affective and sentimental emotions played a part in their decisions. Significantly, these interviewees were all from state-owned financial companies, which implied a great amount of financial resource that state-owned organisations possessed compared to joint-stock organisations.

We had too many candidates from an influential background that wish to squash into our bank and in this case we get to be sentimental. Not all of us though. Very often it is up to the president and department directors to decide to whom they felt closer. I only got to choose between candidates recommended by our client managers. (HR-12)

The norm of affection was found to be more effective in HR managers' choice of job applicants that had fewer or no instrumental social connections in the industry.

I felt closer to her [a candidate] because we graduated from the same university and were from the same city, in pursuit of a similar career. I very much appreciated her effort. I wanted to help regardless of her lack of influential connections. (HR-11)

4.3.8 The interplay of social norms and organisational norms

Having explored the core social norms related to the effect of social connections in selection decision-making, this section continues to examine the choice between these norms and relevant organisational norms. Of great importance is that the interview data provided by HR managers implied a distinctive characteristic of the role of different social norms in shaping the choice of candidates: every decision maker was aware of the norms, but not every decision maker wanted to or had to comply with them. The questions remaining include: How do decision makers choose norms to follow? What organisational norms in selection had been and could be ruled out in selection decision-making? How do different norms interact with each other to reach a final decision?

The discussion of the dominant norm of obligation and reciprocity from the interviews shows the important role of hierarchical structures and decision makers' self-positioning in these structures. The interviewees' reflection about face and reputation revealed a prevailing concept of sanctions in relation to violations of the dominant norms. HR managers' conception of sanctions, at the symbolic level, was mainly concerned with losing face and damaging personal reputation or organisational image. The pressure of public opinions towards oneself within family, workplace and industry was enforced by the potential danger of creating a barrier to one's future career development, which mirrored the expectation of a

reciprocal return from favour seekers. Therefore, among all the norms related to social connections, obligation and reciprocity had the strongest effect on selection decision-making.

My instinctive reaction was that I had little choice. Or I did have choice, but I knew that I had to discard other options. I felt that I had to play the way everyone else played, and that is to simply do him [superior] a favour and perhaps expect a potential return in my favour when I am in need. (HR-14)

Whilst organisational norms such as equality and diversity in personnel selection were documented as core rules to follow, HR managers reported that social connections had helped many candidates overcome the issue of failing to meet personnel requirements, such as university ranking, personal appearance, and communication skills. In particular, society recruiting, especially in non-state-owned organisations, was seen as a relatively informal decision-making process in which candidates with a certain size of financial investment potential were recruited regardless of their personal attributes.

The forms [of selection criteria and candidate information] were circulated to us [HR managers]. Each of us had to fill in the form during the [job] interviews... we gave scores [to measure the criteria]. Of course, high scores did not mean that this person [a candidate] would go to the next stage [of selection] or get the job. It was only a reference, but we had to do it for the sake of going through the [formal] procedure. The authority of the final decision remained in those upper hands [senior non-HR management]. (HR-13)

The interview data suggested that when organisational norms and social norms pointed to different recommendations of decisions, decision makers showed a tendency to take social norms into account first, however implicit the potential benefits appeared to be.

Yes, this case was representative. I do look at how important these connections were before examining the candidates' profile under the microscope. I feel that it would be a waste of my time if I spent lots of time going through the application and then realised that I could have easily rejected it as the connections might be irrelevant or valueless. (HR-15)

Through locating a newcomer with valuable financial resource and political influence within an organisation, an HR manager enforced an expectation of this newcomer to comply with similar norms in the future, which means reciprocal return with loyalty. Under this circumstance, a HR manager explained:

I have established a good relationship with her [candidate hired by the interviewee] and we do meet with each other now and then. She appeared to be very grateful, but I have not asked her to do any favour yet but I may. I am sure that she would be more than happy to help me out if she was ever capable of doing so. So far she has impressed her colleagues quite a lot and she will be able to use these connections very well herself.
(HR-11)

However, four HR managers indicated a desire to step away from complying with social norms in selection decision-making. The interview demonstrated that such a desire was possible on certain occasions, which will be discussed in detail in section 4.4.

4.4 Constraints on and divergence from the effects of social connections

The interview data implied that a series of factors, including organisational ownership, leadership, business demand and strategy, and political pressure, could restrict and affect the extent to which social norms can overrule organisational norms in their selection decision-making. However, significant changes to the established form of selection decision-making were only found in four organisations involved in this research. The overriding influence of social connections on selection decision-making was therefore confined to a few occasions only.

4.4.1 Organisational ownership, business demand and strategy

Throughout the discussion of the effect of social connections on selection decision-making, interviewed HR managers often pointed out the difference between state-owned organisations and non-state-owned organisations in terms of the extent to which social connections had and had not come to affect their choice of candidates. From the viewpoint of HR managers from state-owned organisations, the organisation itself was ‘*an enterprise*’ comprised of a huge network of social connections that supplied the financial resource. The business demand for creating more connections and expanding the enterprise was relatively low.

You may think that I am exaggerating, but we [the bank] are an enterprise of connections ourselves and if we ever expand this enterprise more, we would be developing vertically not horizontally. (HR-11)

In particular, one HR manager pointed out that her organisation changed the order of selection procedure from CV screening, exams, and job interview to exams, CV screening, and job interview. The main purpose of this change was reported as a solution to the overwhelming workload that the HR department had to deal with as a result of receiving frequent phone calls and personal visits from favour seekers both inside and outside of the organisation.

Unlike smaller banks, we get to choose connections with high quality resources instead of an accumulation of everything possible like a hoover. (HR-11)

In contrast to state-owned companies that receive constant support from the government and governmental institutions, non-state-owned organisations perceive a great need to establish and expand their own social networks through reaching out to potential connections. Therefore, in non-state-owned organisations, various methods of gathering information on job applicants' social networks were carried out in the selection process in campus recruiting. In addition, candidates with financial capital were always taken into consideration with priority in society recruiting regardless of their personal attributes.

4.4.2 Leadership

Five HR managers reported changes of leaderships in the headquarters and local branches of their organisations and the development of management style. Some of the changes represented a milestone in the selection decision-making. Two state-owned banks were reported centralising the power of selection in their headquarters to break down the social networks in the local area. Exam questions were designed by the HR department in the headquarters and the content remained confidential until the exams were carried out. Moreover, the exam results were published online rather than through the local branches. Moving away from social connections was considered as a high risk strategy for non-state-owned organisations, especially those whose size remained smaller and less competitive in

the market. Therefore, none of the non-state-owned organisations reported lessening the need for hiring through social connections. A few HR managers also reported a sense of empathy that they shared with candidates who had no resourceful connections. Nine managers suggested that they made an effort in ensuring equality.

We also have many candidates from other cities and towns. I can still recall how difficult it was for me to study in Nanjing alone. It was the first time that I left home and lived so far away from my parents... It takes a lot of courage for the younger ones to move here and look for a job in a totally strange city. I was a province outsider [migrant] once... that's why I try to make sure that they [migrant candidates] stand a chance too (HR-4).

4.5 Chapter four conclusion

This chapter presented the findings from 17 interviews with HR managers from financial services organisations in relation to the effect of social connections on selection decision-making. The chapter commenced with a summary of how the selection decision-making process operates in general and continued with a review of social norms that facilitated the effect of social connections, namely obligation and reciprocity, face and reputation, trust, and affection. The chapter also examined how these norms were chosen and the extent to which they were effective in different types of social network and organisation. It also outlined the factors that limited the effect of social connection on various occasions.

Social connections were considered to play a crucial part in affecting HR managers' selection decision-making. Social norms including obligation and reciprocity as well as face and reputation emerged as the dominant factors. The notion of hierarchy and individuals' self-positioning within this hierarchy was identified as influential in shaping and enforcing obligational and reciprocal behaviour, whereas the importance of face and reputation was attributed to the concept of sanction and self-interest, and risk management. In contrast, the norms of trust and affection involved in social connections appeared to have a weaker effect on HR managers' decision-making.

Chapter 5 Main findings: The perspective of senior executives

5.1 Introduction

To answer the research question of *how social connections affect selection decision-making in the Chinese banking sector* also requires an understanding of another group of decision makers, senior executives. This was identified and affirmed by the interviews with HR managers as presented in the previous chapter. Therefore, this chapter discusses the results of semi-structured interviews with 25 individual senior executives from outside of the HR department, including client management executives (CMEs), risk assessment executives (RAE), and the local or provincial branch presidents (BPs).

This chapter consists of five main sections. Section 5.2 presents the interview data on *how* senior executives perceived their role as personnel selection decision makers in campus recruiting and society recruiting respectively. Section 5.3 displays data on the types of connections that affected senior executives' decision-making. Section 5.4 deals with the evidence on social norms that activated the desired resources and eventually affected decisions. Section 5.5 looks at the organisational norms that were taken into account and interacted with social norms to affect the final decision. Section 5.6 lays out the constraints on the effect of social connections and senior executives' perceptions of those constraints. The final section offers a summary of the key findings based on interviews with senior executives.

5.2 Personnel selection decision-making process

This section presents the interview data concerning *how* personnel selection decisions were made from the perspective of senior executives. The interviewed senior executives were asked to describe the process of personnel selection decision-making in their organisations in general, as well as *how* they made a decision to accept or reject a job candidate using individual decisions and collective decisions respectively with specific examples. Although the interviewed senior executives' descriptions of the personnel selection decision-making process in both campus recruiting and society recruiting were similar to the interviewed HR managers' responses, further analysis of the interview data showed that senior executives had a distinctive perception of their role as not only direct decision makers but also indirect decision makers who were able to exert influence on HR managers' selection decisions.

5.2.1 Campus recruiting

With regard to campus recruiting which targets university graduates for cashier positions, senior executives showed a perception of how a personnel selection decision was usually made by HR managers and assisted by a computer system, which is similar to the perspective of HR managers and does not need to be repeated here. Meanwhile, all the interviewed senior executives also affirmed that personnel selection decisions in campus recruiting were made mainly by HR managers. Only three senior executives mentioned that they had participated in campus recruiting as direct decision makers.

I do have a look at them, their [the candidates'] profiles and meet with them [the candidates] when I can. We [the work unit] are [is] a very small branch, so it is better if I know most of the employees personally. It's better for management (SE-10, BP).

However, the majority of the interviewed senior executives did not describe themselves as key decision makers in campus recruiting. As a branch president from a state-owned bank described:

I was never really informed about who was coming [to work in my branch] until the HR department made the final decisions and sent the name list [of the new employees] as well as their [personal information] files to me. I was only notified of their starting dates... Yes, this is the usual process. We [branch presidents] don't usually get involved in campus recruiting. (SE-1, BP)

This description reflected that the majority of the senior executives saw themselves as disengaged from the decision-making process except from having indirect influence over the direct recruiters. Another typical response from a senior executive was:

I don't think I am that involved in campus recruiting, except for a few times when I recommended a few people to the HR department. (SE-17)

However, the majority of senior executives also believed that they had a certain level of influence over HR managers in campus recruiting even without participating in making selection decisions directly.

I would not impose my opinions upon them [HR managers], but I know that if I wanted to, I could, with reasonable justification of course. (SE-13, CME)

Amongst 25 interviewed senior executives, 21 participants reported that their influence over their HR colleagues' selection decisions in campus recruiting was due to the authority given by their job position, their work experience in the industry, and the contributions that they had made to the financial performance of their organisations. For instance, one interviewee claimed that:

I have been here over 10 years. I have built a great number of top clients in the past ten year...we now share [these resources] between many different client managers, because it is so big that I cannot manage them all by myself... I think that gives me the right to choose candidates that I think were outstanding. (SE-9, CME)

5.2.2 Society recruiting

The procedures of how selection decisions are made in society recruiting from the senior executives' perspective were similar to the descriptions offered by the interviewed HR managers.

Individual selection decisions

The response provided by the majority of the interviewed senior executives pointed to society recruiting only, for example:

I met with him [a candidate] in the office and we had a casual conversation... We were both pleased about what we were looking for so after that I put him in touch with the HR people to process the [labour] contract and so on. (SE-15, CME)

This description of the selection decision-making process in society recruiting prevailed among senior executives, particularly those from nine non-state-owned banks and two city commercial banks. This process discussed in the interviews appeared to have involved only a single conversation between an individual senior executive and a candidate, with variances in communication methods, such as a telephone call.

I heard that she was not very happy at work lately... I gave her a call... and explained to her about why I have moved over here...so she said “okay, I will give it a go”... then I asked her to arrange a time to meet the HR department. (SE-14, CME)

The interview data also presented variances in the meeting locations of where job interviews in society recruiting occurred, such as on the golf course.

... yes, whilst we were on the golf course.... Then I put him forward to the HR department. (SE-21, BP)

The informality of selection decision-making in society recruiting was not only shown in the communication methods and meeting locations of job interviews, but also the content of the conversations that occurred in the interviews.

... I brought up my latest thought about adding new blood to my team and that I was feeling a bit rusty, having had to deal with most primary clients myself... he seemed to be very interested so we spoke about how he could come and join us in more detail...we also revived our memories of the old times when we still worked together. (SE-21, BP)

The criteria that all the senior executives used to assess job candidates for positions at managerial level mainly focused on the potential financial resource that the candidates could provide. The main purpose of the job interviews was to gather information about the quality of this resource with respect to the number of business clients and the size of financial possessions.

We spoke about his work experience, why he would like to join our team, what kinds of client he was dealing with, which clients would follow him if he switched to us, and the extent to which he could expand his network of clients. And then I introduced the policies of [performance] appraisal to him. First, we had this kind of appraisal, with regard to task targets... whether he could reach them... Second, does our motivation approach to [help employees to pass] appraisal appear to be attractive to him... (SE-18, BP)

The competitiveness of the banking sector was offered as an explanation for client resource being highly valued as a critical factor in their decision-making.

...client resource fundamentally represents the standard for recruiting new members in big and medium sized, joint-stock banks and city commercial banks. (SE-22, CME)

In addition, the focus on financial resources instead of other factors was also attributed to the nature of managerial jobs in the banking sector.

It was not necessary to talk about academic qualifications and so on... we are only looking for people that have at least two years and an average of five years of work experience in the industry. What I really cared about was what resources he could bring as soon as he came over. (SE-1, BP)

Concern with the costs to train and develop a newcomer was raised as another explanation for the importance of client resource.

Above all it was about work experience in the banking sector, [but] we did not [consider work experience first] because we did not have the time and budget to do so, to gradually foster market personnel. (SE-24, CME)

Although work experience in banking was seen as a crucial factor that should have been taken into account as a priority, it was viewed as an impractical measurement to assess the quality of candidates for job positions in the client management department.

We primarily look at work experience... [but] that young man had been [working] in banking over ten years and yet achieved almost nothing. No clients. No personal savings. No cars. No houses. He was too passive to change. (SE-7, CME)

When questioned about other factors that they had taken into consideration when they met and interviewed candidates for managerial jobs, seven senior executives mentioned personal appearance, communication and negotiation skills, as well as drinking ability as value-add characteristics that they sought for. These factors were considered relevant and yet secondary, as the following quote illustrates:

It is like looking for a partner in a relationship or marriage even. You want someone attractive. Not amazingly beautiful, but the facial features are in the right places. And then articulate, so that [it] makes you feel better about yourself, and confident about the financial product that you are buying... but when someone comes in with top clients and experience, you know that they can manage it, at least they have successfully managed it in the past few years. There is no need to care much more about the rest. (SE-10, BP)

In all the examples of selection decision-making provided by the interviewees, senior executives mainly spoke about their experience in hiring for managerial posts. Selection decisions in society recruiting were made through an informal process without a systematic job interview method, which highly depended on senior executives' personal choice of interview approach and questions. Client resource was seen as the most important criterion when choosing candidates for managerial job positions. Although campus recruiting was seen as a relatively holistic process that excluded senior executives to a great extent, senior executives believed that they had indirect involvement.

Collective selection decisions

In society recruiting, the interviewed senior executives did not see themselves as the only decision maker, but the most influential one in choosing candidates for managerial job positions.

... there were other decision makers, but [their] influence was not big... I called him and asked him to come over to speak to our HR department and he saw someone there briefly, and then they just processed the offer within two weeks... in any case, they have never rejected anyone that I recommended. (SE-14, CME)

This statement shows that the choice of candidates for job vacancies at managerial level was made mainly based on senior executives' individual evaluation. During the evaluation process, there was a low level of engagement between senior executives and HR managers or any other decision makers. The HR department as a unit was mentioned throughout the

interviews with senior executives with only a few specific individuals from the HR department mentioned proactively.

How were they involved? They were just in charge of the money. It is a salary department. If we insisted that we want someone, we would still be able to ask them to negotiate the salary and make an increase in the budget. (SE-25, RSE)

Further evidence of separate decisions in society recruiting was derived from the senior executives pointing out that they were not aware of the content of meetings which occurred between the job applicants that they had recommended to the HR department and the HR managers, which was illustrated by the following comments:

I am not very clear about what they said, but usually there were only so many things that they could have discussed, like salary, payroll, bonus... some details to do with administration... I did not think that I should ask or need to ask as long as it went well. (SE-10, BP)

The interviews showed that HR managers also had the authority to conduct job interviews with candidates and choose suitable ones to recommend to senior executives in different departments. However, senior executives pointed out that they preferred to meet and choose candidates themselves, unless they were not able to do so due to lack of time. Only three out of five senior executives who spoke about selecting candidates referred by HR managers confirmed that they hired these candidates.

It was not because I did not want to co-operate, but they [candidates recommended by HR] are not very usable. We look at things differently... yes, I took him because I was not very experienced and yet too eager to wait... I wanted to build my own team as soon as possible... Now I have learned my lesson and will only hire someone that I have met or that I know of. (SE-12, BP)

Only on one occasion did an interviewee mention decision makers other than HR managers and themselves, which were only involved in hiring executives who were at a similar managerial level to the interviewees.

[Other decision makers] can be categorised into two; the category of usual managerial posts, [the decision-making authority] belongs to our executive president... the second type, is senior executive posts, like anything similar to my level, it requires interviews with the headquarters... in any case, they have never rejected anyone that I recommended. (SE-1, BP)

To summarise, senior executives considered themselves to be more influential decision makers in society recruiting compared to the HR managers. The next section will examine whether and how social connections played a part in affecting senior executives' decisions.

5.3 Social connections in personnel selection decision-making

Having explored the role of senior executives in selection decision-making, this section will examine the significance of social connections in affecting their decision-making. The interviewees confirmed that they have taken social connections into account when selecting job candidates and demonstrates that social connections play a critical role in selection decision-making in the financial services sector through bypassing many other factors. The persistence and prevalence of social connections could be illustrated by the following quote:

...an age of competition between daddies. The first question that people ask you is 'What does your father do?', not 'What do you do?' (SE-13, CME)

Typically, the function of social connections was seen as a career fast track for candidates who lacked the required or desired personal attributes to fit the job. An explanation of such a function was illustrated by the following descriptions:

It was more about jumping the queue. I probably only helped him to catch the attention from the HR department and then not much more about anything else. It is like when you want to take your child to see a doctor, but you don't want to queue in the hospital, it is like mountains and seas of people, and then wait for a whole day. You make a phone call and ask around who knows the doctor, the best children's doctor... This person, your colleague, your friend, whoever put you in touch with the doctor eventually only got your child to see the doctor faster, but could not make sure that

your child would be cured immediately... but you knew he would be cured eventually in good hands as long it was not anything too serious. (SE-3, BP)

Similar comments were heard throughout the interviews with regard to the importance of the positional privilege and wealth provided by social connections, parents in particular, in providing candidates with personal advantage in job attainment. This importance of hiring candidates with influential connections was believed to offer benefits to fulfil recruiters' personal interests, as well as the interests of their organisations.

He [candidate] promised ten million [RMB] within the first three months and he made it. It greatly contributed to our branch's performance and of course, my leadership [performance] in the bank. (SE-20, CME)

It was apparent that social connections were considered as a critical source of financial investment as a result of specific business demand. Meanwhile, the interviewees also pointed to the political influence of individual officials and the institutions that they represented in affecting their decisions.

Social structure is determined. We rely on each other for survival. The influence may seem intangible at the moment, but the political side of it cannot be denied and ignored... it gives us unforeseen help in need. (SE-7, CME)

Overall, social connections with political influence and financial resources were identified as a dominant factor in campus recruiting and moreover, the determining factor in society recruiting.

5.3.1 The type of social connections

This section presents further evidence on the impact of social connections through exploring the main characteristics of three types of connection that were found to be effective: business patron-client connections, business-state connections, kinships and friendships. It is important to note that the categorisation of connections involved was defined by the interviewees themselves, despite the fact that the interview data also implying the possibility of an overlap of different types of connection.

We were ex-colleagues in the same bank, not the same unit though. We got in [the same organisation] together more or less the same time after we graduated and then we remained acquainted with each other through several events in the bank. We arranged to sit on the same [dining] table... we also met for golf later on... I would say we were also friends. There is no clear-cut boundary. (SE-7, CME)

For each type of these connections, the interview data related to three main aspects will now be displayed: the network structure that generated these connections, the effectiveness of connections in selection decision-making, and the supportive resources that they provided.

Business patron-client ties

The primacy of relationships between recruiters and their business clients was heard about in all the interviews. The descriptions offered by senior executives pointed to three different sources of business patron-client ties. First, patron-client ties created by direct business collaboration were seen as the most dominant type of business connections. Senior executives considered these interpersonal business connections as the core of the business operation in the bank and the key to their personal success in the industry.

They [business clients] are our parents of food and clothes. They are the people who give us the rice and vegetables in our bowls. (SE-10, BP)

Second, whilst the importance of business clients in supplying the financial input was widely recognised by the interviewees, senior executives also considered the network of bankers as an importance source of business connections in a certain context.

No, so far he has never dealt with me or with our bank. At least not that I know of. In fact, I don't think he will any time soon. We are competitors if you see us separately at work. We are lobbying the same clients. But what does it say about enemies in Master Sun's Art of War? By understanding yourself and knowing your enemies, you could fight a hundred battles with no danger of defeat... I not only got to know him better, but also made him owe me a favour... It is crucial to position yourself higher up in a relationship with your competitor with humble support because now it is my turn to ask for a favour. (SE-3, BP)

This comment revealed that senior executives sought to establish a patron-client relationship with their financial colleagues who had a similar job title or hierarchical rank in the industry outside of their organisations through favour-seeking and favour-providing interactions. This approach, as illustrated by the quote above, provided the possibility for a recruiter to act as a patron to the favour seeker during selection decision-making and as a client subsequently after the favour was completed. A similar approach was deployed by senior executives who intended to locate themselves in a new social network through a patron-client connection with their clients at the organisational level.

Well, we had been associated for a long time, but mostly through my ex-colleague who was in charge of my position. Part of the transactions was terminated after he left [the organisation], but most [investment] was not withdrawn. They were only two subordinate companies that followed him... by the time I came to this [job promotion] offer, I had to start again. Not from scratch, but I was eager to make it bigger again, and more personal. (SE-9, CME)

The impact of these connections, however, was found to vary in different contexts. In campus recruiting, although senior executives found themselves disengaged in most decision-making procedures, they highlighted that they were able to support individuals connected to their clients through their work relationships with senior HR managers.

By help, I meant making phone calls to make sure that his name was noted so as to get through the interview easier.... No, the HR department did not ask for anything other than to whom he was associated, which was more important than anything else... It is a common knowledge that we share. (SE-20, CME)

Under most circumstances discussed in the interviews, senior executives felt that the importance of hiring candidates connected to clients was acknowledged by all recruiters. The expectation to reject candidates recommended by clients was particularly low in non-state-owned organisations when hiring for low-level job positions. Meanwhile, the effectiveness of business connections was found to rely on the positional influence of the clients and employment regulations.

They knew what I was asking for... I don't think there were any difficulties. No. I don't think there was conflict either. Perhaps they may have had to discuss the case within the department and to arrange a bit because we have a restricted number of employees that we can take in each department in each year. If there were clashes, they would have to choose those who were more influential, and then may give me some feedback on it. But they didn't mention anything... it was only a minor cashier job, and we absorb so many anyway. (SE-11, CME)

In contrast, senior executives felt that it was more difficult for them to choose among candidates recommended by clients in society recruiting, despite being the key recruiters. The reason behind this difficulty was attributed to the central role of managerial jobs in affecting their personal performance that also presented the financial performance of their work unit as a whole.

