The influence of guanxi and trust on delegation and work attitudes in Singapore.

By Anthony Lye

MBA (Imperial College), DIC, MAcc (NTU), CPA (Singapore)

A thesis submitted for the degree of

Doctor of Business Administration

to

The Faculty of Business and Law

Newcastle Business School

The University of Newcastle

April 2013
Declaration

“This work contains no material which has been accepted for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text.

I hereby certify that the work embodied in this Thesis is the result of original research, the greater part of which was completed subsequent to admission to candidature for the degree.”

Signed: ________________
Lye Chee Fei, Anthony (DBA candidate)

Date: 10th April 2013
Acknowledgments

I would like to dedicate this thesis to my Savior, the Lord Jesus Christ who has always been there to grant me wisdom, grace and favours in all my dealings and undertakings. On a personal level, I will like to thank my family who has encouraged me throughout this long and rewarding journey. I am grateful to my wife and daughter for their patience and understanding throughout this period. I hope to make up for all the weekends and occasions where I cannot accompany them for family and friends gatherings due to the workload of this DBA program.

I will like to express my deepest gratitude and extend a big thank you to my supervisor, Dr. Herman Tse, who has been patient, understanding and a constant source of encouragement through this long and tough journey. Without his guidance and supervision, completing this DBA would not have been possible, to say the least. He has been prompt in reviewing my work and provided me with pointers that make the completion of this thesis possible.
# Table of contents

Declaration ............................................................................................................................... i
Acknowledgments .................................................................................................................. ii
Table of contents ..................................................................................................................... iii
List of figures ........................................................................................................................... vii
List of tables ............................................................................................................................ vii
Abstract .................................................................................................................................... viii

1 Research overview ............................................................................................................... 9
   1.1 Introduction ...................................................................................................................... 9
   1.2 Research background and problem statement ................................................................. 10
       1.2.1 Guanxi .................................................................................................................... 10
       1.2.2 Trust ..................................................................................................................... 11
       1.2.3 Why are guanxi and trust important in Singapore? ................................................. 12
       1.2.4 Delegation ........................................................................................................... 14
   1.3 Research objectives ......................................................................................................... 15
   1.4 Theoretical and practical implications ............................................................................ 15
   1.5 Outline of the research ................................................................................................... 16

2 Literature review .................................................................................................................. 18
   2.1 Guanxi ........................................................................................................................... 18
       2.1.1 Background to guanxi .......................................................................................... 18
       2.1.2 Definition and characteristics of guanxi ................................................................. 19
       2.1.3 Review of existing literature on guanxi ................................................................. 22
   2.2 Trust in followers’ integrity and work competencies ....................................................... 26
       2.2.1 Background of trust ............................................................................................ 26
       2.2.2 Definitions of trust ............................................................................................... 27
       2.2.3 Review of existing literature on trust ................................................................. 29
   2.3 Delegation ...................................................................................................................... 31
       2.3.1 Review of existing literature on delegation ........................................................... 31
   2.4 Job satisfaction ............................................................................................................... 34
       2.4.1 Review of existing literature on job satisfaction .................................................. 34
   2.5 Work commitment ......................................................................................................... 36
       2.5.1 Review of existing literature on work commitment .............................................. 36
2.6 Chapter conclusion ................................................................. 37

3 Conceptual model and hypotheses .................................................. 38

3.1 Conceptual model overview ...................................................... 38

3.2 Hypotheses development ......................................................... 40

3.2.1 Guanxi and delegation ....................................................... 40

3.2.2 Trust and delegation ......................................................... 42

3.2.3 Delegation influences job satisfaction and work commitment .... 45

3.2.4 The mediating effect of delegation on guanxi and trust and changes in followers’ work attitudes ............................................. 46

3.2.5 Relationship between guanxi and trust, induced delegation, job satisfaction and work commitment ........................................ 48

