CONTROLLING THE ABUSE OF GUANXI: A MULTI-CASE STUDY FROM THE PERSPECTIVE OF SUPPLY CHAIN INFORMATION SYSTEMS

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Abstract

While the role of guanxi in organizations has attracted much attention of scholars and the practitioners, few studies have explored how IT influences guanxi and guanxi practice. Based on theories of incomplete contract and governance, an exploratory multi-case study is conducted to understand how IT enables contracts in controlling the negativity of guanxi and strengthening the positivity of guanxi. This paper argues that power alienation resulting from the negativity of guanxi can lead to transformation of organizational social capital into personal social capital. The introduction of IT in organizations enables the regression of contract function and the restoration of the organizational power and organizational social capital. We also show that the negativity of guanxi can be controlled by IT and contracts, while the positivity of guanxi can be enhanced and it plays an indispensable role in dealing with interorganizational business crisis. We develop a causal loop diagram to show the interactive processes among IT, contract, and components of guanxi. Finally, we discuss the implications and limitations of this study as well as future research directions.

Keywords: Guanxi, Information Technology, Contract, Power, Social Capital, Interorganizational Relationship

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