I was under a lot of pressure to meet [the target set by] the performance appraisal this year because I asked two people to leave. My team was left to [be in charge of] managers who had only very few client resources. I could probably have firmly held on to what I had back then, but I was not confident enough to do so... As that moment, it was about getting a newcomer and added value input. Killing two eagles with one arrow. (SE-12, BP)

Although senior executives from the state-owned organisation raised a similar concern about personal performance, they seemed to value their personal relationship with their clients more than financial resources.

We have a stricter and more complex appraisal system compared to medium and small sized banks. It is not all about resource. Resource is very important, and it determines how well we are doing at work. But we also look at many other aspects... In fact, it is more about what your relationships with your supervisors look like. Not necessarily with your direct supervisor, but those who can decide whether you will go higher up in the future. (SE-2, CME)

In sum, senior executives pointed out that connections with individual clients and the business relationships that they represent at an organisational level were mostly effective in

influencing selection decisions in campus recruiting. A similar effect was shown in society recruiting in non-state-owned organisations. Gaining access to financial resource was seen as the main motivation that led to these effects. Meanwhile, senior executives, especially those from state-owned organisations, focused on gaining access to connections with other individuals, such as colleagues in the industry and superiors' colleagues within the same organisations. These connections eventually activated access to career opportunities such as job promotion. The next section will move on to the social connections with governmental officials.

Business-state ties

The social connections between recruiters and local officials, the banks and governmental authorities were identified as dominant types of connection. For recruiters with a relatively lower rank in the organisational hierarchy, such as department directors and local branch presidents, the interpersonal connections between a senior financial executive and a local official at the top management level was considered to mirror the relationship between the bank and the governmental authority that they each represented.

It is not just about him [an official] and me, our relationship. It is also about the collaborative relationship that we had worked on together for so many years... It is like [in] this process when we are chatting, I speak for my bank. I mean my bank to you. And so I did to him. (SE-3, BP)

Whilst confirming this mirroring effect of the personal relationships between recruiters and officials, senior executives higher up the organisational hierarchy felt that interpersonal relationships were more important than organisational ones. This was confirmed by all but five senior executives.

The partnership that we had could not be undermined, but this partnership did not spring from nowhere, from the organisations. It was people like us who had slowly built it up to a level one step after another. So we had been there together for many, many years... Even if I left here one day, I could find a good job somewhere else. And you could say that it was thanks to my CV, but we know it is not just that. The friends I have made during this period were more important than any work experience. (SE-4, CME)

When questioned about whether all business-state ties were effective in shaping their selection decisions, what emerged from the interviews was that although senior executives considered themselves as inferior to officials in local and central governmental institutions, they felt that they had the opportunity not to obey such a hierarchy by using legal terms of recruitment effectively. This view was expressed by 12 senior executives.

I don't take whoever they recommended... I can have many excuses and ways to reject, like we have already taken enough people this year. The number of staff that we can have in each team is limited. And that is a hard fact. (SE-16, CME)

The extent to which certain business-state ties affected their decisions was determined by the personal background of the recruiters and how they positioned themselves in the social structure. Senior executives from a more humble background felt a greater need to create and maintain a positive relationship with officials. Five executives placed an emphasis on their background.

I built this little empire from scratch myself and I can tell you that I know how much my friendships with these guys are weighted. It was not easy. And I still have to work on it. (SE-22, CME)

The effectiveness of these ties was also affected by the job vacancy position and the characteristics of referred job candidates. Within this research, seven senior executives spoke about the fit between jobs and candidates.

He [a candidate] was convinced that he could do it, but when he eventually sat there in front of loads of data, he was jittery and wanting to get his hands on more exciting tasks than processing data most of the time in front of his computer. He was seeking promotion very soon and particularly shifting to the market [department].... One thing that I learned was that I could have accepted him by referring him to the client director. It was a disaster that we had to let him go... yes, we are still in touch, but just about... I now don't take anyone recommended to my department unless I am sure that this person is really suitable. (SE-25, RAE)

The effectiveness of ties was also determined by the kinds of supportive resource that the recruiters were seeking to obtain from the favour seekers in the local authorities at present and in the future. This was confirmed by 21 senior executives in this research.

I am sure that we are all looking for resources, but it is also risky to slip into a resource-centred trap. There are good resources and bad resources as well. It depends on how you distinguish between them and what kinds of client you are looking for. For instance, we do pay a lot of attention to smaller clients compared to other State-owned banks, but we are not so desperate, like joint-stock commercial banks, either. So the question was more about whether I would like someone with a moderate amount of financial input or someone whose dad can speak up for me... (SE-5, RAE)

The resources that business-state ties offered varied from unforeseen reciprocal returns over an undetermined time to visible assistance in business operations, such as gaining permits and licences. The importance of gaining such support was discussed by 21 executives.

It took seven meals and so many bottles of alcohol to sort fire safety, electricity supply and many other things that seemed so straightforward... it was not easy to open a branch... I was new and young... yes, they would probably do it eventually, but they were obviously delaying it to infinity... Now is different. I have their phone numbers and I know who to ask. (SE-1, BP)

The other type of supportive resource that senior executives thought that they had gained and would gain from their relationships with officials was the potential opportunity for career advancement. This was affirmed by the majority of the senior executives.

He was very close to our president. It may not have had an impact directly, but it certainly had reminded the top managerial team of my existence. (SE-23, CME)

At the organisational level, the state-owned companies relied on their business-state ties in order to maintain a long-term access to administrative support, whereas the non-state-owned organisations sought to rely on these ties for business scale increases and reputational support.

We are relatively new to the market. I am kind of also finding my way to build an effective team. I was very ambitious at the beginning... my personal reflection is that if I had the chance to do it again, I would emphasise a lot more on resources and connections... Unlike where I used to work, we need these connections to get us through a difficult time with more input and more collaboration. (SE-15, CME)

Given the significance of business-state ties, senior executives also reflected upon the ways in which they thought they had and were able to offer support to the officials in the selection decision-making process. Emotional support was identified as an indirect yet crucial aspect in these ties, which was confirmed by 17 senior executives.

It is rather embarrassing to have a problematic son. The thing that you wish to do the most is to settle him down somewhere quietly... So I think he was very relieved to hear that [his son was offered a job] by me. Very grateful. I could understand the stress. (SE-9, CME)

The majority of the interviewees also pointed to preserving the reputation of officials in their communities.

It is very important to look good not just in front of your friends and colleagues... Once you show them that you were able to deal with their issues with priority, you gain trust. Not just trust in personal credit, but also trust in your personal ability to tackle issues in difficult situations. (SE-19, CME)

In summary, the accounts of business-state ties provided by senior executives showed that recruiters were willing to and had mobilised their internal resource in order to obtain external resource from governmental authorities, albeit with various level of effectiveness in different situations. These ties were provided by two network sources: one was the network in which the collaborative relationships between banks and governmental authorities were embedded; the other was a social network constructed by interpersonal relationships between individual recruiters and officials.

Non-business ties

Having explored the social connections that senior executives had with their clients and officials, this subsection examines the social connections generated by three different network structures: workplace, families, and educational institutions.

Social connections in the workplace

Above all, the pressure to hire candidates recommended by superiors at work was heard in all interviews. However, 17 interviewees also noted that in some situations, their superiors were not directly connected to these candidates.

Yes, he knew this young man by name, and the university he graduated from. He said it was a friend's child... He only gave me this information and the rest I had to find out from his employment profile... It is common. He was a super busy man and he had no time to deal with details. (SE-22, CME)

This comment captured the potential importance of friendships and kinships in affecting indirect decision makers in supporting specific candidates. However, the interviewees who discussed these cases suggested that they did not evaluate the value of hiring candidates referred by their superiors at work based on their friendships and kinships. Instead, they highlighted the importance of their hierarchical relationships with their superiors.

It does not matter whether it was a friend's son, daughter, and nephew... Once the alpha opened his mouth, I had to listen, listen carefully. (SE-13, CME)

Similar views about the importance of relationships with superiors, especially in the State-owned banks, were also expressed by a senior executive from a non-state-owned bank.

Performance is absolutely crucial, but when you are buried in a connection network that was created and developed over decades, many years, everyone in it was connected to someone... Promotion of top-level job positions in the major banks is associated with how many connections you have with, for example presidents and vice presidents, it is not a determining factor, but it has indeed definitely a dominant element in it. (SE-19, CME)

Kinships

When questioned about whether they were connected to any colleagues from the same organisations as a family member, none of the interviewees mentioned any specific individuals except for speculating about the existing kinships of their colleagues in their organisations.

We do have some relatives of this person and that person in the bank. It is common for people to want to get a job in a place where their family members are doing well. Having a job in a bank is a thing that gives you face to a great extent. (SE-7, CME)

This comment was echoed by many interviewees who spoke about kinships, particularly the relationships between parents and children, and the general perception of jobs in banking in society.

You ought to recognise that having a job in the bank is a very respectful thing. Parents like his [candidate's parent] who do not need to worry about clothes, food, house, and transportation [basic necessities of life], and more importantly, their post-retirement income, usually don't wish their children to risk all their money into business nor to waste their life in something else. It might be biased to say so, but children who grow up in such an environment lack a bit of ambition, or they don't need to have many ambitions. Having a nice and easy job in banking is therefore the best way they can do for their children... this is not just thoughtful for their children, but also their own face. (SE-6, BP)

All interviewees who discussed how kinships between job applicants and their parents had assisted in job attainment also emphasised the importance of the social and economic status of these parents. The higher the parents' status, the better job positions candidates attained. Although in campus recruiting, all candidates were required to accomplish a certain period of training as cashiers, whose minimum time ranged up to two years, candidates with influential kinships were hired with a potential advantage to change their job position from cashier to a more desirable one as well as to get promoted. Employees whose kinships were not seen as influential did not appear to have such an advantage.

He got in partially because I had a word with the HR department, but he was very hard-working. The severe competition may have left him behind at that time, but now it is really up to him after he got in... as I have said, his parents are just working-class people who worked really hard to be who they are right now. Getting into the bank to work is a privilege. I won't be able to do more than getting him in. (SE-24, CME)

This statement implied the extent to which the effectiveness and instrumentality of kinships relied on the positional power and the monetary possession that the key actors in the kinships had. The impact of kinships on selection decision-making was referred back to the influence of business patron-client ties and business-state ties, and the supportive resources provided by those ties.

Friendships

Moving the network structure from family to educational institutions, the selection examples that involved friendships showed two types of friendship and the personal trust emerged from those friendships. The first is friendships between recruiters and individuals who had a strong interpersonal trust based on frequent interactions and successful collaboration in achieving mutual personal utility. This was discussed by six senior executives.

Yes, [we] all knew each other. It is like this. On the one hand, because [we were] rather acquainted, all very acquainted usually, all very acquainted before [they] came, because I knew him... of course I chose him, above all, was because I thought [he] could help me, above all he was the person that I wanted, this is me, this is the pre-condition... We played golf together very often back then. We still do... I knew very well what he had done at his job... I trust him to do better here. (SE-15, CME)

The second type of friendships identified as a factor that influences selection decision-making that was provided by an extended social network through friends and colleagues in the industry. The majority of the interviewees mentioned this type of connections.

I had the names of star clients' managers and I went through the list to see whether there was anyone interesting and suitable... star clients' managers, the title, meant that they had outstanding performance, which was difficult in state-owned banks... I nosed

around with my ex-colleagues and some friends in banking to see what she was like. Apparently very motivated. Resourceful. (SE-23, CME)

In summary, work relationships with superiors were identified as effective connections that affected senior executives' selection decision-making. The impact of kinships, however, in contrast to work relationships, relied heavily on relevant business and governmental ties. Friends and acquaintances were also noted as useful sources of new employees with the condition of interpersonal trust.

5.3.2 The concept of financial resource

Having explored different types of connection, a common finding reported in this research was that all types of connection were instrumental and yet not all dyadic relationships were effective in influencing final selection decisions. Some connections did play a role in the selection decision-making process but failed to achieve the target of job attainment. What emerged from the interview data to explain this failure was the concept of resource, which was defined in two ways by senior executives. The first definition was client resource which provided an increase in financial investment and an expansion of the number of clients and the width of the market. When being asked about resource, a typical response from all the senior executives can be illustrated by the following quote:

... I meant client resource. The number of clients. The amount of investment. And perhaps the types of clients that we either extensively target or currently lack, but would like to have... Yes, I think it also applies to all the main commercial banks. (SE-11, CME)

The second definition of resource was made with reference to activating and obtaining access to external social networks, in particular, the kind of network that the interviewees desired to develop. This definition of resource was provided by 14 senior executives.

Being immured in a few social circles only [developed] from schools, at work is not very helpful in one's life. Expanding the network itself is a resource. You may not need to use it, but it is good to have it. It is good to know that you may get help when it is needed. (SE-1, BP)

The examples of help that senior executives expected to obtain through expanding networks included a vast range of potential favour seeking, such as job promotion or mobility of senior executives themselves or other individuals who were connected to them. Amongst the 14 senior executives who expressed an interest in establishing external networks at the individual level, 9 executives shared a similar view:

It does not have to be me, my job. If my partner wishes to switch to a less busy job so as to take care of the children, it would be easy for me to ask him to have a word with her unit compared to her going through the application procedure herself because the children are relatively older now so there is not such maternity leave offered. (SE-6, BP)

Although not defined as resource, the respect and reputation that made senior executives feel satisfied through helping individuals who were directly connected with them getting a job within their organisations, seemed to be symbolic and instrumental assets. Senior executives whose families were not in the same city showed concern with maintaining their connections with individuals who were near their parents in old age.

My parents are still healthy, but I am rather far away from home. It was good to have someone near them, someone that I can trust near them. With the respect that he [candidate's father] had for me, plus the help that I gave his son, I now feel less worried. (SE-20, CME)

This comment indicates the notion of gaining reputation and respect and eventually physical and material return based on the accumulation of these notions through providing assistance. This leads to the next section that examines the social norms that construct the instrumentality of social connections in selection decision-making.

5.4 Social norms and practices

The interviews provided further insight into the social norms that had led to the effect of social connections, including obligation and reciprocity, face and reputation, trust, and emotional commitment. This section presents evidence on how these social norms were

perceived by senior executives and how they eventually affected their selection decision-making.

5.4.1 Obligation and reciprocity

All the interviewees shed light on how the norm of obligation affected their behaviours in interactions with individuals involved in selection procedures and shaped their decisions, albeit with differences in the expectations of reciprocal return and social sanction as a consequence of failing to fulfil obligations. The obligational feeling towards superiors at work was noted as the most dominant. When questioned about how they positioned themselves as inferiors to other individuals in the work place, senior executives pointed to comparing their own decision-making power with others within the organisational structure.

This is a simple fact. If you have to listen to him at work, if you have to consult him about important issues and special situations, if he can deny the papers you signed, he obviously has power over you. (SE-16, CME)

In addition to job title and responsibility, the interviewees also illustrated how their interpersonal relationships with their superiors affected their decision-making power and their perception of feeling obligated. This was affirmed by all the interviewees.

We are doing the same job, but I know that he [a senior executive at the same managerial level] can negotiate with people higher up; I can, but my capability is limited. What it is limited to, is that I paved my way to a successful career myself, since I graduated I cannot say that I didn't get help at all, colleagues and friends at work, but the help was very little. Very very little, compared to him. Everyone knows [it] just by looking at his speed at climbing up. One year and half in the bank and made a client manager already. Now he is also in charge of a branch... I have a good relationship with the top [executives], a very good work relationship. It does not extend to proactive interactions however. (SE-12)

Similar comments were made by nine senior executives, who felt that they were from a humbler background with less intense interpersonal connections and interactions with their superiors. As a result of having less influential connections in the top level, these executives

perceived less decision-making and negotiation power within the organisations, and therefore felt obliged to their superiors. This illustrated that it was through the evaluation of the managerial level of job positions and more importantly, the interpersonal relationships with superiors who ranked higher in the organisational hierarchy, that the degree to which one felt obliged to another was established. Senior executives who felt that they had a closer interpersonal relationship with their superiors, however, shared a different viewpoint.

I had a word with the HR department not because I felt that this person's [a candidate] parents were very influential, but once he [a top-level executive] helped me in a similar way. What would he think about me if I said it is difficult, not very possible, these kinds of excuses? No matter how close I think we are. No matter how reliable he thinks I am. It was a mutual understanding... understanding that if he needs me to do him a favour, I should do my best. And I would. (SE-2, CME)

The emphasis placed on feeling more obliged to provide a reciprocal return to superiors who offered a favour in the past challenged the viewpoint of other senior executives with regard to the association between the intensity of interpersonal relationships, decision-making authority, and obligational feelings. The interview data offered little explicit explanation of these conflict perspectives. However, the data provided some evidence on how obligational feelings and associated decision-making authority were diffused by individual behaviours in interactive activities within and outside of the organisational environment.

Sharing a meal is simple. We all do it every day most of the time. The key is whom you share with and what kinds of conversation you have with each other... It is very privileged to have a drink over dinner with your boss. This does not happen often, especially in our bank... Don't expect to be praised by many leaders even if you have done well, but not being criticised in public, like at company meetings, is a blessing. It is a different kind of acknowledgement... I suppose I came to appreciate the details, the importance of the details when I saw him. Once the acknowledgement was there, I had to put myself forward for more. (SE-22, CME)

12 interviewees shared different thoughts about how they identified the strength of their relationships with their superiors though learning about the signals and meaning of different

small gestures and behaviours in their interactions. However, their accounts remained implicit due to the different styles of leadership involved.

It might seem complicated to judge how close you are to someone higher up because we all have our own masks after year and years of rolling up and being tumbled down in banking. Once you are more experienced, you would [be able to] quickly judge it through a chat, a meal, or playing golf... if it is about people higher up, then you perhaps are being observed. It is they who decide whether you are worth relying on. I mean, he [senior executives at higher level] could ask another branch to take this person [a candidate] instead of you, if he is not very happy with you... He was actually doing me a favour. (SE-10, BP)

These accounts showed that offering a job to candidates recommended by highly ranked executives was considered as both doing a favour for them as well as accepting a favour in terms of feeling an individual's existence and ability were recognised and trusted. It was echoed by a number of senior executives who also believed that they were obligated to regard accepting a referred candidate as accepting a favour offered by their superiors at work.

At that moment I was noticed. I brought this up later on when I met him a few weeks after to talk about a special client. (SE-23, CME)

Obligational norms embedded in work relationships with superiors were found to activate symbolic resources such as privilege and access to an influential connection. The value of these symbolic resources was considered as the motivation for senior executives' proactive response to deliver their obligation. Similar instrumentality of obligational norms was found in connections with business clients and governmental officials. In particular, senior executives felt that obligation was an overriding concern in indirect patron-client ties and business-state ties, despite the fact that the possibility of accessing a new and influential network structure as a potential benefit was the major consideration. 22 executives revealed that they had no explicit expectation of reciprocity:

Yes, I did say that I took him because it seemed like a great opportunity for me to know these people. The truth is that other than that phone call from the president, I had no idea when and where I would actually come to need their help. Or whether they would

ever help me... If I had to put it in a clearer way, I would say that it was more about doing my boss a favour. (SE-25, RAE)

Moving beyond the organisations and the industry, extended network structures such as families, relatives, and friends produced a variance in defining obligation and reciprocity, as well as practices in response to those norms. Overall the interviews showed that senior executives perceived less pressure of delivering the normative duties conveyed by their roles as a family member or as a friend. In particular, family connections with less privilege were expected to produce reciprocity in a symbolic way rather than in a material form. 11 executives mentioned that they felt pressured to fulfil their obligation:

I feel embarrassed to disappoint his parents, especially as we all live in the same town, I mean my parents. I didn't have to help him like a definite... We barely knew each other and we still don't in fact. It is the relationship between our parents that was keeping it going. I understood their friendships and their importance to them... They probably gave my parents bags of peanuts... The peanuts did not matter. The meaning of those peanuts mattered. (SE-24, CME)

Further justifications for obligational and reciprocal behaviours were provided through examples of social sanctions. The concept of sanction was observed in the context of which a connection was damaged or terminated. On the one hand, potential sanctions in terms of limited access to desired material resources affected senior executives' decisions on whether or not to deliver an obligation that had been emphasised by the favour seeker. All the interviewees appeared to be wary of sanction:

It would not have caused a disaster immediately. No one would threaten over such a thing. The question we had here was the specific authorities that he had, the authorities that would affect us. Jeopardizing our relationships, not just us, but his relationship with my supervisor, the protective support that we have gained from our relationships with his unit, was too dangerous... it was an impossible and unnecessary option. (SE-3, BP)

On the other hand, the fear of sanctions in terms of damaging personal and organisational reputation in public was also raised by all the interviewees, which will be discussed in further detail in the next subsection.

To ask the HR department to take care of him [a candidate] for me was just to lift a finger. He came with full qualifications. There is an exception. I hired a boy from a technical college not too long ago... His father was a very close friend of my friend. I did hesitate when I had to give them an answer, but after meeting him I felt that there was no need to tear a connection apart just for that. We both needed to keep our face for seeing each other next time. (SE-11, CME)

5.4.2 Face and reputation

All the interviewees also raised personal face and organisational reputation as a key norm that affected their selection practices. The majority of the senior executives spoke about the need to protect the face both of their own and influential others with reference to their behaviour at work and the dependency of this need on the hierarchical structure in the organisations.

There was one recommended by our leader. It was my branch president's ex-colleague. This ex-colleague, he perhaps had the intention to come over, and then [he was] recommended to me. Of course this was like, we are quite open here, the attitude was very open, it was to say that 'you can take him or not take him, so interview him yourself and [if you] feel that he was not bad, you then can choose'... It might have seemed like an open option, but taking him meant a lot to the president. At least he had face. Face was very important. (SE-14, CME)

In contrast to interviewees from relatively small sized commercial banks, senior executives from state-owned banks felt that their organisational hierarchy provided them with fewer options in this regard. Superiors' face was seen as a priority.

Talking so much about resource, I probably have to add a point. Moving back to your question about how to define resource, actually face is also a resource. A very important resource... Losing my face to my relatives is a smaller deal, but making the

president lose his face in front of his political friends is definitely a bigger one. (SE-19, CME)

The importance of protecting superiors' face and reputation was also shown in activities that occurred outside of the organisational context. Golf playing was identified as a common activity in which executives participated to potentially encourage a business deal and to create or strengthen their interpersonal relationships with each other. Conversations and behaviours that occurred on the golf course were counted as anticipation of the success of a business deal and the strength of the personal relationships.

Playing golf with your boss is also an art. You don't want to always lose the game, because that may mean your boss would lose his interest in you and your skills. He could easily turn to someone else who plays better. Most of us play golf these days. But you also don't want to win all the time. That would make him lose face. He would phone someone else to play golf with next time. So this art is really about balance. You have to give him some face and then look good at the same time... I can't tell you how good he [a superior] is. (SE-11, CME)

These statements revealed that although face and reputation were raised with reference to a calculation of the sanctions related to the consequences of failing to fulfil an obligation or a reciprocal return, these norms were also suggested as motivations to establish a mutual recognition, and therefore to enforce an obligation. Another example, as shown below, also illustrated this viewpoint.

I met him [a candidate] over a dinner with his father, alongside my ex-colleague... According to common sense, it should be this young fellow who paid for the dinner, right? But I did. The principle was rather simple actually. His father was a lot older than us, and of course politically speaking, a lot more influential. If I had dined with him without his son and my colleague, I would have to pay. In that way, I had more face. So did he. I could also have let my colleague pay. He was the one who introduced us and we were more or less the same age. Similar managerial jobs too. But soon after a few minutes of our conversations, I realised that he might have something to offer. He didn't have to though. So I made an excuse of going to the bathroom and put my name down in advance at the reception. (SE-7, CME)

Through providing and gaining face on specific occasions, the majority of the senior executives believed that they were able to create new and useful relationships with influential individuals related to referred candidates. In this context, face and reputation were considered to be a resource that allowed senior executives to activate more desirable resource in the future. Practices that were carried out to achieve the purpose of face creation and protection included paying for a shared meal, letting superiors win entertainment games outside of the work context, and avoiding contention at work.

When a family is peaceful, it will prosper. This also applies to a working environment where everyone is trying to pull each other into their little circles, this faction, and that gang. It is difficult for me to tell you about how I choose from different connections, client resource was certainly very important, but I thought about which of these factions actually really treasure my influence, and then the opposite. I didn't want to be labelled as this and that with reference to different circles, but I couldn't stay neutral either. That would make me lose my face. Avoiding being labelled is one way. Looking upon at the first hands [top-level executives] was another. (SE-18, BP)

Protecting face through hiring referred candidates was also identified as an approach to be free from obligation and the emotional burden of owning symbolic debt.