3.3 Chapter conclusion ................................................................. 50

4 Research methodology and design .................................................. 51

4.1 Introduction ............................................................................ 51

4.2 Research design .................................................................... 51

4.3 Methodology ......................................................................... 51

4.4 Sample .................................................................................. 52

4.5 Procedure ............................................................................. 53

4.6 Data storage and security ........................................................ 54

4.7 Survey instruments ................................................................ 55

4.8 Measurement of variables ......................................................... 56

4.8.1 Instruments adopted to measure the independent variables of guanxi and trust .............................................................................. 56

4.8.2 Instruments adopted to measure the mediating variable of delegation ......................................................................................... 58

4.8.3 Instruments adopted to measure the resulting outcomes of work commitment ................................................................. 58

4.8.4 Instruments adopted to measure the resulting outcomes of job satisfaction ................................................................................. 59

4.8.5 Instrument adopted to measure the control variable of leader and follower population or size in the company ............................................. 60

4.9 Data analysis ........................................................................... 60

4.9.1 Preparation of data collected for analysis .................................. 61

4.9.2 Descriptive statistics ............................................................ 61

4.9.3 Validity and reliability .......................................................... 61
4.10 Hypotheses testing ................................................................. 63
4.11 Ethical implications ........................................................... 65
4.12 Chapter conclusion ............................................................... 66

5 Data analyses and findings .......................................................... 67
  5.1 Data collection ................................................................. 67
  5.2 Descriptive statistics ......................................................... 67
    5.2.1 Descriptive statistics of the respondents ......................... 67
    5.2.2 Descriptive statistics of independent variables ............... 69
    5.2.3 Descriptive statistics of mediator and dependent variables ... 69
  5.3 Validity and reliability analysis of data ............................... 70
    5.3.1 Validity of the data ................................................... 70
  5.4 Exploratory factor analysis results .................................... 72
    5.4.1 Guanxi .................................................................. 72
    5.4.2 Leader's trust in followers’ work competencies and integrity ...... 73
    5.4.3 Leader's delegation ................................................... 74
    5.4.4 Work commitment ..................................................... 76
    5.4.5 Job satisfaction .......................................................... 77
    5.4.6 Internal reliability of the measures .................................. 78
  5.5 Inferential statistical analysis .............................................. 79
    5.5.1 Linearity relationship between all variables .................... 79
    5.5.2 Correlations of study variables ...................................... 80
    5.5.3 Antecedents of delegation ............................................ 83
    5.5.4 Outcomes of delegation ............................................. 86
    5.5.5 Mediating effects of delegation ..................................... 88
  5.6 Summary .......................................................................... 92
  5.7 Chapter conclusion ............................................................ 92

6 Discussion and recommendations ........................................... 93
  6.1 Introduction ...................................................................... 93
  6.2 Direct influence of guanxi and trust on delegation .................. 94
  6.3 Direct influence of delegation on job satisfaction and work commitment ...... 95
  6.4 Influence of delegation as the mediator that connects guanxi and trust to changes in work attitudes ........................................... 95
  6.5 Implications for theory ....................................................... 97
6.5.1 Guanxi and trust as antecedents of leadership ........................................... 97
6.5.2 Delegation as a mediator of guanxi and trust .............................................. 98
6.5.3 Guanxi and trust induced delegation improves followers’ work attitudes ................................................................. 99
6.5.4 Application of findings to other multi-cultural contexts .......................... 99
6.6 Managerial Implications .................................................................................. 99
   6.6.1 Guanxi and trust enhance effective delegation ........................................ 99
   6.6.2 Complementary eastern and western management styles ................. 100
   6.6.3 Awareness of followers’ expectations.................................................. 100
6.7 Practical significance ....................................................................................... 101
   6.7.1 Importance of delegation ..................................................................... 101
   6.7.2 Improved understanding on what influences the degree of delegation. 101
   6.7.3 Fostering quality guanxi and trust at the work place ....................... 102
   6.7.4 Key staff retention ................................................................................. 102
6.8 Limitations and suggestions for future research ......................................... 102
6.9 Conclusion ..................................................................................................... 105
7 References ......................................................................................................... 105
8 Appendices ......................................................................................................... 128
   8.1 Survey Questionnaires ............................................................................ 128
      8.1.1 Questionnaire 1 ................................................................................. 129
      8.1.2 Questionnaire 2 ............................................................................... 131
   8.2 Letter from Omega Recycling Limited .................................................. 135
   8.3 Participant Information Statement ............................................................ 136
**List of figures**