It was easier to give him [president] the face than having had to pay the debt later on. He may not even take your repayment once your chance had slipped. Or for someone who might be cruel, I am not saying that it is he, someone with bad ideas would make you pay with high interest. Once he had the face, he was satisfied, comfortable, and so I could relax, and felt comfortable too. (SE-16, CME)

Overall, the interview data showed that the norm of face and reputation was seen as a priority in order to be protected from being damaged by personal behaviours at work and in interactions outside of organisations. This was particularly raised in the discussion about interactions with superiors at work and within a political structure. However, face and reputation were not found to be dominant elements in business ties, which concentrated more on reciprocal return in the form of financial investment.

5.4.3 Emotional commitment

Unlike the norms discussed above, the norm of affection and sentiment was raised as a secondary element in senior executives' decision-making. This was attributed to the nature of competitiveness in banking.

We received thousands of applications in campus recruiting. Our HR people had no time to deal with these one by one. It had already cost us a lot to have them travelling to different universities and spending an afternoon talking about how great we are and then going through the process of asking hundreds of people the same question in a few hours... What I am trying to say here is that affection can make you feel good at the moment, but it does not feed you for the rest of your time, your career. It may even cost you a lot in the end. Without any profit. That's why I almost always stress the importance of resource. (SE-23, CME)

The potential cost of being sentimental in choosing candidates was also revealed by a personal reflection provided by a senior executive from a non-state-owned commercial bank.

The biggest change that I felt here when I came over was that I had more power to choose whom I wanted to hire. It was completely different from the major banks where there were so many networks that you could not possibly know them all. Not to mention to get your head round it... That was the time when I become sentimental. I chose many of these people because I knew them all. Ex-colleagues, ex-colleagues' colleagues, and ex-colleagues of the president... I am not saying that I regret choosing them, but I think next time when I have to get someone new, I will focus on resource more. They all had useful and moderate resource, but if I had waited a bit longer, I was probably able to get better and bigger resource. Now I am all right, can pass the appraisal, but I feel stuck sometimes. I also have to share my resource. That's not what I expected. (SE-15, CME)

A number of interviewees also recalled their experience in hiring candidates at the end of the interview when they were questioned about their personal perception and feedback. Their feedback provided a common observation with regard to the selection decision-making experience at the early stage of their career or current job title, when they were empowered to choose a candidate directly. This observation pointed to feeling uncomfortable when

rejecting favour seekers from extended family and friend circles as well as from the same organisations. By recalling the uncomfortable feeling, these executives attributed it to being young and new to the job position, and especially to being from a relatively humble family and social background. Five senior executives highlighted the influence of feeling humble on their perceptions of social connections:

I am not saying that it was an entirely naïve decision. It is more of a reflection on that sentiment makes you pay a price when you are not being careful. You can't afford to be close to everyone because soon you will realise that the gaps were all filled and you are left no space to take someone way more important, someone who was connected to, let's say, the provincial government. (SE-14, CME)

There was one exception, when a senior executive suggested that affection and sentiment played an important part in his selection decision-making lately in the employment that had commenced not too long before the research interview.

I probably have told you several times that I was no one once. And this is important. This reminds me constantly about how difficult it can be to find your place in this city, in banking. Now that I have built my own little empire, I can share some of my experiences, my resources, my personal viewpoints with the young ones. When I saw young migrants, extraordinary academic background, from a very humble family like mine, I had to empathise. Not all, but one or two. That I can afford. They are grateful and they work harder. (SE-12, BP)

Despite the fact that this interviewee was keen to hire candidates from a similar personal background to his, he also highlighted that he would not be able to make such decisions without possessing a great amount of resource himself. He pointed out that resource remained the key factor in his decision-making regardless of his personal preference for candidates who shared some characteristics with him when he was younger. However, his example illustrated that affection and sentiment was useful in activating the sympathetic feelings and personal empathy in recruiters on specific situations, which provided an insight into the potential importance of the leadership background and style in diverging the effect of social connections in selection decision-making.

5.4.4 Trust

The norm of personal trust appeared to be an implicit element that the majority of the interviewees seemed to be unaware of or overlook. Although the term trust was mentioned in the interviews, the descriptions of trust offered by the research participants appeared to be inconsistent. The most appealing source of trust emerged from the working environment and experience. One executive stated how difficult she felt it was to trust referred candidates and their referees based on her experience of which she chose a referred candidate, and consequently failed to prevent turnover due to a misfit between the job position and the personality of the candidate.

I was quite let down when we had to let him [a candidate] go. As I have said, I was in doubt about how well he would do and how long he would stay. He was just way too energetic to sit with us. He said he could and so did the president. It felt just quickly chucking him into a place so we could be all at peace... I believed my instinct, but you know, what they say about us, ha, woman. Sixth sense. All that... I am not going to mention these feelings next time, but I know I can trust my instinct, not them. (SE-25, RAE)

The interview data showed limited positive feedback on the importance of trust in affecting selection decision-making. 16 senior executives who spoke about the effect of trust pointed to the importance of client resources as a key source of information that evaluated trust.

I would like to think that I could trust him because the group of clients that he was managing back then was very special, very concentrated... The value we shared here was that we could count on each other, even in difficult times. (SE-13, CME)

Another source of trust indicated in the interviews was the relationships between senior executives and referees. However, personal trust derived from business ties and business-state ties seemed to be mechanical as the result of showing respect to superiors. 14 senior executive mentioned this source of trust:

We all know how we function, so no one would risk our personal benefit and the bank for an unhelpful employee in an important position. He [top-level executive] had to weigh all sorts of elements himself before phoning me. Once he phoned, that meant he

had thought through it, and he was persuaded that this person would do the work. (SE-21, BP)

Trust generated from family and friendships was described with reference to emotions and interactions in the past. The interview data showed the ways in which trust was implicitly considered to be embedded in how senior executives felt about individuals emotionally. However, the interviews offered no absolute association between trust and affection. Instead, 18 interviewees revealed a tendency to leave trust as an open possibility related to not only affection, but also resources that were activated through the accomplishment of other norms.

I could never tell you if I believed that he [a candidate] would do well or not. The only thing that I was definitely sure about was that I had to let him do it and see. It was not sensible to speculate on my instinct, or to go round and gather more information. The resource was there. The opportunity was there. I just had to put him there. (SE-20, CME)

5.5 The interplay of social norms and organisational norms

Having looked at the interview data related to social norms, this section will now examine how these norms intertwine with organisational norms related to personnel selection. Organisational norms raised by senior executives included a wide range of factors, which were dominated by personal information transparency, equality and diversity, and cost efficiency. The interviews with senior executives implied that the credibility and capability of the HR department in personnel selection had a strong influence on campus recruiting and society recruiting. Campus recruiting was considered as a more formal procedure with the clear guidance of gathering relevant information to produce high-quality decisions based on a collective evaluation. However, social norms such as obligation and reciprocity were found to override the decisions when an influential individual was involved.

If you had a chance to look at our papers of recruitment and selection terms and conditions, you would see a long list of words and phrases that you probably have learned from your HR textbooks. The problem is that this is not a perfect world. So these concepts can only apply in certain contexts. (SE-8, BP)

In contrast, society recruiting was seen as a considered and yet informal procedure with diffused decision-making authority in different department and branches, in which various senior executives possess highly concentrated authority as individuals. In this context, senior executives were able to choose organisational norms that they felt they had more adherence to.

We do strive to hire candidates from various background and places to increase the diversity at work. It is very restricted in banking though. Once you break the ties, you break a deal. The industry itself has determined that we have to stick with our network, the local network that we are familiar with. (SE-6, BP)

This description of the significance of the local social networks in providing resource was echoed by all the interviewees, particularly in banks located in coastal cities in China. Senior executives who were located in mainland cities portrayed a slightly different picture of the association between resource and local network.

It might seem a bit more chaotic here because the kinds of candidate that we have are not really comparable to the southern cities, where the network is more dense and with better quality. We probably get one out of a dozen that really has quality resource. I suppose they get at least one out of five... (SE-25, RAE)

With regard to information transparency, the majority of interviewees noted that they felt the information related to their decisions was shared openly both with HR managers and their senior colleagues involved in the process. The concern of sharing information with the public, however, was raised as a potential problem that may lead the banks into regulation issues. The interpretation of information transparency was limited to the organisational and departmental context. It did not appear to extend to lower level job positions or to any other environments outside of the organisation. 23 senior executives suggested that they were not concerned with the ethical issues in hiring well-connected candidates:

There was no need to hide it. In fact, you want to make it as public as possible in your circle so that they know you hired this person for a good reason. Sometimes this reason might be a connection with the president, but it was sound and effective, so people don't get to question you later on. But we can't make it so public that it would be

labelled as corruption and bribes. Corruption is about bypassing fundamental principles like hiring someone without the ability to do the main work. Or someone with a criminal record, which never happens because we always check. Showing preference to someone you like, someone qualified, someone who can contribute more in a very short period of time, that is not corruption. If you ask other bankers, I am sure they will agree with me. (SE-4, CME)

The interviewees emphasised that hiring through social connections was a strategic choice to match their organisational target of cost efficiency. By benchmarking the resource provided by social connections, senior executives believed that they had helped their work units and organisations to speed up the recruitment procedure with added value and reduced financial cost. This belief was indicated by 18 interviewees:

We have sought to adapt some personality assessment tools and many concepts like 360-degree evaluation several times. The results were hilarious. It certainly relies on the person who filled out the test to be honest, with integrity. It is successful in Western countries, because they are able to speak the truth. How you think about your boss even... We gathered the forms and the results told us that our leader was amazing. Of course he was! No one would dare mark on the lower scale. That would be absolute suicide... The point that I am trying to make here, is that we can't do this. And we won't. It is a waste of time and money inviting a German expert over. We have our own rules. That rule is to not to point fingers at your boss. That rule is to get as much resource as you can to expand your kingdom. (SE-24, CME)

In summary, senior executives believed that they had considered the principal organisational norms and yet struggled to some extent to adhere to norms such as equality and diversity.

5.6 Constraints and prospect of social connections

Alongside the social norms embedded in social connections and the desire to access symbolic and material resources, some constraints on the effect of social connections on personnel selection decision-making were raised by senior executives. Despite the fact that all the interviewees considered that accessing resources was the key to their business operation and

survival, a small amount of resistance to the influence of social connections was found mainly in state-owned banks due to political pressure and leadership change.

We feel that we are often under fire from media pressure. We are not really allowed to speak about this to anyone outside of the organisation. Perhaps the positive impact is that some of us have to be moderate and more sensible about resource. Not to follow all kinds of resource and to praise them like gods. We have to be more selective and precise about what we actually need. (SE-1, BP)

The interviewees noted that the media pressure focused on capturing not only how the industry functions as a whole but also how a specific bank uses a large network of social connections. Two interviewees mentioned the case of the CMB being reported to use social connections as a benchmark in job interviews, as an example to illustrate how social connections were perceived externally. However, what had a practical impact on the role of social connections was not political pressure delivered by media reports, but leadership change both at the organisational level and local subsidiary level.

The main difference is that the decision-making authority now is more concentrated in our headquarters. All candidates in campus recruiting have to pass the exam authorised by headquarters... It was a decision made by our new president... it was a resolution to clear us out from the media pressure and social pressure. (SE-4, CME)

The general perception of these changes was, however, not appealing amongst senior executives. The expectation was to continue paying tribute to resourceful social connections, except for one interviewee who believed in the termination of the effect of social connections outside of the industry in a relatively short period of time as a consequence of the maturity of the industry.

The concept of family and relatives would fade away with the development of society. The importance of hiring resourceful employees would be less and less important if the competition in the sector develops in a benign direction. (SE-8, BP)

5.7 Chapter five conclusion

This chapter presented the interview data gathered from interviews with senior executives and showed that senior executives played an important role in selection decision-making in the Chinese financial services sector. In campus recruiting, the interviewed senior executives were found to be direct decision makers on certain occasions only. However, senior executives also believed that they had an influence on the direct decision makers in campus recruiting, the HR managers, regardless of their low level of engagement in campus recruiting. In society recruiting, senior executives considered decision-making as an informal process that relied heavily on personal selection experience and the preference of individual decision makers. HR managers were found to be involved at an administrative level only.

Senior executives revealed a tendency to hire candidates that they knew, or knew of, in society recruiting or to act as a referee for candidates in campus recruiting, as the quotes illustrated in this chapter show. These connections included business patron-client ties, business-state ties, social connections at the workplace, kinships and friendships. The examples of the effectiveness and instrumentality of these connections provided by the interviewees demonstrated the primacy of a market-driven desire for financial resource and a hierarchical-led desire for political and administrative support.

Four key social norms were found to have enabled the effect of social connections, including obligation and reciprocity, face and reputation, emotional commitment, and trust. The former two groups of norms were identified as the primary factors that senior executives were fully aware of in their decision-making process. These norms enacted responsive and conscious practices, which contrasted with the less conscious and explicit reactions to the latter two groups of norms.

Chapter 6 Synthesis of the findings

6.1 Introduction

This chapter synthesises the findings by examining and contrasting the perspectives of the interviewed HR managers and non-HR senior executives. It also presents two observational models in a diagrammatic format to illustrate the convergence and divergence between the two perspectives. The first model synthesises the two perspectives in campus recruiting, whilst the second model focuses on society recruiting. It is important to note that these diagrams were developed as neither analytical models that represent absolute causality nor theoretical models. Therefore, the size of the text boxes and the length of arrows used in the diagrams do not denote any quantitative measurement. These diagrams are merely observational presentations of what emerged from the interview data in relation to answering the research question: *How do social connections affect personnel selection decision-making in the Chinese banking sector?*

6.2 Two perspectives in campus recruiting

The empirical data provided substantial evidence on the persistent importance of *guanxi* in personnel selection decision-making in the Chinese banking sector. This section seeks to present this evidence in a diagrammatic format in order to bring the insights provided both by HR managers and senior executives together and to add clarity to the findings.

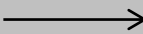
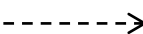
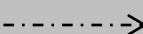
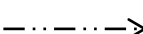

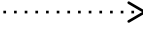
6.2.1 Key actors in campus recruiting

This subsection contrasts the views of HR managers and senior executives in terms of *who* were the key actors as either personnel selection decision makers or individuals who were able to exert an influence on selection decision makers. The following content also examines the influence between different actors in enabling the effect of social connections on selection decisions in campus recruiting.

From both perspectives, personnel selection decisions in campus recruiting were made in three stages: CV screening, examinations, and job interviews. The interviewed HR managers considered themselves as the direct, key decision makers in all these stages, which was also confirmed by senior executives, as illustrated by a solid arrow in Figure 1. The connotations of the symbols used in this figure are indicated by Table 3. Whilst HR managers were given legitimate influence over selection decision-making, both groups of participants in this

research also revealed that senior executives also have an informal influence on all three selection decision-making stages.

Table 3 Connotations of symbols used in Figures 1 & 2

Symbols used in Connotations	
Figures 1&2	
	Legitimate influence perceived by both interviewed internal actors (HR managers and senior executives)
	Informal influence perceived by both interviewed internal actors
	Influence perceived by HR managers only
	Influence perceived by senior executives only
	Group of actors
	The sequence of selection decision-making stages

However, the perceptions of whether and how these decision makers influence each other remained distinctive. HR managers indicated that there was room for negotiation when they shared different views to senior executives in terms of selecting a candidate. Meanwhile, HR managers also identified senior executives as important influencers in HR managers' decision-making. Whilst HR managers suggested that there was some room for negotiations with senior executives with regard to whether or not to hire candidates recommended by these executives, senior executives considered no influence of HR managers on their decision-making. The interviews with both groups of participants revealed a common perception that senior executives, to a large extent, had an almost absolute authority in final selection decisions. This was explained as a result of the senior executives being equipped with more informal influence within their work unit owing to their contributions to the financial performance of their organisations.

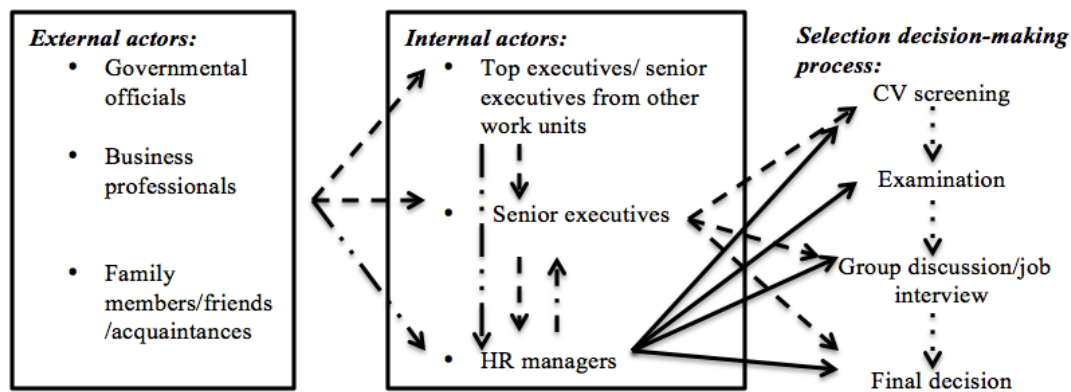


Figure 1 Perception of key actors' influence in personnel selection decision-making in campus recruiting

In addition to the interviewed decision makers, the findings also revealed that top executives, such as provincial branch presidents, and senior executives from a different work unit within the same organisation also had an influence on the interviewed decision makers. These actors are treated as a collective in both Figures 1 and 2 as these actors being spoken to as a group in the research interviews. On the one hand, the interviewed HR managers denied that they were directly in contact with and influenced by top executives. They revealed that a choice of connected candidates was usually made based on the recommendation from senior executives who worked in the same branch. On the other hand, senior executives suggested that top executives had an indirect impact on HR managers' decision-making. The findings uncovered that senior executives frequently used information related to the social-economic status and job positions of top executives to justify their selection decisions and to influence HR managers.

A third group of individual actors outside of the organisations discussed in the research interviews were also identified as influential in personnel selection decision-making. These actors involved governmental officials, business professionals, and family members, friends, and acquaintances. All the participants in this research suggested these actors deployed their connections with top executives and senior executives to recommend job candidates for the banks. The interviewed senior executives claimed that HR managers were also affected by social connections between actors outside of the banks and senior executives. On the other hand, HR managers revealed a more dominant concern about the location of their job position in the legitimate and informal organisational hierarchy. More specifically, HR managers

perceived that they had an obligation towards senior executives who worked in the same branch rather than any other actors. Therefore, HR managers were keen to maintain positive work relationships with senior executives, whereas senior executives were concerned about the political, financial, and social influence of actors outside of the banks in their personal career development and reputation.

6.2.2 Social connections involved in campus recruiting

The research findings suggested that different types of social connection had different levels of effectiveness in affecting selection decisions. Although the data analysis produced codes based on key concepts discussed in the literature and the themes that emerged from the research interviews, this subsection synthesises the themes related to the types of social connection from both perspectives.

The interview data pointed to three sets of social connections involved in campus recruiting: (1) the connections between internal actors (senior executives and HR managers); (2) the connections between external actors (actors outside of the banks) and internal actors; (3) the connections between key actors and job candidates. The discussion surrounding social connections in the research interviews showed a tendency to focus on the connections between key actors rather than the connections between key actors and job candidates. According to the interviewees, the importance of connections (3) was evaluated by assessing the value of connections (1) and (2) to individuals and to organisations. The next subsection provides a synthesis of the findings in terms of *how* the instrumentality of each group of social connections was enacted in personnel selection decision-making.

6.2.3 How social connections affect campus recruiting

This subsection explores the findings that provide a direct answer to the research question with a focus on the three types of social connection identified in the previous subsection. Although social connections were not found to be effective in affecting selection decisions made in the examination stage, they did prevail in CV screening and job interview stages.

The connections between internal actors

In general, HR managers did not perceive a close working relationship with their non-HR colleagues owing to conflicts between them. These conflicts were often caused by

disagreements on their views of candidates and many other personnel policies and practices that were not well perceived by non-HR staff, such as the personnel budget. HR managers tended to follow established procedures at work whereas senior executives were considered as interfering in these procedures with informal practices, which, for HR managers, meant extra workload and work stress, whereas a tighter budget. A similar perception was expressed by senior executives, who felt that HR managers were not flexible in implementing personnel policies and practices.

The data showed that the connections between internal actors had a direct impact on HR managers' selection decision-making, regardless of the fact that neither HR managers nor senior executives perceived that they had a positive working relationship with each other. The perspective of HR managers placed an emphasis on the notion of hierarchy as the key motivation that led them to choose and hire job candidates who were connected to senior executives. These decisions were seen as a consequence of obeying the orders generated from organisational and social hierarchies as well as fulfilling the expectations of individual obligations. For senior executives, the notion of hierarchy was also obvious, although with little interest in influencing HR managers in their decision-making in campus recruiting when this was unnecessary.

The connections between external actors and internal actors

The insight provided by HR managers was limited to the context of social interactions within the organisations and to campus recruiting, which is presented in the next subsection. On the other hand, the senior executives appeared to offer greater clarity over how social interactions occurred outside of the organisational context and how relevant norms involved in these interactions affected their selection decisions.

In campus recruiting, young graduate candidates were usually introduced by one or more external actors who were connected to a senior executive. Meetings that occurred between these actors were frequently carried out somewhere outside of the workplace, such as in a restaurant. All the interviewed senior executives reflected on the salience of sharing a meal in building an initial connection with the candidates through an external actor in addition to building or maintaining a connection with the external actors. During the meals, the senior executives were briefed about the background of the candidates either orally or with a CV.

The courtesy and etiquette showed by the attendees in paying for the meals were of great importance, as a matter of face as well as personal financial status.

The social norms involved in these meetings over meals were complex and contextual, depending on the nature of the connections between all the attendees. External actors were found to wield their political, economic, and social influence to establish a sense of superiority and reciprocity. Reciprocity was offered in the form of either material or symbolic resource. In terms of material resource, potential financial investment brought in by newcomers was seen as a determining factor in the career development of senior executives and the business performance of financial organisations. The extent to which monetary resource was taken into consideration in selection decision-making was influenced by the current possession and demand of similar resource held by both individuals and communities, which included local branches and the organisations. With regard to symbolic resource, senior executives pointed to potential opportunities for career advancement, the personal influence within the organisation and in the industry, as well as social network expansion which offers more potential resource.

The desire and demand for different types of resource were determined by the evaluation of personal and organisational interest. With regard to personal interest, the notion of hierarchy was central. Hierarchy was perceived through the self-identification of individual positions within a hierarchical structure and the norms related to those positions. During the self-identification process, the negotiation between relevant norms and personal interests provided feedback on the personal perceptions of hierarchical positions, and the need for certain resources to maintain, sustain, or advance this position.

External actors who were identified as being located at a lower level of social hierarchy compared to senior executives were found to deploy the norm of emotional commitment and reciprocity at the personal level rather than the business level. These actors, who were not directly connected to senior executives, were also found to seek help from a more influential third party.

Organisational interest appeared to influence the desire and demand for different resources, which was determined by five main aspects: industry profitability, firm size and ownership, market expansion, business partnership, and governmental support. These factors were

significant in that they helped selection decision makers identify what kind of resource they needed, what kind of social connections could provide such resource, and what kind of actions they could take to influence the personnel selection decisions in order to obtain this resource through hiring certain individuals.

The evaluation of personal interest and organisational interest offered information that specified the desired resource, whilst personal choice of which social norms to fulfil was based upon personal interest. The fulfilment of social norms had the effect of maintaining or altering the hierarchical position of an individual, which either presented or terminated an opportunity for obtaining the identified resource. The interviews both with HR managers and senior executives revealed that their choice of social norms was primarily influenced by self-identification of their hierarchical position and personal interest, in addition to organisational interest. Inferiors perceived a strong need to deliver obligation and reciprocity. The negotiation between hierarchical position and resource therefore informed the decision makers about the potential actions that they could undertake and the conditions that could enable and restrain these actions. The degree of which agency was appealing to decision makers therefore determined whether they could select connected candidates or not. In campus recruiting, both personal interest and organisational interest provided the justification for selecting a connected candidate in the CV screening stage, yet organisational interest was considered a more influential factor in affecting final selection decisions.

The connections between key actors and job candidates

As shown in Figure 1, the key actors of personnel selection decision-making were not restricted to the internal actors, including HR managers and senior executives. HR managers suggested that they did not have direct connections with the job candidates that they selected.

In contrast, both HR managers and senior executives suggested that many candidates were directly and indirectly connected to senior executives. For HR managers, the nature of the connections between senior executives and job candidates indicated the extent to which these connections mattered to senior executives at both the personal and organisational levels. In general, HR managers felt obliged to shortlist candidates who failed to meet the basic requirement of university ranking in the CV screening stage, owing to candidates' connections with senior executives. However, in making decisions in the job interview stage,

HR managers showed a tendency to prioritise senior executives' connections with candidates at the organisational level compared to the personal level. This prioritisation resulted from a concern about failing to assist senior executives to create or maintain beneficial business relationships through well-connected candidates.

For senior executives, the ways in which different types of connection between job candidates and themselves functioned were highly contextual. With regard to their connections with candidates within kinship networks and other social circles outside of the workplace, senior executives revealed a concern about their obligation towards parents and relatives as well as their personal reputation within personal social circles. The perspective of senior executives implied that their obligation to help job candidates connected to senior executives' parents resulted from Chinese society's expectation of individuals to show filial obedience by fulfilling parents' wishes. Failing to demonstrate filial obedience in the manner that parents desired and requested was considered socially unacceptable, which had a negative impact on personal reputation. Moreover, failing to help individuals who were closely connected to themselves could also induce other individuals to lose confidence in senior executives' personal influence at work, and therefore lead to a loss of face.

With regard to their connections with candidates who were connected to governmental officials and business professionals, senior executives brought the notion of sanctions and reciprocity to the table. They suggested that turning down a favour request could put at risk a prospective opportunity to initiate or maintain business collaboration. Senior executives evaluated the value of helping current or potential business partners recommend and recruit connected candidates against the business demand of their work unit.

The interview data revealed a difference between state-owned banks and non-state-owned banks in evaluating the connections between external actors and job candidates. The research participants from state-owned banks revealed an interest in reinforcing the existing business networks rather than developing new social connections. As a result, selection decision makers in these banks focused on recruiting candidates who were connected to individuals in existing business networks. Meanwhile, the participants also suggested that working in state-owned banks was considered highly desirable for the majority in Chinese society owing to the persistent value of job security in state-controlled sectors. Job vacancies in state-owned banks remained in high demand in the Chinese labour market compared to jobs in non-state-

owned banks. Therefore, selection decision makers in state-owned banks were more concerned about choosing between different candidates whose social connections were influential in similar business networks.

In contrast, non-state-owned banks were perceived that they had a disadvantaged position in the market and felt the pressure of a greater competition. Therefore, senior executives and HR managers in these organisations took most types of social connection between external actors and job candidates, either family or business connections, into consideration.

6.3 Two perspectives in society recruiting

In contrast to campus recruiting in which HR managers played the role of key decision makers, society recruiting was found to be led by senior executives. This section offers a synthesis of the findings related to the ways in which social connections affected personnel selection decision-making in society recruiting from both perspectives. It commences with an examination of the key actors and how they identified themselves. The second subsection explores the types of social connection discussed in the research interviews. The third subsection lays out how each type of social connection came into effect.

6.3.1 Key actors in society recruiting

The interview data identified both HR managers and senior executives as the decision makers in society recruiting. From both perspectives, as shown in Figure 2, HR managers and senior executives took part in decision-making in separate stages of the job interviews. They made decisions separately, using different personnel assessment criteria, followed by brief communication to reach a final decision together. Regardless, both groups of decision makers agreed that senior executives had an informal influence on HR managers in how they interviewed job candidates selected by senior executives.

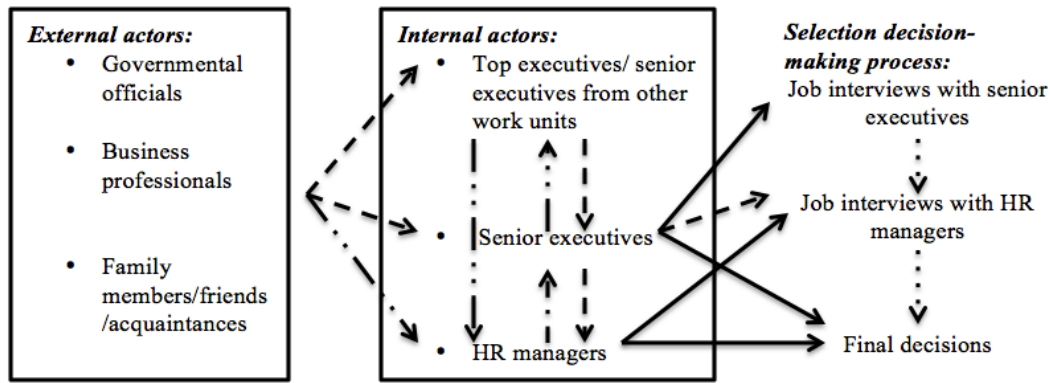


Figure 2 Influence between individual actors involved in personnel selection decision-making in society recruiting

In addition to the interviewed decision makers, both perspectives also identified another group of actors who influence senior executives. These actors were top executives, such as provincial branch presidents, and senior executives from different work units. According to both perspectives, these actors had an influence on senior executives. However, HR managers revealed that they did not interact or communicate with this group of internal actors, other than receiving information relevant to those actors via senior executives. Therefore, they claimed that top executives did not directly influence their decisions. To some extent, senior executives disagreed with this view by arguing that they also relied on the job positions of top executives to exert pressure on HR managers in order to influence their decisions. Meanwhile, some senior executives also pointed to the possibility to negotiate with rather than simply take orders from top executives in making selection decisions. These executives often described themselves as the people who built everything from scratch, which meant that they were not recruited based on their social connections.

6.3.2 Social connections involved in society recruiting

The findings suggested three sets of social connections affecting selection decision-making in society recruiting: (1) the connections between internal actors (senior executives and HR managers); (2) the connections between external actors (actors outside of the banks) and internal actors; (3) the connections between key actors and job candidates. The discussion surrounding society recruiting in the research interviews emphasised (3) rather than (2) and (1). This emphasis, according to both perspectives, resulted from the fact that job candidates in society recruiting usually being experienced banking professionals. Senior executives felt

that they had to compete with each other to attract the best candidates. The pressure of competition for candidates with valuable social connections was perceived by colleagues within or outside the same work unit as well as the banking sector in general. The next subsection explores the details of each set of social connections and *how* they become influential in affecting selection decisions.

6.3.3 How social connections affect society recruiting

Both HR managers and senior executives suggested that there was not a universal mechanism in relation to how they deployed or were influenced by social connections. The complexity of how social connections affected selection decision-making lies in the interplay of personal and organisational interests.

The connections between internal actors

In society recruiting, HR managers showed a tendency to rely on their connections with senior executives when choosing experienced job candidates. Despite the fact that HR managers also participated in job interviews, they revealed two main concerns that led to their dependence on senior executives' assessment and judgement of job candidates in society recruiting.

The first concern was about an awareness of senior executives' personality, professional requirements, and work style. Since society recruiting was about hiring experienced banking professionals to work with or assist senior executives directly, HR managers revealed the pressure of getting to know senior executives individually and personally in order to help them in selecting the right candidates. The majority of HR managers, however, were not able or not willing to establish a connection with senior executives owing to the vertical, strict organisational hierarchy, especially in state-owned banks. The lack of interactions and communications between HR managers and senior executives at work and outside of work contexts was described as the key reason why senior executives often rejected job candidates selected by HR managers.

The second concern was that HR managers' professional experience was limited to HR policies and practices, which resulted in a lack of confidence in identifying the best candidates for a senior job position. HR managers suggested that they relied on their

connections with senior executives, or a notion of trust in senior executives' professional capability in choosing the right candidates. Senior executives shared a similar view of their connections with HR managers in society recruiting. Opposite to HR managers' trust in senior executives, senior executives revealed a lack of trust in HR managers in selecting experienced job candidates. Senior executives described the ways in which HR managers made selection decisions based on established personnel criteria as impractical and inflexible.

Senior executives were not the sole decision makers in society recruiting. The interview data also identified another group of internal actors: top executives or senior executives from different work units. Senior executives perceived a pressure from top executives to hire candidates connected to them. This pressure also reflected the extent to which senior executives were concerned with their connections to top executives. To some extent, this concern was similar to the one that HR managers had with regard to their connections with senior executives.

Both HR managers and senior executives highlighted the importance of organisational hierarchy and an obligation to obey the hierarchy of the managerial levels and superiors. However, unlike HR managers who expect little reciprocity other than symbolic recognition at work from senior executives, senior executives felt that they had more to gain from having positive relationships with top executives such as in career development.

Although HR managers denied that top executives influenced their decisions directly, senior executives argued that other internal actors, especially top executives, did influence HR managers. However, the senior executives were not able to provide details of a direct influence of top executives on HR managers' decision-making, other than using top executives' job position as an explanation. This explanation was related to the notion of hierarchy.

The connections between external actors and internal actors

Although external actors were mentioned as individuals in the specific examples offered by the research participants, they were all found to have an impact on selection decision makers. Therefore, the external actors discussed in the research interviews were represented in Figure 2 as a group rather than individuals.

HR managers suggested that they had no connections with external actors who recommended job candidates to senior executives. However, senior executives claimed that the socio-economic status and political influence of external actors had an indirect influence on HR managers in accepting recommended job candidates.

In contrast, senior executives offered more insights into their connections with external actors. In state-owned banks, senior executives showed a relatively passive attitude towards recommended candidates for senior job positions. Senior executives in state-owned banks showed a dominant interest in developing existing employees and expanding their business network vertically rather than horizontally. Existing connections with other banking professionals, especially ex-colleagues, dominated the connections with external actors that were found to be successful in affecting senior executives' decision-making. Senior executives frequently sought personal and other information related to job candidates that was difficult to gain access to, from ex-colleagues. The instrumentality of the connections with banking professionals as an information channel in selection decision-making was enabled by their past experience in working with these professionals that had established a sense of trust at the personal level.

The connections between governmental officials and senior executives were also found to be effective in influencing selection decisions, although less representative. Senior executives pointed to the political influence that these actors had on their organisations' business operation and financial performance. Their reflection on this influence implied a strong sense of reciprocity. The connections within kinship, friendship and acquaintance networks were rarely discussed by senior executives from state-owned bank in selecting and hiring new employees outside of their organisations. These connections were considered more influential in selecting candidates within the organisations.

On the other hand, senior executives in non-state-owned banks showed a tendency to expand their business network both vertically and horizontally. These executives experienced higher levels of difficulty in developing more influential social connections compared to senior executives in state-owned banks. These executives proactively looked for job candidates in society recruiting through their connections with other banking professionals. These connections were used to identify potential candidates as well as gain access to their personal

contact information. This is in contrast to how senior executives deployed similar connections to obtain information related to individuals who were already identified and targeted as potential candidates.

The connections between key actors and job candidates

The connections between external actors, particularly banking professionals were explored in the previous subsection. These connections, usually, were established in the context of workplaces. According to the interviewed HR managers, the connections between external actors, especially individuals outside of the banking sector, and job candidates rarely played a part in society recruiting. Senior executives expressed a similar view.

Whilst the connections between external actors and internal actors mainly played a part in society recruiting as an information channel, the connections between senior executives and job candidates played a different role. The majority of senior executives revealed that they identified potential candidates in society recruiting from their existing social connections in the banking sector. In other words, senior executives were either directly or indirectly connected to these candidates. Senior executives suggested that they made an effort to highlight reciprocity in monetary reward and reputation to attract desirable candidates. These candidates were approached by telephone, sharing drinks and meals, as well as other forms of shared entertainment. These activities offered an intimate opportunity for senior executives to establish a closer relationship with job candidates and to assess those candidates in an informal way.

However, there were also exceptional cases in which senior executives avoided selecting candidates that they knew of. These executives identified themselves as from a more humble background and showed pride in joining their existing organisations without deploying their social connections. These executives refuted that they had relied on their connections with job candidates in selection decision-making.

6.4 Chapter six conclusion

This chapter offered a synthesis of the data gathered from interviewing both HR managers and senior executives. The synthesis focused on outlining the similar views of social connections affecting personnel selection decision-making, as well as drawing a contrast

between the two perspectives. This chapter also explored the legitimate and informal influence of different key actors in personnel selection decision-making. Furthermore, it identified the norms and practices that enacted the instrumentality of different sets of social connections. In conclusion, the synthesis of the research findings suggests that there was no universal mechanism for how social connections affected selection decision-making; on the contrary, the effect of social connections was highly contextual under the influence of social norms, hierarchy, personal interest, organisational interest, organisational ownership, leadership, personal background, as well as employment regulations.

Chapter 7 Discussion

7.1 Introduction

This chapter discusses the findings presented in Chapters 4, 5 and 6 in answering the research question: *How do social connections affect personnel selection decision-making in the Chinese banking sector?* The focus of the discussion is on the role of organisation ownership, hierarchy, and individual dispositions and practice in navigating personnel selection decision-making. As shown in the findings chapter, these facets are the key concerns for the decision makers in evaluating and deploying social connections in various contexts. The discussion reveals how the research findings support, extend, and contradict extant studies and theories. This chapter will draw on the literature discussed in Chapter 2 and additional literature, where the factors that emerged from the interview data were not examined in the initial literature review.

The following content of this chapter has six sections. Section 7.2 discusses the impact of social connections on personnel selection decision-making. Following this section, three sections are dedicated to discussing how institutional, social, and individual factors shape the perception and instrumentality of social connections in personnel selection decision-making. Section 7.3 focuses on the interplay of organisational ownership and resources; Section 7.4 concentrates on the hierarchical nature of organisation and structure; Section 7.5 centres on individual dispositions and practice; and Section 7.6 discusses the nuances of *guanxi* and *social capital* based on information relating to different descriptions of social connections in the research. The chapter concludes with Section 7.7 which emphasises the persistence of social connections and the dynamic, contextual nature of social connections in personnel selection decision-making.

7.2 The impact of social connections

The research findings confirmed that social connections were substantially influential in personnel selection decision-making in Chinese organisations. These findings in essence contradict Guthrie's (1998a, 2002) conclusion of a decline in the importance of social connections in the Chinese labour market as a result of economic and employment system reforms. All research participants except one anticipated the continuing prevalence of social connections as a means for Chinese commercial banks to maintain or expand their business networks in order to obtain and sustain competitive advantage. These findings are coherent

with Zhang and Lin's (2015) recommendation for Chinese organisations to deploy employees' *social capital* strategically in order to obtain business success, particularly in intensive market competition.

However, it is crucial to acknowledge that there is a limit to the extent to which these findings can be generalised to other sectors in China. The limitation of data generalisation resulted from, on the one hand, a high level of dependency of financial services organisations on financial resource for business survival and success. The findings suggest that this dependence led to fierce competition between commercial banks for financial resources embedded in the networks of employees and organisations, which was one of the key motivations for deploying social connections in personnel selection. Data generalisation might also be limited due to that senior executives interviewed in this study were mainly executives responsible for client management. Competition for financial resources was also found between these executives at the individual level. The amount of financial resources that individual executives succeeded to attract and secured for their work units was a leading criterion in their personal performance appraisal. The outcome of the performance appraisal was found to have an impact on the amount of monetary reward and the opportunities for career advancement for client management executives. Consequently, the dependence on financial resources at both the organisational and individual level was an evident motivation for the persistent deployment of social connections in personnel selection decision-making in the Chinese banking sector. The alignment between organisational and individual interests in obtaining financial resources via social connection could be explained by (Lin, 2001b) conceptualisation of the *institutional field* in his examination of *social capital*. His work proposed that coordination between organisations and individual actors can be achieved when they share the same values of resource and when they are bounded by the same rules of interaction in an institutional field.

The persistent impact of social connections on personnel selection found in this study has an implication for other sectors in China that are dominated by State-owned organisations in terms of organisational sizes, numbers and market share. In addition to financial resources, the findings also showed the importance of political resources in facilitating the business operation of Chinese commercial banks. Owing to the high level of governmental intervention in the Chinese banking sector, state-owned banks were found to benefit from their political affiliations. As a consequence, personnel selection decision makers from state-

owned banks showed a preference for individual candidates whose social connections offered political influence in aiding business operations and bureaucratic process. The findings of this preference will be discussed in more depth in the next section. Evidence that Chinese non-state-owned organisations attempting to reduce their disadvantage through connections with governmental officials was reported in an earlier study (Xin and Pearce, 1996). Therefore, the reliance on political resources, as another key motivation for deploying social connections in personnel selection decision-making, that was found in the Chinese banking sector might have an implication for other sectors that are also largely dependent on the government for resources, such as the energy sector.

Whilst being coherent with studies that highlighted a relationship between social connections and personnel selection (Bian, 2002; Lin et al., 2009; Yang, 2002; Zhang and Lin, 2015), this research goes beyond establishing the relationship and offers some further insights into how social connections are utilised in practice. Despite the fact that the research was anchored within the understanding of individual perceptions and practices, the interview data also revealed how organisational vision and strategy, as well as supply and demand in the Chinese labour market, intertwined with individual views and interests in reinforcing the instrumentality of social connections.

The next section focuses on the patterns of the perceptions and practice that emerged in different types of organisation ownership. The following section also discusses the ways in which these patterns explain the ways in which social connections have affected personnel selection decision-making.

7.3 The patterns of organisation ownership

As emphasised in the previous section, this research goes beyond establishing that social connections are important in personnel selection decision-making and explores how the importance was actualised in practice. The findings revealed that organisation ownership affected the perceptions of the values of social connections at the organisational level. Perceptions at the organisational level, in turn, exerted an influence on individual actors in personnel selection when choosing between candidates whose social connections offered resources with varied values to different organisations. It was evident that individual actors exhibited distinct preferences for resources that were beneficial at both individual and

organisational levels. As outlined in Figure 3, decision makers from state-owned organisations showed a favourable view of candidates who were associated with the existing networks of the organisations to which they belonged, whereas decision makers from non-state-owned organisations preferred candidates whose social connections aided the expansion of business networks.

State-owned organisations	Non-state-owned organisations
<ul style="list-style-type: none"> • Reinforce existing networks 	<ul style="list-style-type: none"> • Expanding existing networks
<ul style="list-style-type: none"> • Reliance on social connections at the organisational level 	<ul style="list-style-type: none"> • Reliance on social connections at the individual level
<ul style="list-style-type: none"> • Larger labour supply 	<ul style="list-style-type: none"> • Smaller labour supply

Figure 3: The patterns of social connections and organisation ownership

It is important to discuss the content of Figure 3 in further detail as this offers a foundation for the answer to the research question. The following content focuses on the role of organisation ownership in shaping the patterns of perception and practice exhibited by individual actors from state-owned organisations and non-state-owned organisations respectively in two subsections. It is crucial to acknowledge that the findings suggested no single mechanism of practices that enacted in the impact of social connections on personnel selection decision-making. The ways in which social connections influenced personnel selection decision-making and the extent to which this influence was effective were highly contextual, as the findings suggested.

7.3.1 Perception and practice in state-owned organisations

Within this study, decision makers from state-owned organisations showed a tendency to focus on the maintenance of existing networks of social connections. These connections were mainly established at the organisational level through business partnerships. The findings suggested three motivations that led to the emphasis of State-owned organisations on existing networks: (1) a sense of reciprocity and obligation towards organisational representatives in existing networks; (2) the dependence of financial services organisations on business

partnerships for survival and success; and (3) a large supply of job candidates. To a large extent, the former two motivations were found to be heavily intertwined.

First, there was evidence of reciprocity and obligation between organisational representatives in existing networks in both types of organisation. This evidence supports the view that social connections between organisational representatives could reinforce business alliances through sharing or exchanging resources (Gong, He and Hsu, 2013; Luo, 2007; Wong, Tjosvold and Yu, 2005). The findings extended the conclusions of these studies by offering some insights into how obligational reciprocity between organisational representatives was particularly important for state-owned organisations. Within this study, state-owned organisations were identified as large *enterprises* of social connections, which implied a long history of establishment and a high level of reliance on mature business networks. The findings suggest that the employees in state-owned organisations were largely comprised of individuals who were closely connected to either internal or external actors located in existing business networks. There was evidence that decision makers from state-owned organisations found it difficult to break these closely woven connections, which were the long-term key sources for both financial and political resources.

The findings revealed that three groups of individual actors located within existing networks of state-owned organisations also benefited from reciprocity and obligations between organisations in long-term partnerships. The first group of actors were candidates who eventually obtained a job in the state-owned banks. The second group were external actors who cultivated *face* and potentially trust and reciprocity from candidates whom they recommended. The third group was selection decision makers who accepted recommendations from external actors and assisted in job attainment. In particular, senior executives, whose performance appraisals were strongly associated with the financial resource obtained from their clients, benefited from reciprocal exchange with other organisational representatives. These findings add to the classic theorisation of *social capital* as a collective asset that is produced and reproduced through on going exchanges between members (Bourdieu, 1977, 1984, 1990; Coleman, 1988, 1990). In particular, Bourdieu's (1986) propositions of a transferability between two forms of capital, *economic capital* and *social capital*, is useful to explain the dynamics of reciprocity embedded in social connections that ultimately provide both individuals and organisations with resources in a monetary form. To a large extent, the financial resources that senior executives sought from

social connections demonstrated this aspect of *social capital* as a disguise for *economic capital* (ibid.).

However, the findings also implied that the focus of state-owned organisations on existing networks did not entirely result from a sense of exclusive membership. It was evident that financial services organisations highly depend on partnerships with other organisations for survival and development. The client-oriented nature of business operations and partnerships in the banking sector required a compliance with norms in interactions between organisations. Within this study, individual actors associated the establishment of business partnerships with the outcomes of the interactions between organisational representatives. The interactions were undertaken using the following norms in the institutional field of the banking sector. The findings suggested that the fundamental norm was primarily to satisfy the interests of governmental bodies. Consequently, clients associated with governmental bodies were placed in a prioritised position. The priorities of large organisations in a long-term partnership were considered of secondary importance. The responses of decision makers from state-owned organisations showed that these organisations were keen to maintain social connections at the organisational level. Individual actors, as organisational representatives, were highly aware of the priorities of social connections associated with different organisations and the norms to comply with in order to initiate or sustain business partnerships. These findings add to earlier institutional analysis that highlighted the importance of organisations complying with rules that construct and restrain an *institutional field* (Lin, 2001b; Powell and DiMaggio, 2012).

The third motivation that led state-owned organisations to concentrate on existing networks was the fact that they experienced a greater supply of job candidates compared to non-state-owned organisations. Earlier research proposed that, in general, the Chinese labour market was facing a large supply of candidates in relation to a small demand for employees (Han and Han, 2009). The gap between labour supply and demand was also evident in this research due to the perceived higher level of job security from working in State-owned organisations and a higher level of prestige, or *face*, from working in the banking sector. Working in a state-owned bank was considered as highly desirable in Chinese society, regardless of the increasing diversity in organisation ownership and the labour market reform. For Chinese job seekers, these types of job were identified as important sources to obtain and develop their *symbolic capital* (Bourdieu, 1977).

In sum, the above evidence adds to previous studies of the perspective of employers in relation to how they assess employees' *social capital* (Erickson, 2001; Flap and Boxman, 2001; Gorman and Marsden, 2001). The findings offer support to the assessment of the value of employees' *social capital* as being largely guided by the organisation strategy and demand.

However, the emphasis of state-owned organisations on existing networks cannot be simply construed as an intention not to expand their networks as the data also showed exceptions to this. Some senior executives affirmed an interest in new connections that had the potential to generate resources that were more important than the resources embedded in existing connections. Yet, the research findings did not provide a universal mechanism of how the choices between existing connections and new connections were made. Decision makers suggested that their justification of choices between connections was made by comparing the importance of different resources in satisfying organisational interests. The prioritised resources were frequently of political importance rather than being financially beneficial. Despite the fact that scholars, such as Sheng, Zhou and Li (2011), argued that social connections with political influence had little impact on business performance, this study suggests that obtaining political influence is of great importance in contemporary China, in which core infrastructure investment and business operations remained under a high level of government control.

Although this research only focused on personnel selection decision-making in the external labour market, it has also shed some light on the internal labour market and social connections. The focus on existing social connections led state-owned banks to select internal candidates for jobs at a senior managerial level. The practice of promoting current employees was more prominent in state-owned banks than non-state-owned banks. The selection of internal candidates also offered an opportunity for state-owned organisations to strengthen their existing connections and utilise resources embedded in current employees' social connections associated with business partners across the sectors. These findings extend previous studies that focused on the external labour market (Bian, 1994a; Erickson, 2001; Fernandez and Castilla, 2008; Flap and Boxman, 2001; Hanser, 2002; Lin et al., 2009; Zhang and Lin, 2015) by highlighting that the emphasis on existing social connections in state-owned organisations leads to a valuing of internal labour. The next subsection will examine non-state-owned organisations.