Figure 1: Guanxi net of Mr X (the leader) ................................................................. 23
Figure 2: Summary model of hypothesized relationships ......................................... 38
Figure 3: Scatter plots of mediating and dependent variables against independent
          variables ........................................................................................................ 81

**List of tables**

Table 1: A process model of guanxi development ...................................................... 20
Table 2: Frequency distribution and descriptive statistics of the respondents ............. 68
Table 3: Descriptive statistics of independent variables .............................................. 69
Table 4: Descriptive statistics of mediator and dependent variables ......................... 70
Table 5: Exploratory factor analysis on guanxi .......................................................... 72
Table 6: KMO and Bartlett's Test on guanxi ............................................................... 73
Table 7: Exploratory factor analysis on leader's trust in followers’ work competencies
          and integrity ...................................................................................................... 73
Table 8: KMO and Bartlett's Test on leader's trust in followers’ work competencies ..... 74
Table 9: Exploratory factor analysis on leader's delegation ........................................ 75
Table 10: KMO and Bartlett's Test on leader's delegation .......................................... 75
Table 11: Exploratory factor analysis on work commitment ........................................ 76
Table 12: KMO and Bartlett's Test on work commitment ........................................... 77
Table 13: Exploratory factor analysis on job satisfaction ............................................ 77
Table 14: KMO and Bartlett's Test on job satisfaction ............................................... 78
Table 15: Cronbach’s coefficient alphas of measured variables .................................. 79
Table 16: Means, standard deviations, reliabilities, and correlations among variables .. 82
Table 17: Hierarchical regression analysis for the direct effect of guanxi on leader’s
delegation .................................................................................................................. 84
Table 18: Hierarchical regression analysis for the direct effect of leader's trust in followers’
          work competencies and integrity on leader's delegation .................................. 85
Table 19: Hierarchical regression analysis for the direct effect of leader's delegation on
          job satisfaction and work commitment ................................................................ 87
Table 20: Hierarchical regression analysis for leader's delegation as mediator of guanxi
effects on job satisfaction and work commitment ..................................................... 90
Table 21: Hierarchical regression analysis for leader's delegation as mediator of the effect
          of leader’s trust on job satisfaction and work commitment ................................... 91
Abstract

This thesis aims to investigate the relationship between guanxi, trust, job satisfaction and work commitment in Singapore organisations. We adopted a model which shows how decisions are shaped by human background, self-perception, interpersonal relationships, needs beliefs and trust. The model identifies guanxi and trust as the independent variables influencing delegation (the mediator), which indirectly affects job satisfaction and work commitment (outcomes). We tested this model with data collected from a sample size of 380 participants, comprising 103 sets or pairs of matched team leaders (senior engineers-mentors) to junior engineers (followers), from a major water recycling research and development (R&D) company based in Singapore. Regression results showed that there is a positive relationship between guanxi and trust on the degree of delegation exercised by leaders. In addition, the predictive influence of guanxi and trust on job satisfaction and work commitment was fully mediated by delegation (the mediator). This finding runs parallel to the research findings conducted by Yang (2001), who suggests that the higher the quality or level of guanxi and trust in a leader to follower relationship, the higher the level of delegation exercised by a leader to his follower, which in turn produces higher level of follower’s job satisfaction and work commitment.

In this thesis, Singaporean leaders are seen to categorise followers into ‘inner’ and ‘outer’ circles based on the quality of guanxi and trust in a leader-to-follower relationship. Better connected and ‘inner circle’ followers are delegated with more power and responsibilities and this in turn encourages or motivates them to exhibit more initiative and commitment towards achieving corporate goals. This is because they feel empowered, being able to make decisions that can make a difference to the company. In addition, it provides followers with a higher sense of job satisfaction and work commitment knowing the importance of their assigned tasks and the close relationship they share with their leader. The predominately ethnic Chinese Singaporean workforce has provided the cultural foundation for the influence of guanxi and trust on delegation, which in turn influences changes in work attitudes in the Singapore corporate environment.