7.3.2 Perception and practice in non-state-owned organisations

This subsection focuses on the tendency that non-state-owned banks exhibited in this research to develop and expand their networks. The research suggested that non-state-owned banks strived to identify the resourceful social connections of prospective employees in personnel selection. It was evident that these organisations were highly concerned with having a smaller market share and labour supply compared to state-owned organisations. These findings support Zhang and Lin's (2015) conclusion that organisations with lower competitive advantage or of a smaller size have a higher dependency on employees' *social capital*.

Selection decision makers from these organisations suggested that they had to make a larger effort to attract suitable candidates and to compete with state-owned banks. Although China is witnessing an increasing diversity in organisation ownership (Cooke, 2010), the findings of this research pointed to a market dominated by state-owned organisations in the banking sector. Non-state-owned banks were relatively smaller in size and market share. To overcome this, decision makers in these organisations were found to use social connections in personnel selection as a proactive and purposeful strategy. This was contrary to the relatively passive manner exhibited by decision makers from state-owned organisations in relation to expanding networks. These findings support a recent study of personnel selection in the Chinese die-casting sector (Ko and Liu, 2016), which suggested that smaller organisations in China that had perceived difficulties in accessing financial resources were keen to overcome their disadvantage by recruiting candidates through social connections.

With regard to the motivations for smaller organisations to recruit candidates through social connections, this research offered some insights that were different from previous research. Ko and Liu's (2016) study suggested that smaller Chinese organisations considered formal procedures of personnel selection as costly and time-consuming, which led them to rely on social connections as a cost-saving option. Yet, no evidence was found of this during this doctoral research. In contrast, selection decision makers from both larger and smaller organisations in this research pointed to the importance of establishing formal personnel selection procedures as a cost-saving recruitment method. This research revealed that accounting for social connections in personnel selection was not free of potentially costly risk, such as a misfit between candidates and jobs, which eventually led to turnover.

Contrary to using social connections alone as an informal selection method, decision makers from non-state-owned banks used social connections as a criterion in the formal personnel selection procedure in campus recruiting. To a large extent, these findings challenged earlier studies' definition of the use of social connections as an informal personnel selection channel (Bian, 1994a; Bian and Ang, 1997). Although such a definition was useful in understanding how selection decision makers relied on social connections for recruiting candidates for managerial jobs, the Chinese banking sector was found to have adopted formal personnel selection procedures for entry-level jobs, in which social connections were deployed as an important selection criterion, rather than solely the personnel selection channel.

As opposed to cost-saving, as previous studies suggested (Ko and Liu, 2016; Luo, 2007), the motivation for using social connections in non-state-owned banks' personnel selection was to improve competitive advantage. Financial resources, especially those that had an immediate effect on business performance, were considered as the key to obtaining competitive advantage in the banking sector. Selection decision makers from non-state-owned banks demonstrated an eagerness to attract candidates whose social connections offered efficient and effective access to financial resources. The extent to which social connections had an impact on selection decision-making, therefore, largely relied on the extent to which financial resources were embedded in these connections. This finding echoes Tsang's (1998) proposal to treat social connections as a fundamental but not sole element in sustaining organisations' competitive advantage in the Chinese market. The research findings pointed to the importance of eliciting resources were embedded in different social connections and assessing the value of those resources to satisfy organisational goals and interests.

To access financial resources, non-state-owned banks focused on expanding their business networks at the individual level rather than the organisational level. The research revealed that questions about social connections and financial resources were explicitly asked during job interviews in non-state-owned organisations. Job candidates who were aware of the importance of financial resources for their potential employers also proactively promoted themselves by sharing this information in job interviews. Although these organisations were also keen to access financial resources through social connections with organisational representatives, the research revealed that non-state-owned organisations relied heavily on a limited number of top executives in maintaining access to social connections at the organisational level. The above evidence supports Sorenson and Rogan's (2014) proposal of

a *logic of interest*, which assumed that client-specific organisations rely on individuals who possess resources to satisfy the interests of clients to access *social capital*.

Through social connections at the individual level, decision makers from non-state-owned banks proactively identified candidates who possessed financial resources with a high level of mobility across networks. In turn, these organisations benefited from reciprocal returns from individual candidates. These findings aligned with previous studies' proposals that social connections facilitate organisational actors in enhancing their performance through access to restricted information in the industry (Collins and Clark, 2003; Owen-Smith and Powell, 2004). In campus recruiting, selection decision makers from non-state-owned banks encouraged job candidates to identify deployable financial resources from their social connections. In society recruiting, selection decision makers from non-state-owned banks looked for client management executives from State-owned banks who were less attached to their current work units and organisations. Senior executives acknowledged that they deployed their social connections to gather information related to these potential candidates' job performance and job satisfaction in their current employment in order to evaluate the value of recruiting these candidates for organisational performance. In society recruiting, individuals whose connections provided desirable financial resources were approached by senior executives and eventually offered a position, despite the fact that some of them did not even apply for these jobs. These findings extended Hanser's (2002) conclusion that social connections served as an information flow in candidates' job seeking process in that social connections also provide information for recruiters.

Empirical evidence in relation to the mobility of financial resources revealed a dyadic, reciprocal exchange between individual candidates and organisational representatives as well as individual candidates and senior client management executives. The findings suggested that dyadic exchange was conducted on a short-term basis in personnel selection for entry-level job positions. Selected candidates were given a certain amount of time to actualise the value of financial resources that they had promised to the decision makers during the job interviews. This was contradictory to the focus of existing literature on the dominant importance of long-term connections and relevant obligation in Chinese society (Chen, Chen and Huang, 2013; Luo, 2007; Yang, 1994). These findings also contradicted previous studies' emphasis on distinguishing the instrumentality of different types of social connection, such as kinship and non-kinship, expressive ties, instrumental ties, and mixed ties, work and non-

work-related relationships (Bedford, 2011; Fan, 2002a; Hwang, 1987; Yang, 1994). Selection decision makers from non-state-owned banks used financial resources as a benchmark to assess the value of all types of social connection under most circumstances. The dyadic exchanges between senior executives and candidates for managerial job positions were, however, relatively long-term. Candidates selected for managerial jobs were expected to not only contribute financial resources embedded in their social connections, particularly connections generated by previous job positions, but also to show loyalty and emotional commitment to the senior executives who hired them directly.

Whilst showing some similarity to the dyadic exchanges advocated by Blau (1986), these financial-resource-oriented exchanges between selection decision makers and job candidates were not the only forms of exchange found in non-state-owned organisations. The research suggested that exchanges also occurred to obtain political influence. Senior executives from non-state-owned banks considered their organisations as disadvantaged in building and maintaining social connections with governmental officials at the organisational level. The lack of long-term partnerships with governmental bodies led to the dependence on a small number of organisational representatives to gain support from the government. To some extent, these findings support Peng and Luo's (2000) suggestion that the connections with governmental officials were more important for non-state-owned, smaller organisations in China.

However, no evidence was found in this research that the connections with governmental officials at the individual level facilitated non-state-owned organisations in increasing business performance and market share. This was contrary to the suggestion of a study in the Chinese service sector by Peng and Luo (2000). It was evident that decision makers from non-state-owned banks hired candidates who were connected to governmental officials with two specific purposes. One was to gain specific support for business operations and the other was to avoid potential sanctions resulting from failing to help governmental officials. Expectations of a reciprocal return from governmental officials to assist business performance were seldom mentioned in the interviews with decision makers from non-state-owned organisations. These findings extend the existing understanding of the instrumentality of social connections with governmental officials as beneficial to organisational performance (Luo, Huang and Wang, 2012; Luo and Chen, 1997; Podolny and Page, 1998; Xin and Pearce, 1996; Zhang and Lin, 2015). There is also evidence of that social connections between senior

executives and governmental officials established at the individual level might not be as influential as similar connections established at the organisational level with existing business partnerships.

7.3.3 Organisational interest as a key motivation

In sum, this research showed that, while the importance of social connections in personnel selection decision-making has not lessened, but the actualisation of the instrumentality of social connections has shifted from input-oriented (What is the nature of the connection?) to output-oriented (What benefits does this connection bring?). Although this doctoral project was intended to examine the effect of social connections at the individual level, the research data suggested that organisational interests have a crucial implication for how decision makers perceive and evaluate the importance of social connections in personnel selection. There was substantial evidence that organisation ownership affected organisational interests, which in turn, affected the ways in which decision makers deployed social connections. Whilst the research participants showed a large degree of eagerness in using organisational interests to explain the motivation for their selection of connected candidates, many other motivations associated with individual interests were also discussed. For senior client management executives, the most common motivation at the individual level was to obtain financial and political resources as a means to enhance personal performance and promotion opportunity. For other decision makers, the leading motivation was to fulfil obligations to organisations in partnerships and their representatives. The next section will move on to discuss the findings of how the notion of hierarchy affected the perception of obligation, and consequently, the impact of social connections on personnel selection.

7.4 The impact of a hierarchical structure

The previous section revealed that social connections affected personnel selection decision-making through organisational representatives' perception, interpretation, and actualisation of organisational interests. The findings suggested that social connections as an organisational resource that sustained Chinese commercial banks was a leading motivation for hiring well-connected candidates, although with differences in the ways in which social connections were valued. This section will now proceed to discuss the notion of hierarchy and the construction of a hierarchical structure, which were identified as crucial indicators of the effect of social connections.

The research suggested that the effect of social connections on personnel selection decision-making was influenced by individual perceptions of two sets of hierarchical structure: organisational hierarchy and social hierarchy. The findings suggested two types of hierarchical position. Firstly, decision makers primarily assessed their hierarchical position compared to specific individual actors to whom they were directly connected. Secondly, decision makers were found to identify their hierarchical position compared to individual actors to whom they were indirectly connected within either organisational hierarchy or social hierarchy.

The evidence above supports many scholars' suggestions that Chinese individuals live in a web of social connections, on which they rely to seek and establish self-identification (Bian, 1994a; Fei, 1992; Luo, 1997, 2007). With respect to the self-identification in the organisational context, the extant literature largely focused on the power distance between managers and subordinates based on the legitimate managerial hierarchy, and the effect of power distance on how individual actors interact, build trust, and manage work relationships (Chen and Tjosvold, 2007; Wang and Nayir, 2009; Law et al., 2000; Zhang et al., 2015). This doctoral research adds further insights into how individual actors identified themselves in the workplace and the power distance embedded in both legitimate and informal organisational hierarchies. It was evident that informal organisational hierarchy had more influence on the authority of different actors in selection decision-making, compared to legitimate organisational hierarchy. This will be discussed in more detail in subsection 7.4.1 which focuses on organisational hierarchy.

Social connections of individuals and the resource embedded in connections were considered to be an important indicator of individuals' social status, which affected their authority in personnel selection decision-making. Similarly, connections between organisations were also considered as crucial indicators of the position of organisations in the social hierarchy, which affected their reputation in the labour market. Evidence from this study showed that individual positions in the social hierarchy and the organisations that they represented had a larger impact on individual decision makers' authority compared to individual positions in the formal organisational structure. The next two subsections discuss organisational hierarchy and social hierarchy respectively in terms of their impact on how social connections affect personnel selection decision-making.

7.4.1 The patterns of organisational hierarchy

This subsection focuses on how organisational hierarchy affects the evaluation of the value of social connections. The findings suggest that individual actors in Chinese commercial banks were exposed to two sets of organisational hierarchy: formal and informal. The responses of the research participants with respect to formal organisational hierarchy offered support for a traditional perception, which denotes a formal hierarchical structure that is constructed by the rank ordering of positions associated with legitimate authority (Lin, 2001b). However, this research suggested that the formal organisational hierarchy was considered less important than the informal organisational hierarchy in this research.

The findings suggested a gap in the perceptions of authority between HR managers and senior executives at the same managerial level in the formal organisational hierarchy owing to their different contributions to organisational performance. HR managers were identified as administrative individuals that executed orders given by senior executives. This view of the role of HR managers largely supports the literature that suggest the failure of HR managers to facilitate and mediate organisational performance (Hailey, Farndale and Truss, 2005; Ngo, Lau and Foley, 2008; Sims, 2002; Tyson, 1999).

The research also identified a gap in perceptions of authority between different groups of senior executives. Throughout the interviews, senior executives who were responsible for client management discussed their roles in their organisations with pride. In contrast, a smaller number of senior executives who were responsible for risk assessment portrayed themselves as superiors compared to HR managers, and subordinates to senior client management executives, regardless of their managerial level. Informal organisational hierarchy was determined by the contribution of individual actors to business performance. Senior client management executives were able to make a considerable contribution to business performance owing to their job positions and the resources embedded in these positions. This could be explained by (Lin, 2001b) conceptualisation of positional resources, which implied that individual actors could deploy resources embedded in a position within a hierarchical structure to benefit themselves.

This research also points to a gap in the information possessed by different groups of decision makers owing to the informal hierarchy. There was evidence that not all social connections were found to be effective in influencing actual selection decisions. This evidence supports Guthrie's (1998, 2002) concern that job candidates were at the weak end of information, whereas there was little research that examined the perspective of recruiters. The findings also suggest that HR managers locating themselves at the weak end of information flow in their organisational hierarchy. This was contrary to (Lin, 2001b) proposal that higher positions in hierarchical structure offer better information. A lack of communication was found between HR managers and senior executives whose job positions were located at the same managerial level in the formal organisational hierarchy. Therefore, the evidence can be construed as showing that higher positions in the informal organisational hierarchy provide more access to information.

Within this study, the informal structure of organisational hierarchy played a crucial role in determining the positional resource and decision-making authority of HR managers and senior executives. In turn, the positional resource of individual actors, dominated by social connections that offered access to political and financial resource, also affected individual actors' network location within the organisations. Personnel selection decision-making was conducted in a top-down fashion when social connections were involved, in which individual authority provided by the informal organisational hierarchy was taken into account instead of the formal organisational hierarchy. The operation of top-down decision-making was mainly enabled by the informal structure of a network of social connections of senior executives; client management executives in particular.

These findings were contrary to Putnam's (2000) emphasis on the bottom-up production of social connections as a resource within organisations. Rather, the findings highlighted the role of the informal organisational hierarchy in affecting how senior executives access positional resource and interact with each other in producing and reproducing a top-down decision-making process. The high level of involvement of senior executives in personnel selection decision-making indicated that authority in Chinese organisations remains highly concentrated, as Child (1996) suggested. This research also identified a gap in Chinese management practices between the conceptualisation and implementation of personnel selection. Although the conception of personnel selection shifted from a simplistic form of obtaining labour to competition for high quality human resources, the meaning of resources

and how to approach and make use of resources was mainly defined by a small group of executives rather than by HR managers.

The development of informal organisational hierarchies also contributed to the dynamics of the formal organisational hierarchy. As a result of focusing on candidates from existing networks, state-owned organisations were found to have their informal and formal organisational hierarchy heavily intertwined. As individuals from existing networks of senior executives joined the organisations, the nature of their connections shifted from personal to work-related.

Despite the fact that the research was intended to examine the impact of social connections in post-reform China, there was also some evidence in relation to the pre-reform period. The findings suggested that personnel selection shifted from largely individual-led decision-making, with no systematic guidance on selection criteria, to the involvement of multiple decision makers with clear guidance. The results also showed that employees were not considered as resources but simply labour that assisted in the functioning of their organisations. HR managers felt more responsible for the performance of individual candidates prior to the reform, as well as less restricted in decision-making without being frequently influenced by senior executives. As a consequence, they perceived that they had a higher hierarchical position in the organisation during the pre-reform period. However, there was little evidence that these HR managers were amongst the important *helpers* in Bian's (1994a) research, who assisted individuals to attain jobs allocated by Chinese governmental bodies. Only a few HR managers indicated that they were able to select candidates who were connected to them personally before and during the reform period. None of the HR managers acknowledged that they were able to recommend candidates connected to themselves in campus recruiting during the post-reform period.

Whilst in line with Bian's (1994a, 1994b, 1999, 2002) proposal that connections with direct decision makers were crucial to actual job attainment in the pre-reform and reform periods in China, the findings also extend our understanding of the post-reform period. The research confirmed that connections with direct decision makers were not necessarily effective in exerting an influence on final selection decisions. Direct decision makers such as HR managers in campus recruiting were located at the lower level of the pyramid of informal organisational hierarchy, which limited their authority in the formal organisational hierarchy.

7.4.2 The patterns of social hierarchy

Social hierarchy in this research was recognised as a hierarchical structure constructed by the economic, political and social status of individuals, as well as the reputation and political and economic influence of their employers. To a large extent, this perception mirrored the conceptualisation of the broader social hierarchy in Chinese society provided by previous studies (Lockett, 1988; Yang, 1994). However, the conception of social hierarchy offered by this study also refined our understanding of the multi-dimensional nature and importance of *face* (Hwang, 1987, 1998; Kipnis, 1995; Randau and Medinskaya, 2015) in informing individuals' hierarchical positions in Chinese society and affecting individuals' authority within an organisation and, consequently, their personnel selection decision-making. The notion of social hierarchy was found to be relevant to how decision makers evaluate their connections with external actors who recommended candidates to their organisations.

In campus recruiting, the focus of social hierarchy was on the external actors outside of the organisations who recommended job candidates to senior executives. Senior executives also identified and located themselves in a hierarchical structure of connections with external actors. Governmental officials were regarded as external actors with seniority compared to senior executives in financial services organisations. This was considered as a consequence of the high level of involvement and control the state had in the banking sector and many other sectors in China. The largest banks remained state-owned and were expected to continue to grow and expand. These findings support an earlier proposition that social hierarchy in China is dominated by a system led by *cadre* (Bian et al., 2005), which focuses on the authority of bureaucrats. The research also points to a propensity for a government-led hierarchy in Chinese society.

Individual actors who represented organisations in establishing business partnerships with the banks were also frequently placed at a relatively high level in the social hierarchy. These external actors possessed positional resource with capabilities to initiate, maintain and terminate business partnerships with banking executives and banks. The importance of social connections for business collaboration and competition has been emphasised by many scholars (Geigenmüller et al., 2012; Jacobs, Belschak and Krug, 2004; Lin and Si, 2010; Li and Liu, 2010; Luo, 2007). In contrast to these studies, however, this research revealed that

the extent to which business partners were able to influence selection decision-making and business performance relied on their positional resource and the political and financial capacity of their organisations. Whilst both state-owned and non-state-owned organisations valued external actors from organisations in long-term partnerships, different measures were used to determine the position of these external actors in social hierarchy.

The research also revealed the largely male-dominated structure of social and organisational hierarchies in selection decision-making. This supports many researchers' concerns with the highly patriarchal nature of Chinese society (Chang, 2010; Fei, 1992; Yang, 1994). Earlier studies also highlighted the importance of age in social hierarchy as a heritage from Confucian philosophy, which requires the young to always obey the orders and wishes of the old, so that children are expected to obey their parents, and younger brothers to obey older brothers (Hwang, 2011; Kipnis, 1997; Warner, 2011; Yao, 2000). Yet, this research offered little evidence of the importance of age in Chinese individuals' position in social hierarchy.

7.5 *Habitus, practice, and resources*

Having discussed the foundation for the effect of social connections in personnel selection decision-making with a focus on the institutional field and hierarchical structure, this section moves on to discuss how individual actors' dispositions affected their deployment of social connections for personnel selection decision-making, and the relevant practices that realised and reflected these dispositions. Through identifying the business demand and strategy that the organisations adopted as well as their hierarchical position and network location, individual decision makers were then able to understand and deploy the norms embedded in their social connections to satisfy their individual interests.

7.5.1 *The interplay of obligation, face, and fear of sanction*

Although both HR managers and senior executives claimed that satisfying organisational interest was the key motivation for them to recruit candidates with resourceful social connections, analysis of the interview data also revealed individual perceptions of obligation, face, and fear of sanction as another set of motivations.

HR managers did not appear to feel responsible for the performance of the candidates that they recruited. However, they did show concern for potential damage to their work

relationships with senior executives, despite the fact that none of them had witnessed any sanction in relation to failing to hire candidates recommended by senior executives. Regardless of negative perceptions of how the connections of senior executives caused extra workloads, HR managers consistently complied with their obligation towards senior executives. HR managers appeared to be wary of conflicts and confrontation, without an explicit expectation and understanding of the consequences of rejecting or accepting candidates recommended by senior executives. The notion of hierarchy dominated their identification of the nature of their work and their authority in decision-making. The motivation and practice that HR managers exhibited in this research were largely passive. These findings presented a difficulty in capturing the historically constituted dispositions of these individual actors, or *habitus* as Bourdieu (1977, 1990) conceptualised. Instead, the effect of the institutional field in shaping *habitus* emerged from the data, pointing to the crucial role of social hierarchy, organisational hierarchy, and the Confucian notion of harmony in social interaction in shaping the practices of HR managers. The findings of that organisational factors and social norms largely intertwined supports the importance of examining both concepts of *fields* and *habitus* when examining social connections and the mechanism of relevant practice (Grenfell, 2008).

Meanwhile, the limited capacity of their positional resource also led to a lack of agency of HR managers to seek alteration in their connections with senior executives and their authority. Their role as administrators rather than decision makers was reinforced repeatedly via the intervention of senior executives in personnel selection decision-making. To some extent, the practices of HR managers in this study are captured by *social capital theory's* explanation of the primary motivations in deploying social connections for instrumental use: to maintain resource or to obtain resource (Lin, 2001b). The practice of HR managers in recruiting well-connected candidates appeared to be mostly mechanical to reinforce a symbolic resource: *face*. Furthermore, HR managers' concern with potential sanction that led them to comply with obligation towards senior executives also supports Coleman's (1988) emphasis on that fear of sanctions facilitate in enforcing norms in society. However, exceptions were found when recommended candidates failing to meet exam result requirements, personal credit and criminal records in banking, and the legal allowance of employees in the organisations. Under these circumstances, HR manager are able to reject recommended candidates by actualising principal organisational norms.

7.5.2 The interplay of reciprocity, face, and fear of sanction

Senior executives showed proactivity in producing, maintaining, and deploying social connections. Senior executives appeared more aware of the benefits and risks from deploying each candidate recommended by top executives and external actors in campus recruiting, as well as candidates that they actively sought in society recruiting. Whilst the notion of obligation towards individuals located in higher hierarchical positions dominated HR managers' reflections on the rationale behind their practice in deploying social connections in selection decision-making, reciprocal returns from complying with obligations was the key motivation for senior executives.

These findings, on the one hand, support Portes' (2000) conceptualisation of reciprocal return in terms of that the repayment could be in either a tangible or intangible form that is different from what is incurred. Within this study, the reciprocal return was often in an intangible form for senior executives in state-owned banks, such as strengthening existing social connections. On the other hand, the findings also reveal a different view of reciprocal return to Portes's (2000) proposition of that the time of a return is usually not predictable. For senior executives in non-state-owned banks, the reciprocal return in the form of financial resource usually has a clear expectation of the time, such as three months, when regular personal performance appraisal is due. Meanwhile, reciprocal return was believed to be enforced through collective solidarity in communities (Coleman and Hoffer, 1987). This research suggested that reciprocal obligation to external actors was only enforced by actors as individuals and as a group (i.e. the client management department) through interpreting the organisational interest in maintaining the business partnership. Decisions to select and recruit well-connected candidates could be interpreted as an action to protect collective reputation and interest. However, to a large extent, this action was an enforcement of the obligations of a membership, with priority given to superiors. HR managers enacted the instrumentality of social connections to avoid confrontation, which indirectly protected the community solidarity.

Similar enforcement from a higher level to a lower lever was found in the negotiation between parents and children in relation to hiring candidates from an extended family circle. In this process, an upward enforcement occurred. Candidates who had less personal influence navigated the norm of obligation through emphasising shared identities and memberships with decision makers. The reciprocal return that decision makers obtained from this type of

favour seeker was often non-economical. For example, recruiting a son of peasants from the same hometown was not the most appealing choice in terms of economic exchange, and yet it was seen as appropriate behaviour at no personal cost. This research also found a horizontal level of obligation between individuals who were located in similar hierarchical positions. In this context, the expectation of reciprocal return was often defined in clearer terms and with a specified time frame. For instance, one senior executive who hired most of his subordinates from the circle of his ex-colleagues expressed the demand for mutual trust and reliance in competition and a certain amount of client resource within three months.

What emerged from these findings was that the concept of community sanction had a stronger effect on connections within a network structure that is mostly instrumental in a downward direction than a network structure that functions in an upward and horizontal direction between mainly symbolic and expressive ties. However, an individual with a higher level of positional influence is capable of ignoring, avoiding, and dismissing sanctions. The capability to avoid sanction could reduce the need for perceiving a strong belonging to a community and for keeping the community together. That is to say, individuals with higher social status could afford to choose one obligation over another at almost no cost of sanctions. In contrast, individuals with a lower social status have a greater need to fulfil obligations with the purpose of maintaining or creating instrumental connections. This could be speculated as a consequence of the fact that Chinese individuals define themselves according to their connections with others, especially influential others and the high level of respect for social hierarchy (Luo, 2007).

The notion of sanction was also found in the norm of face and reputation, which is only implicitly discussed in the *social capital* literature. The theory proposes the idea of protecting the reputation of an individual and their superior within the same community (Coleman, 1988), but does not embrace the maintenance of the face of superiors in a different community. There was strong evidence of face exerting pressure on individuals with a lower power level, including inferiors in a work relationship, patrons in a business relationship, individuals with less wealth and influence, and younger persons. The humiliation of losing face and making superiors lose face was seen to trigger a decline in personal influence within a network structure. The reputation of an organisation in a partnership was also reflected by the interpersonal relationship between individuals who represented these organisations. Practices to ensure the protection of face included creating a win-win situation in shared

entertainment. For instance, social eating as a popular way of strengthening social connections and ensuring that relevant norms are delivered (Bian, 2001) requires the individuals who shared the meal to be aware of the rules of payment. *Social capital* theory does not capture the importance of paternalism in hierarchy based on age in Chinese society, which is heavily protected by moral rules and frequently exercised in the power game of face (Hwang, 1987).

The concept of sanctions associated with failing to fulfil obligation and reciprocity, and to protect face and reputation, pointed to a potential perspective in the political literature: political decision-making with norms. Goertz (2003) suggested two stages of individual decision-making that involved choosing a norm and using norms in different individual decisions. In this sense, the choice of a norm was considered as a major change with purposive practices. This implies a proactive and high level of consciousness in choosing a norm as a means to achieve an instrumental purpose. However, this research showed a mix of *habitual* norms and purposive actions. The deployment of the decision-making authority of a third party situated at a higher level of hierarchy may be a conscious choice of obligation to superiors with the purpose of activating access to power.

7.5.3 The patterns of individual practice

With the organisational norms and social norms taken into account, three patterns of individual practices emerged from the findings with regard to how social connections were actualised as a criterion in personnel selection decision-making. First, the importance of resources embedded in existing social connections based on the mutual understanding of hierarchy, social norms, and rules of interactions between organisations and individuals was assessed and protected. The notion of *habitus*, as an understanding of the principles that allow the structure within an organisation to function, emphasises that although the pursuit of resource is non-reflective without '*intentional calculation*' (Bourdieu, 1977, p.80), the practice informed by *habitus* and interest is strategic. *Habitus* presents a capacity to explain the unconscious sensitivity of decision makers to conflict and to capture the historically informed behaviours in organisational decisions. In this research all decision makers were aware of the informal hierarchy, despite the fact that actually the job position of the HR manager and the senior executives offered each actor a similar level of authority in principle. However, there was a difference in the authority of senior executives and HR managers in

practice. What *habitus* does not take into account is that practices to change a hierarchical structure, even in a short period of time, could be carried out with conscious intention. This research illustrated the fact that in order to avoid interpersonal conflicts and loss of *face*, the decision maker avoided showing preferences between social connections through diffusing authority in decision-making.

Assessing the value of resource at the individual level also involved pursuing additional resources, such as potential job promotion and personal influence. The effect of this interest on selection decision-making was stronger than the effect of interest in financial investment when there was a strong alignment between personal interest and organisational interest. Decision makers' accounts showed that a need for governmental support under certain circumstances, such as the immediate permission for the operation of a new branch, was seen as more important than a need for new clients. This aligned interest provided key decision makers with the maximum level of agency, which however, may also reduce the level of agency for decision makers at a lower hierarchical structure.

The second pattern of individual practice that emerged from the findings was the importance of affection and sentiment when a resource is no longer rare. Two conditions for the implementation of this practice were discussed. First, the decision makers must be able to afford to allocate resource downwards in the hierarchical structure. This is the fundamental condition for a practice of emotional choice. Executives at a higher level were found to hire employees through social connections at the individual level rather than social connections generated by positional resources within the bank. Two types of candidate were most appealing in this context. The first was young graduates who sought low level jobs that did not require immediate instrumental resource, and the other was senior level bankers who had the capability of expanding the type and network of clients. The latter supports the importance of privilege provided by connections with individuals who share a similar socioeconomic background (Bourdieu and Passeron, 1977). The second condition for the demonstration of emotional commitment was that decision makers must share at least one characteristic with a candidate in terms of family background, hometown, surname, educational institution and languages. The findings suggest that the match between these characteristics allowed the decision makers to share sympathy and empathy with candidates. Otherwise, the decision maker must have a direct or indirect connection to a candidate in the form of official and non-official kinships or friendships.

The choice between these two patterns of practice seemed to be associated with self-identified agency and the risk of overcoming the capacity of this agency. HR managers saw a lower level of agency, especially in social recruiting, compared to senior executives. They also saw a much lower need for hiring candidates who possessed financial resource that would satisfy the business demands of their organisations. In contrast to senior executives, HR managers perceived less pressure in relation to having to create and expand customer networks. The only direct reciprocal return from hiring candidates recommended by senior executives was the implicit gain of personal trust and protection of face. The concept of sanctions, which is considered as a basis for ordering society in the literature (Bourdieu, 1990; Coleman, 1988; Goertz, 2003; Morris et al., 2015), however posits the risk of damaging interpersonal relationships and organisational partnerships. The extension of the level of sanctions to the organisational context revealed an expectation of reciprocal behaviours in the interactions in an organisational field (DiMaggio and Powell, 1983; Powell and DiMaggio, 2012). The pressure of having to take responsibility for such damages, without the permission of senior leadership, therefore provided decision makers with a lower level of agency. This illustrated the potential sanctioning capacity of communities that is often deployed to ensure the solidarity of group members (Durkheim, 1984). Although the level of agency could be affected by external forces such as employment regulations and political pressure, the hierarchical position of the leadership offered an opportunity for the organisation and relevant decision makers to persuade and negotiate with external forces to reach a compromise. This could be seen in the discussion surrounding how organisations arrived at a change in their personnel selection procedure by centralising decision-making authority to the headquarters and the provincial level branches. This change, however, did not appear to dismiss the significance of resource provided by social connections, but to distribute more agency to HR managers and top-level executives. Furthermore, the change made by top executives was due to a wider consideration of what personnel selection meant to them as an individual and an organisation, what resources were needed to achieve a practice alignment of personal interest and organisational interest, and how to absorb these resources through personnel selection.

Finally, a third pattern of practice also emerged from the findings, which focused on avoiding the use of social connections. The responses of HR managers from state-owned banks suggested that a greater labour supply meant an opportunity to choose better candidates as

well as the challenge of a bigger workload. Existing social connections were considered more reliable, particularly under the circumstances in which the connections were established through organisations in partnership, such as universities that had supplied quality graduates in the past. However, the voices of HR managers and senior executives were not coherent with respect to the drawbacks of concentrating on existing networks. HR managers revealed a concern that candidates recommended by organisational representatives in existing networks were difficult to reject. Senior executives, however, regarded this decision as the job responsibility of HR managers.

As a practice related to self-interest, the finding that HR managers avoided extra workload could be captured as Kipnis's (2002) conceptualisation of a practice of *ganqing*. The findings also add to the conceptualisation by extending the application of avoidance practices from the context of rural China, in which individuals exhibited purposive behaviours to restrict sentiment in social connections, to the context of urban China. The research also extends the discussion of avoidance practice from the individual level to the organisational level. Selection decision makers from state-owned banks reflected the amount of time and effort required in establishing existing business networks, with emphasis on the importance of accounting for both emotional commitment and obligation between organisational representatives as well as organisations.

Avoidance practice was not merely enacted by individual actors. State-owned organisations as actors in the *institutional field*, whose accumulation and maintenance of resources relied on interactions and obligational, reciprocal exchanges with other organisations, especially governmental bodies, shared a congruent interest with their individual representatives. This interest means that actors concentrated on the most valuable connections whilst avoiding less relevant connections that also had the capacity to generate obligations between individuals and organisations. The core force of the instrumentality of social connections in Chinese society, as identified by many scholars, lies in the long-term characteristic (Luo, 2007) and conception of obligational fulfilment as a moral demand (Fei, 1992). The findings of this research extend our understanding of these forces in mobilising resources embedded in social connections at the individual and the organisational levels.

7.6 Social connections, *guanxi* and *social capital*

Having discussed the patterns of individual practices, this section focuses on the similarities and nuanced differences between *guanxi* and *social capital*. As discussed in the literature review chapter, *guanxi* in this research was considered as a form of *social capital* with contextual characteristics that emerged from Chinese society. The research findings suggest that the ways in which social connections affected personnel selection decision-making could be explained by some extant theoretical propositions of *social capital*, albeit with some specific characteristics of *guanxi*. This section concentrates on four aspects of social connections that capture the preceding discussion in terms of theorising social connections: network location effect, positional effect, motivational sources, and the restraints on the effect of social connections.

7.6.1 Network location effect

This subsection focuses on the network location effect of social connections, which is concerned with how the location of a connection in a network influences the instrumental effect of this connection on bridging one connection with another (Lin, 2001b). The extant theorisation of *social capital* offers three main propositions with regard to the network location effect of social connections, which will be examined in turn to make sense of the research findings.

One of the extant propositions related to the network location effect is Granovetter's (1973, 1983, 1995) conceptualisation of *the strength of weak ties*. The core argument of this conceptualisation was twofold. First, the strength of social connections can be measured by the degree of intensity, frequency of contact, and mutually perceived reciprocity and obligation. Second, the strength of social connections is a useful measurement of the network location effect. More specifically, the weaker a social connection, the more likely it is that individuals are able to bridge the groups that they belong to in order as to assist the information flow. This research partially supports the view of how the strength of ties is measured. However, there was also some evidence that weaker ties can be effective in influencing actual selection decision-making. Decision makers from non-state-owned organisations did show a preference for weak ties (connections with candidates who were not known to them prior to personnel selection) that were considered valuable in contributing financial resources. Yet, there was no evidence that weaker ties were universally more

effective than stronger ties. The findings reveal that social connections with organisational representatives who belonged to institutions in long-term partnerships were considered most valuable to state-owned organisations. Therefore, in line with (Lin, 2001b), this research denies the usefulness of deploying *the strength of weak ties* alone in measuring the effect of social connections.

Contrary to Granovetter's promotion of weaker ties (1973, 1983, 1995), Bian (1997) argued that stronger ties are more effective in influencing personnel selection decision-making in the Chinese context. This argument is consistent with other scholars' emphasis on the importance of kinships in Chinese society (Fei, 1992; Lin, 2001a; Yang, 1994). The findings of this research, however, suggested that stronger ties are effective at the organisational level, but not necessarily at the individual level. It was evident that organisational representatives who had established long-term collaborative relationships between organisations were able to deploy their connections to affect selection decisions. Yet, the effect of strong ties at the individual level, such as kinship, varied in the extent to which individual actors were able to capture a shared motivation (i.e. reciprocity) and to mobilise positional resource (i.e. authority).

The third existing proposition of network location effect was offered by (Lin, 2001b) who suggested that individuals are more likely to actualise the instrumentality of social connections when they are closer to a bridge in a network. Lin (ibid.) questioned the sufficiency of using the strength of ties to measure the effectiveness of social connections and provided an alternative concept bridge following Burt's (2001) structural holes. The findings of this research offer support for the strength of location proposition and the essentiality of a mutual connection in bridging two individuals for instrumental purposes (Lin, 2002b; Luo, 2007; Xiao and Tsui, 2007). It was evident that decision makers from non-state-owned organisations and candidates to whom they were not connected, approached each other to create a bridge to external actors in order to obtain financial resources. In this regard, these findings add clarity to how the possession of highly desirable resources can be used as a measurement of whether individuals are close to or distant from bridging in a network (Lin, 2001b) and the effectiveness of the bridge. However, that bridging practice as such was only found to be effective between individual actors associated with non-state-owned organisations.

Alternatively, the research findings did not offer any evidence of the usefulness of deploying the concept of *the strength of weak ties* (Granovetter, 1973, 1983, 1995) or the emphasis of kinships only in understanding the role of *guanxi* in personnel selection decision-making. The highly contextual nature of *guanxi* was highlighted in this research, which implies the importance of returning to analyse the institutional field, hierarchical structures of the field, and the dispositions of individual actors.

Many attempts have been made by *social capital* theorists to differentiate connections in terms of their nature (Bourdieu, 1986), density and strength (Coleman, 1988; Granovetter, 1983), and how they are created (Putnam, 1995; Woolcock and Narayan, 2000). Similar efforts have been made to classify different kinds of social connections in the Chinese context (Fan, 2002a; Hwang, 1987, 1998; Luo, 1997). The connections discussed in this research, however, did not present a clear boundary between different ties that were effective in selection decision-making. That is to say, the elements that were taken into account by the literature were not found to be sufficient in categorising social connections. This might be due to the involvement of various dyadic relationships in enacting the different norms to reach a practical impact on selection decisions. The finding uncover that whilst obligation, reciprocity, face, and fear of sanction dominate individual actors' concern of fulfilling norms in decision-making, their individual conception of these norms, the importance and instrumentality of these norms varied in contexts. The research revealed that decision makers were not exposed to one set of dyadic connections at a time, but different groups of dyadic connections. The extent to which connections were instrumental and effective and the ways in which these connections were created were highly contextual, subject to the alignment of organisational interests and individual interests. Much of the discussion surrounding different connections that affected decision-making in the interviews focused on identifying their positions in a hierarchy and the agency offered by these positions. The next subsection will discuss the positional effect of social connections.

7.6.2 Positional effect

Kinships and friendships that were found to be effective often relied on the resource embedded in the relationships provided by both parties' positional status. This means that the position of an individual within a power structure drives the capability to fulfil the

sentimental obligation to help other members of a community to find a job (Obukhova, 2012) and so to ensure the stability of the community as '*a corporate unit*' (Bourdieu, 1977:40).

This research contradicts Zhang and Lin's (2015) conclusion of causality between a higher managerial level of job positions and the importance of social connections to a contextual relationship. The findings of this doctoral project suggest that the importance of social connections was not more important for senior job positions than junior ones. Rather, social connections were crucial for all levels of job positions in the Chinese banking sector. However, the connections between senior executives (as indirect selection decision makers) and the actors who introduced or recommended candidates, had a dominant influence in decision-making with regard to junior job positions. In contrast, the connections between senior executives (as direct selection decision makers) and the job candidates were considered more important in selection decisions with regard to senior job positions. These findings therefore add to existing literature on how different types of dyadic social connections affect selection decision-making on jobs at different levels.

7.6.3 The source of motivation

The findings largely support Yang's (2002) argument that *guanxi* remains important in the Chinese labour market and that the instrumentality shifts from securing a job position to gaining access to relevant information and job opportunities. Hanser (2002) suggested a universal instrumentality of *guanxi* as a job information channel for young job seekers. Within this doctoral research, *guanxi* was also identified as a channel for recruiters to gain access to and confirm job candidates' information. However, the content of the information gathered by selection decision makers was mainly concerned with resources related to personal interest or organisational interest.

The interview data showed that both HR managers and senior executives were concerned with the importance of resource. The evaluation of the importance was often carried out to seek an alignment of personal interest and organisational interest, particularly in society recruiting. With regard to personal interest, the interviewees raised four key aspects that influenced their evaluation of the added value of different social connections. First, the regular appraisal of personal performance of the senior executives was conducted on the basis of the financial investment that they have attracted and obtained, which led to a great

personal desire for more financial resource. Second, the HR managers perceived that they had less authority within the organisations compared to their non-HR managerial colleagues, especially client managers, which created the need for them to maintain positive work relationships with more influential colleagues within and outside of their organisations. The desire to have a sustainable work relationship with superiors also applied to senior executives. Third, both HR and senior executives pointed out that the extent to which they were willing to hire a connected candidate depended on the potential opportunity for job promotions that this connection could provide. Fourth, gaining personal influence through the expansion of social networks was considered as a less tangible and yet crucial personal motivation to hire connected candidates.

Organisational interest also appeared to influence the desire and demand for different resource, which was determined by five main aspects: industry profitability, firm size and ownership, market expansion, business partnership, and governmental support. These factors were significant in that they helped selection decision makers identify what kind of resource they needed, what kind of social connections could provide such resource, and what kind of actions they could take to manipulate the personnel selection process in order to obtain this resource through hiring certain individuals.

The evaluation of personal interest and organisational interest offered information that specified the desired resource, whilst personal interest provided feedback with regard to personal choice of the social norms to fulfil. The fulfilment of social norms had the effect of maintaining or altering the hierarchical position of an individual, which either presented or terminated an opportunity for obtaining identified resource. The interviews with both HR managers and senior executives revealed that the choice of social norms was primarily influenced by their self-identification of hierarchical position and personal interest, in addition to organisational interest. Inferiors perceived a strong need to deliver obligation and reciprocity. The negotiation between hierarchical position and resource therefore informed the decision makers about the potential options, in relation to agency. The degree to which agency was appealing to decision makers therefore determined whether they could select connected candidates or not.

Social capital theory offers an explanation of how social connections affect personnel selection decision-making by providing access to various exclusive resources including job-

related information (Granovetter, 1973), economic returns (Fernandez and Castilla, 2008), personal influence (Burt, 1992), and social status (Bourdieu, 1984). The main assumption of the theory is that desirable resources are the key to activating the instrumentality of social connections (Field, 2008). As the key motivation, resources are also the results of purposive actions to express recognition and acknowledgement of an individual and to evoke interactions between individuals who possess decision-making authority (Lin, 2001b). The findings support the view that resources are critical in determining the strategic practice of organisations in an more competitive industry environment (Lin et al., 2009).

Meanwhile, the interviews seemed to suggest a high level of alignment between the financial interests of the organisations, or rather the shareholders of the banks, and individual interests in terms of having a similar command of resources. This alignment, however, appeared to have a different effect of resource in influencing the effect of social connection on selection decisions. What emerged from the perspective of *social capital* theory was a '*level differential*' (Lin, 2001b, p.168) of demanded resources in a hierarchical structure. The theory proposes that the fewer hierarchical levels of structure is comprised of, the more likely for individual actors within this structure are able to generate add-value (Lin, 2001b).

The findings showed that in medium and smaller commercial banks which had fewer levels in their administrative and managerial structure, selection decision makers were more empowered to engage with external networks and to choose resources based on individual decisions. The decision-making procedure in these banks was also found to be more informal with fewer or no standard selection criteria and selection methods. Two explanations were offered. First, financial organisations whose network structure has a higher level of complementarity are able to access financial resource with less effort and lower cost (Uzzi, 1999). This research suggested that state-owned banks and larger sized non-state-owned banks have developed a stable and mature network structure. It therefore provided few opportunities for individual actors to expand or break the existing networks through generating resources with comparable quality. Also, senior executives at higher managerial level were able to share their client resources with their lower-level colleagues through individual allocations, due to a greater need to consider the quality of resource than to pursue numbers of clients. This aligning interest illustrated the '*resource differential*' (Lin, 2001b, p.172) that suggests a higher number of resource possessed by individuals who have higher levels of positional location in a hierarchical structure. Second, association with the

government exerts more political pressure on and attracts more attention to state-owned banks. The aligning interests may appear to be strategic to serve short-term individual benefits and organisational profitability, but present a risk of damaging organisational reputation in the long-term. The findings showed that fundamental changes were made to personnel selection procedures in organisations that sought to avoid this risk and to concentrate on better quality resource. This raised the question of whether financial resource was the determining factor and how decision makers chose from the pool of candidates who had similar resources.

The findings seemed to suggest that financial resource was the most desirable resource that affects selection decision-making, albeit with different required amounts that vary from one organisation to another. A closer look at the source of financial resource discussed in this research, however, pointed to the more dominant position of symbolic resource in selection decision-making. The findings provided little evidence for a clear separation between financial resource and symbolic resource. In rare cases the decision makers did note a proactive pursued accumulating financial capital alone through the social network of candidates that was unknown prior to the selection process. The majority of the decision makers indicated that they sought to obtain useful financial resource provided by the existing social connections, such as ex-colleagues and business partnerships. This means that they unconsciously and yet actively pursue symbolic resource, such as personal influence, reputation, and power through the form of gaining access to monetary resource. In other words, despite the fact that gaining access to financial resource being a more obvious and holistic desire, the attainment of symbolic resource may not be a by-product of this desire but a crucial factor that determines the importance of financial resources.

Although the identification of the importance of financial resource appeared to be straightforward for selection decision makers, the comparison of similar financial resources was carried out using a more complex process. The prescription of *social capital* theory offers some insights into this process by introducing the concept of network locations, which focuses on the opportunity and constraints that hierarchical positions present in relation to accessing resources (Burt, 1995, 1997, 2000; Lin, 1999a, 1999b). The need to justify the importance of one resource compared to the others was described with reference to the identification of personal positions in a hierarchical structure and personal desire, and the need to alter or improve these positions. Confronting different favour seekers, decision

makers who perceived a lower level of authority showed a preference for hiring candidates recommended by superiors at a higher managerial level, instead of their direct supervisors. This did not mean that supervisors would have no influence over their subordinates in choosing job candidates and beneficial resources. Rather, it showed that the notion of hierarchy and the obligation to obey such a hierarchy were taken into primary consideration.

Putnam (2000) highlighted the norm of trust and reciprocity in enabling individual actors in bonding and bridging with each other in order to offer an effective supply of resources. Social trust in individuals, in particular, was considered as an active choice that affected various decision from day-to-day activities to business transactions (Luhmann, 2000). However, what emerged from the interviews was a need to trust rather than a will to trust. The HR managers' account of trust in candidates with connections and the ability of the job referees to evaluate the competence of these candidates showed that the trust was neither an active choice nor the key motivation that led to the final selection decisions. In other words, the norm of trust that emerged in the interviews was considered to be a passive consequence of the enforcement of other norms, such as obligations of satisfying the desire of superiors at work. The perspective of *social capital* theory proposed that trust was generated through the perception of the reputation and wealth of an individual (Bourdieu, 1977). To some extent, both HR managers and senior executives supported this viewpoint by suggesting that they trusted some connected candidates recommended by individuals who had successfully supplied competent employees to the organisations in the past. To choose a candidate connected with an influential other denotes trust, and more importantly, respect to the individual and to the hierarchy. The practice of making a promise to take extra care of a connected candidate was an expression of trust and respect. Therefore, the norm of trust and the practice of exhibiting trust in selection decision-making go beyond the capacity of the concept of trust embraced by *social capital* theory. In this context, trust entails a practical function of personal influence and obliged recognition of an individual's capability and reputation.

7.6.4 The boundary of guanxi effect

The interviews also identified a certain level of restriction on the effect of social connections on selection decision-making, caused by factors including employment regulation, political pressure, and specific job requirement. First, employment regulation raised in the interviews

was mainly concerned with the legal allowance of the number of employees that each department was permitted to hire. Second, political pressure was exerted on the industry as a whole and also on specific organisations whose local branches were under investigation for corruption in recruitment. Third, the specific job requirements of higher levels of management, client managers in particular, required immediate access to and use of resources brought in by connections.

These restrictions placed emphasis on the role of leadership in manipulating regulations, managing reputational risk, and making important choices according to business demand and strategy. The appetite of the leadership to allow or encourage the practice of hiring connected candidates had the effect of differentiating the level of restriction and further development of personnel selection policies and practices in the organisations. In the previous chapter, the findings suggested that the extent to which different leaderships responded to the effect of social connections. The restrictions on this effect depended on the personal background and personal influence, which was affected by the identification of individual hierarchical positions. For instance, some senior executives perceived themselves as from a humble background and showed a preference for hiring candidates from similar background. The identification informed the leadership with regard to the risk associated with failing to obey social norms related to their relationships with influential individuals. Senior executives from a humble background showed a tendency to perceive a lower level of risk in terms of rejecting recommended candidates. Senior executives who wanted to moderate and diverge from the emphasis of social connections in personnel selection proposed opportunities to centralise the selection decision-making authority to break the local social networks and to empower the HR managers relatively more.

7.7 Chapter seven conclusion

This chapter discussed the findings in relation to how the evidence supports, contradicts, and extends extant literature on social connections in personnel selection in the Chinese context and the theoretical propositions of *social capital*. The findings support the view that social connections remained crucial in personnel selection in China. The study also uncovered the interplay of organisation ownership, informal organisational hierarchy, social hierarchy, and individual perception of obligation, reciprocity, face, and fear of sanction. However, the discussion also identified that the research setting of the Chinese banking sector might have

some impact on the extent to which organisations relied on social connections in personnel selection decision-making as a channel to obtain competitive advantage. Meanwhile, this research suggested that *guanxi* can be treated as a form of social capital, but with the characteristics that absolute obligation to and respect of seniority (in informal hierarchy in particular) is expected, that ambiguous conception of trust, and that sanction at the organisational level results from failing to satisfy obligations at the individual level.

Chapter 8 Conclusion

8.1 Introduction

This doctoral research provides a deeper understanding of *how social connections affect personnel selection decision-making*. The research was positioned within the literature that examines the importance, construction, and instrumentality of social connections in personnel selection in the Chinese context. A review of the literature pointed to a dominance of quantitative research that focused on the potential relationship between social connections and personnel selection decisions mainly from the perspective of job seekers. The emphasis of these studies was placed on seeking explanations for the prevalence of social connections from cultural and institutional factors rather than explaining *how* social connections actually affect individual decision makers in choosing and recruiting candidates. This research addressed these weaknesses in extant research within the context of post-reform China in which Chinese management practices are being combined with Western practices. The research investigated the impact of social connections on personnel selection from the perspective of actual decision makers in the Chinese banking sector.

The main objective of this final chapter is to provide an overview of this doctoral project. Section 8.2 summarises the research findings; section 8.3 discusses the contribution of this research to academic knowledge in terms of how it differs from previous studies with a similar research focus, the contribution to theoretical knowledge, and the managerial implications; section 8.4 presents the research limitations of this project; section 8.5 is dedicated to future research directions; and section 8.6 concludes this research with a personal reflection on the doctoral research journey.

8.2 Research overview

This research was initiated by the researcher's personal interest in the concept of social connections and the practical issues that arose from the experience of both local and foreign organisations in China in relation to deploying social connections in personnel selection. Despite the fact that extensive academic research was dedicated to investigating the importance of social connections in Chinese management practice, there remained a certain level of ambiguity with regard to how exactly social connections are perceived and how relevant instrumentalities are actualised in practice in post-reform China. The fieldwork of this research was conducted through 42 semi-structured interviews with 17 HR managers at

the senior managerial level and 25 senior executives, to explore their views of and experience in deploying social connections in personnel selection decision-making. The research was carried out in the Chinese banking sector, which was considered as an under-studied industry in China compared to the manufacturing sector. The findings offer both theoretical and practical insights into this extensively studied, and yet ambiguous research subject.

8.3 Research contribution

This section focuses on the contribution of this research to theoretical and empirical knowledge. The first subsection discusses how this research differs from previous studies that were also anchored within the literature on social connections and personnel selection from the perspective of employers. This subsection also outlines the contribution of this research to academic and theoretical knowledge. The second subsection discusses the empirical contribution and the final subsection focuses on managerial implications.

8.3.1 Contribution to academic knowledge

This research has provided an in-depth understanding of how individual decision makers' perceptions and experience navigate their practices in personnel selection decision-making involving social connections at both the organisational and individual level. This understanding contributes to the extant literature as one of a small number of empirical studies that examined the impact of social connections from the demand side of the labour market (Erickson, 2001; Flap and Boxman, 2001; Gorman and Marsden, 2001; Guthrie, 1998, 2002; Marsden, 2001; Zhang and Lin, 2015). Fundamentally, this research differs from these studies in terms of four aspects, which together add a more refined insight into the interplay of individual and organisational perception and practice actualises the impact of social connections.

First, this research differs from these studies as it is the first study to probe not only how social connections affect selection decision-making but also how social connections fail to affect decision-making. The contrasts between two types of scenario offer a deeper understanding of the extent to which social connections remain effective in the setting of post-reform China. The findings reveal that, to a large extent, personnel selection decision-making in the transitional Chinese economy still relies heavily on testing candidates through paper and pencil exams, which was introduced and has been developed since Imperial China.

The results demonstrate that social connections have no impact on selection decisions to reject candidates who failed to meet the minimal requirement of the entry examination.

The research also provides support for earlier studies that found the persistent importance of social connections in Chinese organisations (Gu and Nolan, 2015; Lin et al., 2009; Yang, 2002; Zhang and Lin, 2015), in the context of which job candidates succeed in passing the entry examination. The findings also add that the degree of effectiveness in influencing final decisions and the ways in which the effect is actualised are highly contextual. One of the primary contributions of this research lies in the findings in relation to how to measure the degree of effectiveness of social connections in instrumental actions. Previous studies advocated classifying social connections into different categories based on the normative elements (Fan, 2002a; Hwang, 1987), origins (Bedford, 2011; Luo, 1997; Yang, 1994), and the strength (Bian, 1997; Granovetter, 1983, 1973, 1995; Lin, 2001b) that are indicated by the frequency of contacts, intensity, and mutually perceived obligation and reciprocity. This research, however, uncovers that these indicators are not necessarily taken into account in actual individual decision-making practice. The empirical evidence sheds some light on the importance of an alignment of organisations and internal actors within the organisations during the period of time when a selection decision is being made in anticipating the effectiveness of social connections.

More specifically, the research contributes to the understanding of the role of an alignment of interest and capability at the individual and organisational level as an indicator of how effective a social connection is influencing selection decisions. In the literature, individual interest is established as the fulfilment of obligation and reciprocity, demonstration of emotional commitment, and protection of face to avoid conflict (Hwang, 1987, 1998; Kipnis, 1997; Yang, 1994). This research, on the one hand, confirms the importance of these normative elements as key motivations for individual actors to deploy social connections. On the other hand, it adds to the voice of seeking for financial resources embedded in social connections to satisfy individual performance appraisal as another key motivation, particularly in the banking sector (Gu and Nolan, 2015). With respect to individual capability to deploy social connections, this research offers support to earlier propositions that individuals are more likely to be able to gain resources when they are able to bridge within a network (Lin, 2001b). Yet, as discussed earlier, the findings did not concur with using the strength of ties (Granovetter, 1973, 1983, 1995) to measure the extent to which individual

actors are able to deploy social connections effectively. Rather, the research adds that individual capability to influence selection decisions lies in their positions in the informal organisational hierarchy and social hierarchy.

With regard to interest and capability to deploy social connections at the organisational level, this research adds to the understanding of the role of organisation ownership in influencing individual perceptions and practices. Zhang and Lin (2015) mentioned that resources embedded in social connections of employees are considered more valuable to non-state-owned organisations than to state-owned organisations. However, their research provided no further explanation of the rationale behind this difference, other than simply suggesting that State-owned organisations received prioritised treatment from the government and therefore demanded fewer resources from employees. The empirical findings of this research extend the understanding that social connections are not more important for non-state-owned organisations than for state-owned organisations in personnel selection. This research demonstrates that state-owned organisations focus on reinforcing existing networks, whereas non-state-owned organisations concentrate on expanding networks.

The second aspect of this research that differs from previous studies is the adoption of a research-generated approach instead of a researcher-generated approach to defining *guanxi*, the term of social connections in China. Previous empirical studies showed a tendency to define social connections in China as *guanxi* (Bian, 1994a, 1999; Bian et al., 2005; Huang and Bian, 2015; Lin and Bian, 1991) or a form of *social capital* (Lin et al., 2009; Zhang and Lin, 2015) without probing the views of individual actors who deploy social connections in personnel selection. In responding to an ongoing debate over the extent to which *guanxi* is unique to the Chinese context, this research did not offer any specific definitions of the term in the fieldwork. Rather, the research participants were asked to provide descriptions of the term based on their personal views and experiences. The results suggest that the meanings of *guanxi* vary with specific contexts. Within this research, the precise message that the term *guanxi* carries when being used by different actors varies in different contexts. The decision makers used *guanxi* to refer to a connection, a connected person, or a personal contact. The findings offer little or no evidence of the use of *guanxi* beyond these meanings prior to further discussion about what a connection meant to individual actors. In this sense, *guanxi* appeared to be merely a Chinese term of social connections. The implication of these finding for conceptualising *guanxi* will be discussed in detail later.

Third, this research also differs from previous studies that investigated the perspective of recruiters by uncovering individuals who make personnel selection decisions and how their perceptions and practices converge and diverge in the process of reaching a final decision. Previous studies either examined the perspective of HR managers only (Guthrie, 1998, 2002) or offered little clarity on the population of their research subjects (Zhang and Lin, 2015). This research differs from these studies through conducting an exploratory study that identified two groups of decision makers, including HR managers and senior executives. The findings suggest that HR managers are primary decision makers in hiring graduates whereas senior executives play a more important role in hiring experienced managers. The results also uncover that senior executives have a dominant influence on HR managers' final decisions, whilst HR managers perceive little room for negotiation with senior executives when disagreements regarding individual perceptions of candidates arise.

Moreover, the research also contrasts the views and experience of these decision makers. The contrasts shed some light on how HR managers and senior executives perceive different levels of importance in deploying social connections to satisfy individual interests. The empirical findings suggest a dominant respect to informal organisational hierarchy in which senior client management executives are placed at the top level. Correspondingly, the findings also demonstrate that HR managers seek to avoid conflicts at work and pressure to reciprocate. This evidence concurs with the emphasis of some scholars on the importance of hierarchy and harmony (Fei, 1992; Siebers, Kamoche and Li, 2015), and *ganqing avoidance* practice (Kipnis, 2002). The research also reveals that senior executives are more proactive in deploying social connections and mobilising embedded resources owing to an alignment of individual and organisational interests. In this sense, this research contributes to an understanding of how the relationships and interactions between HR managers and senior executives enact the effect of social connections. Fundamentally, the research uncovers that the notion of obligation towards and fear of sanction from seniority in informal organisational structures enables social connections within an organisational setting.

Fourth, this research differs from previous studies by taking both formal procedures of personnel selection and individual practice in these procedures into consideration. The research did not follow the steps of previous studies (Guthrie, 1998, 2002; Hanser, 2002) that simplified the factor to adaptation of Western practice. Instead, the research probes the extent

to which such adaptation has an impact on actual implementation of selection decision-making practice. The research shows that Chinese organisations in the banking sector are keen to adopt a systematic personnel practice from Western organisations. However, the results also suggest that the extent to which Western personnel practices are adapted varied with the pilot results of Western-originated practices in local branches, organisational capability to change, and advantages of and restraints on organisation ownership and labour supply. The results uncover that adapted Western personnel selection tools were aborted frequently after a short trial period. Moreover, the results also reveal that decision makers anticipate a short-lived propensity of directly adopted Western practices in Chinese organisations. Meanwhile, adapted practice from assessment centres and job interviews from Western organisations, along with an emphasis on examination, remain popular in Chinese organisations. These findings concur with an earlier suggestion of a compatibility between Western HR practice and Chinese characteristics (Warner, 2010). The research adds to the literature of personnel selection practice in transitional Chinese economy by revealing a hybrid of a traditional bureaucratic assessment method and a Western-influenced approach.

This research also demonstrates that the adaptation to Western personnel practice does not dismiss the importance of social connections in Chinese organisations. The importance of social connections is established by previous studies as an informal channel for personnel selection of candidates for entry-level jobs (Bian, 1994a; Bian, Huang and Zhang, 2015; Ledeneva, 2003, 2008). To some extent, this research is in line with this view, providing evidence that senior executives from non-state-owned organisations use social connections within the sector as a channel to identify prospective candidates for managerial jobs and to gather and verify relevant personal information with the purpose of establishing effective strategies to attract highly-performing candidates from state-owned organisations. The research, however, also offers a different view from previous studies, with regard to how social connections are deployed in personnel selection within organisations' settings in which formal, systematic procedures are established. The findings suggest that social connections are used as selection criteria in a formal process of personnel selection that targets entry-level jobs. In this sense, this research offers a relatively more comprehensive understanding of how social connections are deployed as a selection criterion in a formal selection procedure of recruiting graduates as well as an informal selection channel for recruiting experienced managers.

8.3.2 Contribution to theoretical knowledge

Having specified the ways in which this research differs from previous studies that also examined the perspectives of recruiters, it is important to proceed to discuss how the research findings contribute to further conceptualisation of social connections in the Chinese context, *guanxi* and the theorisation of *social capital*.

Guanxi as a form of social capital

The primary contribution of this research to conceptualising *guanxi* lies in the fact that the impact of *guanxi* on personnel selection is not unique to the Chinese context. Fundamentally, as mentioned earlier, the research reveals that the term *guanxi* used by individual actors in this research did not usually carry normative connotations, such as obligation and reciprocity, as advocated by previous studies (Yang, 1994). The findings suggest that *guanxi* is frequently used to describe a connection between individuals without further meanings. Implications of *guanxi*-related social norms only emerge when decision makers speak about what a social connection means to them and how it affects their selection decisions.

Furthermore, the research contributes to the understanding of how *guanxi* can be explained and examined as a form of *social capital* (Lin, 2001a) with empirical evidence. Fundamentally, a dominant conception of the nature of *guanxi* as a resource that emerges from this research shares a high level of similarity with the core of *social capital theory*. The findings uncover the importance of financial resources for organisations and a specific group of individual actors – client management executives. To a large extent, access to and instrumental use of financial resources are considered as a leading motivation for and an end purpose of deploying *guanxi*. These findings, on the one hand, assemble with the exchange literature situated within *social capital theory* (Coleman, 1990); and on the other hand, reject earlier conceptualisation of *guanxi* as an enduring relationship that requires emotional commitment and repeated reciprocity in an unknown future as a foundation for production (Lin, 2001a; Yang, 1994). Evidence of exchanges between senior executives from non-state-owned organisations and graduate candidates with a time-specific return of financial resources demonstrates that the instrumentality of *guanxi* is not necessarily enacted by long-term reciprocity, but short-term commitment to resource exchange. These findings offer a transformational perspective of *guanxi* by suggesting that business transactions enabled by *guanxi* in newly-established, less competitive communities can be treated as a form of

economic exchange. Unlike earlier propositions (Xiao and Tsui, 2007), broker behaviours are found to be relatively acceptable between internal and external actors in non-state-owned organisations.

The research also provides empirical evidence of how *guanxi* is produced and reproduced within a relatively closed community to maintain and reinforce existing networks. The findings suggest that *guanxi* between decision makers, job candidates, and external actors is rarely established merely for the purpose of financial resources in state-owned organisations. The data sheds lights on a dominant perception that associates working in state-owned banks with job security and *face*. This perception implies that individuals within these organisations are considered as elites in Chinese society. The findings also uncover that state-owned banks strive to develop an internal labour market rather than an external labour market in order to strengthen existing networks of *guanxi*.

The findings related to a sense of exclusive membership in state-owned organisations add to two sets of knowledge in the literature. The research firstly contributes to the conceptualisation of *pseudofamilies* (Lin, 2001a) in an egocentric society (Fei, 1992). Earlier propositions argue that strangers can construct *pseudofamily* networks and individual actors within a *pseudofamily* network are '*not required or expected*' (Lin, 2001a, p.155) to construct interactive *guanxi*. This research extends these propositions that producing *pseudofamily guanxi* is more difficult within networks that are long established, as evidenced in state-owned organisations. Moreover, this research reveals that it is crucial for different groups of individual actors, for instance HR managers and senior executives, to coordinate in order to endure their *pseudofamilies*. The research secondly contributes to the understanding of *social capital* as an exclusive asset for elite groups as long advocated by Bourdieu (1984) by offering evidence from the Chinese context. The findings suggest that *guanxi* can be considered as a collective resource for individual actors both within the same organisation and across different organisations in partnerships, which are mainly dominated by large state-owned organisations in China.

This research also contributes to the conceptualisation of *guanxi* by identifying some subtle differences from *social capital*, which is potentially useful to enhance *social capital theory*. Above all, the results reveal that the conception of *guanxi* as a collective resource for all members from the same community mainly emerges from the perspective of senior

executives. Unlike Qi (2013) who proposes that all individual actors gain from the internal networks of a group, this research uncovers that HR managers did not clearly perceive personal gain from hiring well-connected candidates. The findings suggest that the benefit of membership in terms of both symbolic and material gain is restricted to a certain group of individuals. In this sense, *guanxi* is not necessarily a collective resource for all members who are located in the internal networks of the same organisation, but rather those members who are located within the internal networks that facilitate the core functioning of the organisation. This research demonstrates the importance of identifying different networks within a community in eliciting useful information related to the actual members who benefit from social connections produced by the same community.

Another subtle nuance between *guanxi* and *social capital* that this research uncovers is how obligation is established between individual actors located in the same networks. This research reveals that obligations between individual actors in the same Chinese organisations often arise from ranking in an informal hierarchical structure that is constituted by age, gender, positional resource, and social connections with influential others. In contrast, obligation between individuals in Western organisations is often based on legitimate authority (Jacka, Kipnis and Sargeson, 2013). Moreover, education has long been advocated as a source for cultivating *social capital* (Bourdieu, 1984) and consequently an influence on legitimate authority. On the other hand, this research reveals that education merely cultivates a foundation for *guanxi*, but not necessarily the effective deployment of *guanxi* to gain a position in legitimate authority.

In addition, this research also suggests that the conception of trust plays slightly different roles in constructing and deploying *guanxi* and *social capital*. The findings uncover that the conception of trust remains highly ambiguous in affecting how *guanxi* is established, maintained and deployed, which is in contrast to Fukuyama's (1995) conceptualisation of trust. The research reveals that trust in the context of Chinese organisations can be construed as a by-product of fear of sanction at both individual and organisational levels when failing to meet the expectations of obligation and reciprocity.

Transferability between individual and organisational social capital

The second theoretical contribution of this research is that it adds to the existing understanding of the transferability of *social capital* ownership between the individual level and the organisational level (Sorenson and Rogan, 2014). This contribution lies in the empirical evidence of two ways in which the ownerships of resources-embedded social connections are transferred between individual actors and organisations. The findings suggest that personal ownership of *social capital* is proactively transferred to organisational ownerships through hiring individuals, whereas organisational ownership of *social capital* is transferred to individual ownerships under the circumstance of which relevant resources are produced by connections at the organisational level.

An earlier study reveals a concern about the effectiveness and cost for organisations to gain ownership of *social capital* through individual employees (Sorenson and Rogan, 2014). This research offers a more refined insight in this regard. With respect to the effectiveness of transferring *social capital* ownership, this research suggests that the extent to which organisations are able to establish ownership of *social capital* initiated at the individual level largely depends on the alignment of organisational and individual interest. The research also demonstrates that organisational ownership of *social capital* initiated at the individual level is not permanent in a client-specific sector. The findings reveal that the ownership of *social capital* produced by the interactions and connections between clients and senior executives can be transferred from one organisation (state-owned organisation) to another (non-state-owned organisation). Consequently, this research contributes to the conceptualisation of *social capital* ownership by offering empirical evidence of the dynamic nature of ownership and potential costs for organisations to rely on resources embedded in interpersonal connections.

Additionally, this research also sheds some light on the transferability between norms produced by exchanges both between organisations and individuals. The findings suggest that exchanges between organisations establish expectations of obligation and reciprocity to be fulfilled by both organisational representatives and organisations. On the one hand, the research demonstrates that such expectation is exerted not only on senior executives who represent their organisations in direct interactions with other organisational representatives, but also on HR managers who do not interact with other organisational representatives directly. On the other hand, the research also suggests that norms established through

interactions between organisational representatives at the senior level in the informal organisational hierarchy are also manifested in the exchanges between their organisations. The existing theoretical discussion surrounding norms largely centres on norms as a motivation for deploying *social capital* at the individual and organisation levels respectively (Kwon and Adler, 2014). This research contributes to this discussion by adding evidence that norms are transferred between organisations and organisational representatives in order to endure the instrumentality of *guanxi*.

Confucian notion of harmony as symbolic violence

The third contribution of this research to theoretical knowledge rests on the perception of hierarchy in navigating instrumental practices that actualise the effect of social connections. Theorisation of *guanxi* in relation to the notion of hierarchy is frequently associated with Confucianism and collectivism that dictate conflict avoidance and harmonious interpersonal relationships within communities (Herrmann-Pillath, 2010a; Hwang, 2011, 2012; Wee, 2014). In line with Qi (2013), this research suggests that either treating *guanxi* as a Confucian heritage or locating *guanxi* at the collectivist spectrum is sufficient to theorise the concept. Moreover, this research offers further support for Siebers, Kamoche and Li's (2015) proposition of the usefulness of *symbolic violence* (Bourdieu, 1991; Bourdieu and Passeron, 1977) in understanding management practices that manifest the distance between superiors and inferiors. Siebers, Kamoche and Li's (2015) research on HR practice in foreign retailers that operate in China sheds light on a lack of empowerment for local managers owing to centralised organisational structures and *symbolic violence* in the decision-making process. This research adds further insights in that HR managers feel compelled to assist senior executives at the same managerial level to obtain resources through hiring referred candidates. These findings suggest that practices related to the Confucian notion of harmony in *guanxi* between individual actors in an organisational context can be considered as a form of *symbolic violence*. This research therefore contributes to the understanding of the Confucian-influenced notion of harmony within the context of organisational hierarchy by suggesting a possibility to extend a Western theoretical concept of *symbolic violence* to explore a seemingly cultural-driven aspect of *guanxi*.

8.3.3 Contribution to empirical knowledge

This research contributes to the empirical knowledge of personnel selection decision-making practice in a transitional Chinese economy by supplying empirical data on how social connections affect practices in different selection decision-making procedures. The data identifies two personnel selection selection decision-making procedures, in which social connections play different roles. The research reveals that in the procedure of selecting graduate candidates for entry-level jobs, social connections do not have an impact on the decision-making in the examination stage. The empirical evidence indicates a dominance of using exam to test candidates' knowledge and to predict their future performance in Chinese organisations. The study shows that social connections are not effective in influencing decision makers to shortlist and select candidates who fail to pass the exam. On the contrary, social connections are confirmed as a selection criterion in both the CV screening and the interview stage. The data also indicates that in the procedure of selecting experienced candidates for managerial level jobs, social connections are deployed not only as a selection criterion, but also as a selection channel that assists decision makers in identifying prospective candidates and accessing to relevant information. These findings add further empirical insights to earlier studies that did not supply data on how social connections affect practices in different stages of personnel selection decision-making.

This research also supplies data that demonstrates the importance of organisation ownership in affecting the ways in which social connections affect actual decision-making practices. These empirical findings offer a different insight from Zhang and Lin (2015), who suggest that managers from non-state-owned organisations value social connections more than managers from state-owned organisations. This study does not offer any empirical evidence to support this statement. However, the data does show that managers from non-state-owned organisations value the opportunities to expand their business networks more, whereas managers from state-owned organisations value the maintenance of exiting networks. It is important to note that this research is situated in the banking sector, whilst Zhang and Lin (2015) investigate the role of organisation ownership across different sectors. The contrast between the findings of these two studies implies further exploration of organisation ownership in specific sectors may offer a more refined understanding of how institutional setting influences how social connections are deployed in personnel selection decision-making.

8.3.4 Methodological implications

The employment of both generic probing and critical incident technique in the research interviews of this study has a methodological implication for future research. As some scholars acknowledged (Gu and Nolan, 2015; Yang, 2002), the fact that *guanxi* remains as a sensitive subject induces a challenge for researchers to obtain authentic information. In the exploratory study of this doctoral project, the research participants appeared to be reluctant to discuss social connections in details. However, the interview protocol adopted in the main study allowed the researcher to start the interview with generic probes into how personnel selection decision-making was carried out in general and to use critical incident technique to probe into further details. The technique, on the one hand, assisted in building a rapport of trust with the research participants. On the other hand, it also encouraged the research participants to recall and reflect on specific examples of how they made decisions to shortlist or to reject candidates with and without social connections. The data gathered from using both generic probes and critical incident technique offers a context-rich account of the views and experience of the research participants.

8.3.5 Managerial implications

This research has important managerial implications for organisations that operate in China. Above all, the findings reveal a persistent importance of social connections in the transitional Chinese economy. All but one decision maker anticipated a propensity for social connections in affecting their future decision-making practices. The anticipation implies that overlooking the persistence of social connections may induce a loss of business opportunities and competitive advantages. It is crucial for foreign managers who are involved in or intend to engage with Chinese management to be aware of that the adaptation to Western-oriented personnel practice does not dismiss the influence of social connections on local managers' decision-making. In this research, systematic personnel selection procedures are found compatible with practices of using social connections as either a selection criterion or an informal channel to gather information and to access prospective candidates.

Another managerial implication that this research offers is concerned with the ways in which managers can deploy social connections effectively. Fundamentally, it is vital for managers to ensure that their practices related to social connections do meet legal requirements. Secondly, managers need to make sure that the benefits of using social connections are

sustainable in satisfying long-term organisational interest. It is important for managers to carry out careful evaluation of the value of social connections by taking into consideration of not only personal interests, but also the interests of the department, the subsidiary units, and the organisation as whole. The consequences of a lack of effective evaluation may lead to conflicts at work, mistrust in between managers and subordinates, and turnover.

This research establishes a practical outlook with respect to effective evaluation of social connections to assist in achieving organisational goals. The findings related to organisation ownership imply an importance for establishing a clear goal of business demand and organisational development in order to identify useful resources embedded in different social connections. The evidence of how the value of different social connections and embedded resources varies with job positions also indicates the importance for organisations to explicitly allocate and assign specific demand for resources to each job position. The research also shows that ineffective communication of information between HR managers and senior executives may result in a misfit between jobs and candidates with resourceful social connections and turnover. This suggests that organisations may benefit from decentralising the decision-making process to empower HR managers and to ensure effective communication across senior management. More specifically, both HR managers and senior executives show ability and knowledge to select and hire suitable employees. However, senior executives' assessment of candidates, to a large extent, is influenced by personal interest related to job performance appraisal and career advancement. It is important for senior executives to communicate their favourable views of specific candidate more explicitly with HR managers to ensure an alignment between personal and organisational interest.

Finally, the research findings of a transferability of social connections between individuals and organisations have an implication for foreign managers and organisations that seek to establish connections with local organisational representatives. Fundamentally, the business ethics of practices associated with social connections should be taken into account to avoid activities that involve gift-giving and monetary exchange between individuals. It is crucial for managers to be aware of that corruption and bribery in the disguise of business collaboration endanger the sustainability of collaborative relationships at both individual and organisational level. Furthermore, the transferability of social connections implies that the establishment of business collaboration between either individuals and organisations generate ambiguous

obligations and reciprocity for both organisational representatives and organisations. Failing to recognise the transferability of norms may damage business collaboration.

8.4 Research limitations

This doctoral project is exposed to a few research limitations that must be acknowledged. Primarily, the empirical data has a limited generalizability. The research interviews were conducted with personnel selection decision makers in the banking sector only, which limits to the extent to which the findings can be applied to a wider context. The limitation of a single sector lies in that the persistent importance of social connections found in this research could be a consequence of the dependence of the banking sector on substantial resources embedded in social connections for business survival and success. The data also only represents the management practice of commercial banks that operate in six cities in southern China and one city in northern China. Therefore, the findings lack the capacity to capture a bigger picture of personnel selection decision-making in transitional China.

Secondly, in regard to research method, the study did not contrast the views of HR managers and senior executives in the same organisations owing to the sensitivity of the research subject and the confidentiality of the interviews. The research was also not able to interview top executives who were mentioned and discussed by the research participants, which prevents the researcher from validating the information offered by HR managers and senior executives with regard to candidates recommended by top executives. Meanwhile, five research participants did not agree to be recorded and their interviews remain anonymous. Although the researcher took notes during the interviews, the notes did not capture all information verbatim. Moreover, although the researcher deployed the concept of social connections instead of *guanxi*, it was unavoidable to use the term *guanxi* in the interviews. This was resulted from that in the Chinese language, *guanxi* is used to describe social connections with and without further normative connotations.

Thirdly, the small number of female participants in this research poses a challenge for the study to identify gender difference in perceiving and deploying social connections. Although the number of female in this research may reflect a small population of female decision makers in senior job positions in the banking sector.

Finally, this research can only afford insights into how social connections are deployed in personnel selection decision-making, whilst suffering from a limitation with respect to addressing the ethical issues related to these practices (Dunfee and Warren, 2001; Su and Littlefield, 2001).

8.5 Future research

The academia has long witnessed an on-going debate over the importance of *guanxi* in the transitional Chinese economy, which can be represented by the dispute between Guthrie (2002) and Yang (2002). The findings of this research demonstrate not only a persistence of *guanxi* but also a dynamic facet of *guanxi* in instrumental utility. The research suggest that future studies should go beyond the debate over the importance of *guanxi* and pay more attention to how *guanxi* is deployed in different practices. It would be useful for future research to probe into other personnel practices that involved social connections in the Chinese banking sector and how these practices might also facilitate organisational operation. Similar research could be conducted across sectors to test the extent to which the findings of the persistence and dynamics of *guanxi* are generalizable.

Further research could be conducted to examine whether other organisational ownership, such as joint-ventured organisations, exhibit similar patterns of practice in deploying social connections in their operation in China. Given the compatibility of Western-oriented and Chinese HR practice found in this research, it might be also interesting to explore the gap in the implementation and perception of the development of a hybrid HR system in Chinese organisations from the perspectives of both policy makers and practitioners. Future research could investigate the views and experience of foreign managers and local managers involved in the same personnel decision-making process. Furthermore, the internationalisation of Chinese organisations, including Chinese financial services organisations, requires a more comprehensive investigation in order to understand how perceptions and experience of personnel selection in domestic Chinese organisations affect their overseas counterparts. Therefore, comparative studies of personnel selection decision-making in Chinese commercial banks operating in China and overseas should be undertaken.

The research shows that with an emphasis on using examination as a key method to ensure the quality of prospective employees, recruiters shortlist and reject candidates according to their exam results regardless of the involvement of resourceful social connections. This practice, to some extent, can be considered as a means to ensure equality in personnel selection. However, the influence of social connections in other stages of selection decision-making raise the question of transparency of information and equality of employment opportunity. It would be pertinent for future research to take into account how organisations address these issues in deploying social connections in personnel selection, as well as the business ethics of establishing and reinforcing social connections with governmental officials and business associates through hiring candidates recommended by these external actors.

8.6 Concluding remarks

This research offers a more refined understanding of *guanxi* in the transitional Chinese economy by supplying empirical evidence on the actual practices of establishing, accumulating, maintaining, and deploying social connections in personnel selection decision-making. The understanding adds more insights into the organisational hierarchies as well as organisational visions and strategy related personnel management in the understudied, Chinese banking sector. It is, however, important to note that whilst being effective in gaining access to competitive resources, *guanxi* has its limitations of instrumentality that is subject to the contexts. Furthermore, many challenges are yet to be addressed in future research, including the sustainability of Chinese commercial banks' dependence on *guanxi* for business survival and success and the equality and diversity issues in employment.

8.7 Personal reflection

The journey of this work all began with an overwhelming excitement from discovering Yadong Luo's (2007) book *Guanxi and Business* when I wrote my first essay about *guanxi* for a marketing course in 2008. My fascination for *guanxi* grew hugely ever since. Little did I know that grasping every opportunity to research and write about *guanxi* throughout my undergraduate study did not pave an easy path to my PhD journey. My encounter with challenging moments seemed endless as I entered the maze of literature, thoughts, debates, and data. Many unfortunate life events and my lack of ability to manage emotions also made the light at the end of journey seem so very impossible to be seen.

Yet, I have grown enormously from struggling not to admire a piece of research as a junior researcher to being able to offer useful, critical views and analysis. Another satisfying facet of this PhD journey is a more scientific encounter with *guanxi*. Growing up in a family of hundreds established my earlier conception of *guanxi* in the form of conflict avoidance, obligation, reciprocity, and endless negotiations between family members and relatives for help. Speaking to the people who participated and assisted in this research was a precious experience to have. Immersing myself in their stories allowed me to be reminded of why and how I set off for this journey with my passion and interest. I had moments of laughing out loud when reading some transcripts whose vivid accounts gave me so much fun. I also had many moments of doubts. This journey was manic, joyful, and educational. To reflect on my feelings when writing this document, '*there is no greater agony than bearing an untold story inside you*' (Angelou, 2010).

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Appendix 1: Interview protocol adopted in exploratory study

The purpose of this interview is to understand the process of personnel selection decision-making in your bank through recalling your personal views of and experiences in making selection decisions.

Part 1: please give me an example of which your bank made a decision to offer a job to a candidate:

1. What was your responsibility in this decision-making process?
2. What decision did you make and why?
3. What factors affected this decision?
4. Why did these factor matter?
5. What were the written selection criteria?
6. How did you think and feel about this candidate and why?
7. Who else were involved in the decision-making of choosing this candidate?

Probe- if there were more than one person involved in the decision-making, please tell me: what did they say about this candidate? How did you think about what they said?

Part 2: please give me an example of which your bank made a decision not to offer a job to a candidate.

** Repeat question 1-7.*

Part 3: please talk me through the process of which your bank make a decision about offering a job to a candidate in general.

8. What are the written criteria for selection decision-making in general?
9. What are other factors affect selection decision-making in general and why?
10. Who are the decision makers?
11. What criteria do they use to make their selection decisions and why?

**The words and phrases used in this interview protocol were revised in the Chinese language first and then translated back to English thanks to the feedback from the first two interviewees.*

Appendix 2: Coding structure produced in exploratory study

1. Factors affecting selection decision-making

1.1 Factors/qualification

1.1.1 Factors/qualification/university ranking

1.1.2 Factors/qualification/university name

1.1.3 Factors/qualification/higher education degree

1.1.4 Factors/qualification/study subject

1.2 Factors/personal impression

1.2.1 Factors/personal impression/manner

1.2.2 Factors/personal impression/courtesy performance

1.2.3 Factors/personal impression/being honest

1.2.4 Factors/personal impression/body movements

1.2.5 Factors/personal impression/personal motivation

1.3 Factors/abilities and skills

1.3.1 Factors/abilities and skills/computing skills

1.3.2 Factors/abilities and skills/financial knowledge

1.3.3 Factors/abilities and skills/general business administration knowledge

1.3.4 Factors/abilities and skills/logic

1.3.5 Factors/abilities and skills/Chinese reading skills

1.3.6 Factors/abilities and skills/Chinese writing skills

1.4 Factors/social connections

1.4.1 Factors/social connections

1.4.1.1 Factors/social connections/feeling obligated

1.4.1.2 Factors/social connections/supervisor request

1.4.1.3 Factors/social connections/pressure

2. Procedure of decision-making

2.1 Procedure/CV screening

2.1.1 Procedure/CV screening/individual decisions

2.2 Procedure/paper and pencil exams

2.2.1 Procedure/paper and pencil exams/universal exam format

2.3 Procedure/*face-to-face interviews*

2.3.1 Procedure/face-to-face interviews/individual decisions

2.3.2 Procedure/face-to-face interviews/group decisions

3. Decision makers

3.1 *Decision makers/junior HR managers*

3.2 *Decision makers/senior HR managers*

3.3 *Decision makers/branch presidents*

Appendix 3: Interview protocol adopted for the pilot study

Part 1: Initial warm up

Please tell me about your job your bank.

1. How long have you been working for this bank?
2. Have you changed your job position since you joined the bank?

Probe- if yes, what was the change?

Part 2: Personal experiences in selection decision-making

Please tell me about your experience in selecting candidates for job vacancies in your bank.

3. How long have you been involved in personnel selection?
4. What are your main responsibilities in the selection process?
5. What is your involvement in personnel selection decision-making?

Please tell me about a critical selection decision that you have made, which led to the success of a candidate being selected and offered a job in your bank.

6. What was the decision-making process?
7. How were you involved in this process?

Prompt- i.e. CV screening and interviews

Probe- if you were involved in the CV screening, please talk me through what happened during the CV screening:

- *How did you make your decision in and after the CV screening?*
- *What factors affected your decision and why?*
- *What did the CV screening tell you about this candidate, and why?*

Probe- if you were involved in the interviews, please talk me through what happened during the interview:

- *How did you make your decision in and after the interview?*
- *What factors affected your decision and why?*
- *What did the interview tell you about this candidate, and why?*

By recalling the decision-making process of selecting and offering a job to this candidate, please tell me:

8. What do you think are the main factors overall that lead to the final decision, and why?
9. Which factors were most important in the decision you made?

10. Were there any factors that went against this decision?

Probe- if yes, why?

- *How were these factors considered and eventually overcome?*

11. Who else was involved in the decision-making?

Probe- if you were not the only person who was involved in the decision-making,

- *How were other decision makers involved?*
- *What factors affected their decisions?*

Prompt- did this candidate have any connections with you or any other staff in your bank?

Probe- If yes, please tell me:

- *What is the connection?*
- *What is the position of the person who they have the connection with?*
- *How did you use social connections in your decision-making process?*
- *How did this connection affect your decision, and why?*
- *How important was this connection compared to other factors in affecting your decision?*
- *Which factors were also considered that were more/less important?*

Probe- If no, is there a connection that they could have had that would have made a difference to your decision?

-If yes, what would be this connection? How would this connection affect your decision, and why?

-If no, what else factors would have made a difference to your decision? How would these factors affect your decision, and why?

Please tell me about a critical selection decision that you have made, which led to the failure of a candidate being selected and offered a job place.

What was the process of making this decision?

** Repeat questions 6-11.*

Please tell me the general selection decision-making process in your bank:

12. Are the factors that you mentioned in selecting this candidate usually the key determining factors in your bank's personnel selection-making?

Probe- if no, please tell me:

- *what other factors are involved in this process, and why?*

- *How do these factors differ in different situations or by different jobs that you are selecting for?*
- *How important are these factors compared to the ones that affected your decision in the cases you mentioned, and why?*

Part 3: closure and feedback

Thank you very much for participating in my research. Your views are much appreciated and valued.

13. Could you please kindly provide me some feedback on my interview questions and the language that I used in these questions?

14. Is there any other feedback on the interview process in general?

** Prior to the actual interviews, each participant was briefly introduced to the research objective and confidentiality. In addition to these questions, some more questions are added during the interview to probe further into the research subject.*

Appendix 4: Initial coding structure produced from pilot study

1. Factors affect selection decision-making

1.1 Factors/education

1.1.1 Factors/education/higher education institution ranking

1.1.1.2 Factors/education/degree

1.1.1.3 Factors/education/academic subject

1.2 Factors/qualifications/

1.2.1 Factors/qualifications/financial qualifications

1.3 Factors/abilities and skills

1.3.1 Factors/abilities and skills/problem-solving

1.3.2 Factors/abilities and skills/computing skills

1.3.3 Factors/skills/linguistic skills

1.3.4 Factors/skills/logic

1.4 Factors/personal impression

1.4.1 Factors/personal impression/being honest

1.4.2 Factors/personal impression/manner

1.5 Factors/social connections

1.5.1 Factors/social connections/influential individuals

1.5.2 Factors/social connections/feeling

1.5.2.1 Factors/social connections/feeling/relieved

1.5.2.2 Factors/social connections/feeling/stressed

1.5.3 Factors/social connections/norms

1.5.3.1 Factors/social connections/norms/obligation

1.5.3.2 Factors/social connections/norms/being appropriate

1.5.4 Factors/social connections/interests

1.5.4.1 Factors/social connections/interests/financial investment

1.5.4.2 Factors/social connections/interests/peer competition

1.5.5 Factors/social connections/interactions

1.5.5.1 Factors/social connections/interactions/a word at work

1.5.6 Factors/social connections/relative importance

1.5.6.1 Factors/social connections/relative importance/job types

1.5.6.2 Factors/social connections/relative importance/examination results

2. Selection decision makers

2.1 Decision makers/HR professionals

2.2 Decision makers/non-HR professionals

3. Selection types

3.1 Selection types/campus recruiting

3.2 Selection types/social recruiting

3.4 Selection decision types/individual decisions

3.4 Selection decision types/group decisions

Appendix 5: Coding structure produced in pilot study

1. Factors affecting selection decision-making

1.1 Factors/qualifications

1.1.1 Factors/qualifications/education

1.1.1.1 Factors/qualifications/education/higher education institution ranking

1.1.1.2 Factors/qualifications/education/academic degree

1.1.1.3 Factors/qualifications/education/higher education subject

1.1.2 Factors/qualifications/profession

1.1.2.1 Factors/qualifications/profession/work experiences

1.1.2.2 Factors/qualifications/profession/financial qualifications

1.2 Factors/ability

1.2.1 Factors/ability/problem-solving

1.2.1.1 Factors/ability/problem-solving/interpersonal relationship at workplace

1.2.1.2 Factors/ability/problem-solving/interpersonal relationship in personal life

1.3 Factors/skills

1.3.1 Factors/skills/computing skills

1.3.2 Factors/skills/linguistic skills

1.3.3 Factors/skills/logic

1.4 Factors/personal impression

1.4.1 Factors/personal impression/honesty

1.4.2 Factors/personal impression/manner

1.4.3 Factors/personal impression/body movements

1.5 Factors/social connections

1.5.1 Factors/social connections/influential individuals

1.5.1.1 Factors/social connections/influential individuals/husband

1.5.1.2 Factors/social connections/influential individuals/father

1.5.1.3 Factors/social connections/influential individuals/superior managers

1.5.1.4 Factors/social connections/influential individuals/bank clients

1.5.1.5 Factors/social connections/influential individuals/friends

- 1.5.1.6 Factors/social connections/influential individuals/relatives
- 1.5.2 Factors/social connections/feeling
 - 1.5.2.1 Factors/social connections/feeling/excited
 - 1.5.2.2 Factors/social connections/feeling/vulnerable
 - 1.5.2.3 Factors/social connections/feeling/relieved
 - 1.5.2.4 Factors/social connections/feeling/stressed
 - 1.5.2.5 Factors/social connections/feeling/happy
 - 1.5.2.6 Factors/social connections/feeling/embarrassed
- 1.5.3 Factors/social connections/norms
 - 1.5.3.1 Factors/social connections/norms/obligation
 - 1.5.3.2 Factors/social connections/norms/face
 - 1.5.3.3 Factors/social connections/norms/reciprocity
 - 1.5.3.4 Factors/social connections/norms/responsibility
 - 1.5.3.5 Factors/social connections/norms/social appropriateness
 - 1.5.3.6 Factors/social connections/norms/personal principles
 - 1.5.3.7 Factors/social connections/norms/supervisory authority
- 1.5.4 Factors/social connections/interests
 - 1.5.4.1 Factors/social connections/interests/business relationships
 - 1.5.4.2 Factors/social connections/interests/financial investment
 - 1.5.4.3 Factors/social connections/interests/peer competition
 - 1.5.4.4 Factors/social connections/interests/personal financial performance
- 1.5.5 Factors/social connections/interactions
 - 1.5.5.1 Factors/social connections/interactions/a word at work
 - 1.5.5.2 Factors/social connections/interactions/sharing meals
 - 1.5.5.3 Factors/social connections/interactions/phone calls
 - 1.5.5.4 Factors/social connections/interactions/house visiting
- 1.5.6 Factors/social connections/importance
 - 1.5.6.1 Factors/social connections/importance/job types
 - 1.5.6.2 Factors/social connections/importance/decision makers
 - 1.5.6.3 Factors/social connections/importance/candidate pool
 - 1.5.6.4 Factors/social connections/importance/hiring policy
 - 1.5.6.5 Factors/social connections/importance/examination results
 - 1.5.6.6 Factors/social connections/importance/personal need

2. Selection decision makers

2.1 Decision makers/HR professionals

2.1.1 Decision makers/HR professionals/junior

2.1.2 Decision makers/HR professionals/senior

2.2 Decision makers/non-HR professionals

2.2.1 Decision makers/non-HR professionals/provincial branch presidents

2.2.2 Decision makers/non-HR professionals/local branch presidents

2.2.3 Decision makers/non-HR professionals/client managers

3. Selection types

3.1 Selection types/campus recruiting

3.2 Selection types/social recruiting

4. Selection decision types

4.1 Selection decision types/individual decisions

4.1.1 Selection decision types/individual decisions/CV screening

4.1.2 Selection decision types/individual decisions/initial interviews

4.1.3 Selection decision types/individual decisions/exams

4.1.4 Selection decision types/individual decisions/official job offer

4.2 Selection decision types/group decisions

4.2.1 Selection decision types/group decisions/key interviews

Appendix 6: Coding structure adopted in main study

1. Factors affecting selection decision-making

1.1 Objective factors

1.1.1 Factors/education qualifications

1.1.1.1 Factors/education qualifications /higher education institution ranking

1.1.1.2 Factors/education qualifications /academic degree

1.1.1.3 Factors/education qualifications /higher education subject

1.1.2 Factors/professional qualifications

1.1.2.1 Factors/qualifications/profession/work experiences

1.1.2.2 Factors/qualifications/profession/financial qualifications

1.1.2 Factors/exam results

1.1.2.1 Factors/exam results/computing skills

1.1.2.2 Factors/exam results/linguistic skills

1.1.2.3 Factors/exam results/logic

1.1.2.4 Factors/exam results/essay writing skills

1.1.3 Factors/interview and group assessment results

1.2.1.1 Factors/ interview and group assessment results problem-solving skills

1.2.1.2 Factors/ interview and group assessment results /presentation skills

1.2.1.3 Factors/ interview and group assessment results /communication skills

1.2.1.4 Factors/ interview and group assessment results /leadership skills

1.2 Subjective factors

1.2.1 Factors/personal impression

1.2.1.1 Factors/personal impression/being honest

1.2.1.2 Factors/personal impression/manner

1.2.1.3 Factors/personal impression/personal appearances

1.2.2 Factors/social connections

1.2.2.1 Factors/social connections/social norms

1.2.2.2 Factors/social connections/personal interest

1.2.2.3 Factors/social connections/organisational interest

2. Effect on selection decision-making

2.1 Personal effect

2.1.1 Personal/emotion

2.1.1.1 Personal/emotion/relief

2.1.1.2 Personal/emotion/stress and anxiety

2.1.1.3 Personal/emotion/annoyance

2.1.1.4 Personal/emotion/impatience

2.1.1.5 Personal/emotion/resignation and acceptance

2.1.1.6 Personal/emotion/neutral

2.1.1.7 Personal/emotion/gratitude

2.1.2 Personal/reciprocity and obligation

2.1.2.1 Personal/reciprocity and obligation/family

2.1.2.2 Personal/reciprocity and obligation/superiors

2.1.2.3 Personal/reciprocity and obligation/friends

2.1.2.4 Personal/reciprocity and obligation/career helper

2.1.2.5 Personal/reciprocity and obligation/hometown

2.1.2.6 Personal/reciprocity and obligation/alumni

2.1.3 Personal/face and reputation

2.1.3.1 Personal/face and reputation/being appropriate

2.1.3.2 Personal/face and reputation/face-saving

2.1.3.3 Personal/face and reputation/public opinion

2.1.3.4 Personal/face and reputation/status quo

2.1.4 Personal/trustworthiness

2.1.4.1 Personal/trustworthiness/financial resource

2.1.4.2 Personal/trustworthiness/peer competition

2.1.4.3 Personal/trustworthiness/personal performance

2.1.4.4 Personal/trustworthiness/attitude

2.1.4.5 Personal/trustworthiness/resource sustainability

2.2 Organisational effect

2.2.1 Organisational/branch development

2.2.2 Organisational/organisational development

2.2.2 Organisational/competitive advantage

2.3 Effective practices

2.3.1 Practices/a word at work

2.3.2 Practices/phone calls

2.3.3 Practices/casual meetings

2.3.4 Practices/shared entertainment

2.3.5 Practices/informal interviews

3. The role of selection decision makers

3.1 Decision makers/HR professionals

3.1.1 Decision makers/HR professionals/a salary department

3.1.2 Decision makers/HR professionals/non-policy makers

3.1.3 Decision makers/HR professionals/practitioners

3.1.4 Decision makers/HR professionals/group decision-makers

3.2 Decision makers/non-HR professionals

3.2.1 Decision makers/non-HR professionals/branch presidents

3.2.2 Decision makers/non-HR professionals/department directors

3.2.3 Decision makers/non-HR professionals/policy makers

3.2.4 Decision makers/non-HR professionals/individual decision-makers

4. Job-related differences

4.1 Job-related/selection types

4.2 Job-related/job types

4.2 Job-related/number of vacancies

4.3 Job-related/financial budget

4.4 Job-related/exam results

5. Organisation-related differences

5.1 Organisation-related/leadership change

5.2 Organisation-related/leadership managerial style

5.3 Organisation-related/leadership influence

5.4 Organisation-related/stakeholders interest

5.5 Organisation-related/resource possession and demand

5.6 Organisation-related/cooperation with university

5.7 Organisation-related/strategy

6. Perceptions of the use of social connections in selection

6.1 Positive perception

6.1.1 Positive perception/organisational needs

6.1.2 Positive perception/personal fulfilment

6.2 Negative perception

6.2.1 Negative perception/time waste

6.2.2 Negative perception/extra workloads

6.3 Neutral perception

6.3.1 Neutral perception/common social phenomena

6.3.2 Neutral perception/expecting a decline

Free nodes:

Alcohol drinking capability

Disatisfied old workers

Negative reputation of HR department

