Does managerial networking impinge our morality in Guanxi context? The moderating effect of corruption perception

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ABSTRACT

This study explores the relationship between managerial networking and corporate morality in a *guanxi* context where personal relationship is widely used for organizational purposes. Using a sample of 6361 Chinese private firms, we find a significantly positive relationship between managerial networking and corporate social responsibility, including corporate charitable donations and environmental protection, and an insignificant relationship between managerial networking and the prevalence of business bribery. We also find that such relationships depend on corruption perception, that is, when corruption perception is high, the negative effects of managerial networking are more likely to rise but the positive effects of managerial networking are more likely to be weakened. These results are robust and consistent across various measurements and models.

1. Introduction

Managerial networking has become a common practice in the business world (Heranz, 2010; Soda and Zaheer, 2012). Extant research indicates that managerial networking is an important facilitator in the flow of resources, information and knowledge among network members and can help to reduce transaction costs and increase financial performance (Peng and Luo, 2000; Luo, 2003; Danis et al., 2010; Su et al., 2015; Nandy et al., 2020). Although the financial performance implications of managerial networking are widely acknowledged in the literature (e.g. Santana et al., 2009), its effect on firm-level morality has been rarely explored. Nowadays, firm morality has gained increasing attention driven by pressure from the government and the public. Previous research has demonstrated that pure financial indicators can no longer satisfy stakeholders (Yu and Rowe, 2017; Adomako and Tran, 2022) and social performance plays an increasingly important role in the business community (Frynas and Yamahaki, 2016; Luo and Liu, 2020; Tran and Adomako, 2021; Liu et al., 2022). Firms engaging in ethical activities such as social responsibility can gain legitimacy and improve their social status (Tran and Adomako, 2021). With regard to firm's morality, the current literature mainly explains its underlying determinants from different perspectives such as managerial characteristics (Tran and Adomako, 2021; Yan and Xu, 2022), organizational characteristics (Jo and Harjoto, 2012; Bose et al., 2022), institutional environment (Luo, 2008; Azmat, 2010) and so on. However, little is known about the relationship between managerial networking and firm morality. Some authors argue that *guanxi*[1] networking in pursuit of professional goals can impinge on an individual's moral purity (Casciaro et al., 2014), but the absence of a

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theoretical framework and empirical evidence makes it unclear to specify how the focal relationship might differ at the organizational level (Brass et al., 1998; Snell, 1999; Venard, 2009; Besser and Miller, 2011; Huang and Rice, 2012; Liu and Zhou, 2017; Möllering and Sydow, 2019).

Note that, the moral consequence of managerial networking might depend upon the context. In a social environment featured by intensive *guanxi* connections such as China, cultivating *guanxi* by exchanging gifts and favors is socially prevalent (Hwang, 1987; Xin and Pearce, 1996; Lovett et al., 1999; Su et al., 2003; Millington et al., 2005), doing business demands to engage in *guanxi*, and solid *guanxi* might extensively contribute to business success (Tsang, 1998; Park and Luo, 2001; Su et al., 2003; Chang, 2011; Barbalet, 2014). Such a "positive" view largely deviates from Western scholars who often equate *guanxi* with widespread corruption, rent-seeking bribery, and other unethical behaviors (Steidlmeier, 1999; Su and Littlefield, 2001; Millington et al., 2005; Huang and Rice, 2012).

So, how does managerial networking affect corporate morality performance particularly in *guanxi*-intensive context? This study intends to explore the effect of managerial networking on multi-faceted corporate morality outcomes, namely, corporate social responsibility (CSR) and business bribery. Using a sample of 6361 Chinese private firms, we find that managerial networking has a positive and significant relationship with external CSR—charitable donations and environmental protection—and an insignificant relationship with the prevalence of business bribery. We also find that the correlation between managerial networking and corporate morality performance depends on corruption perception. Specifically, when manager has a high level of corruption perception, the negative effects of managerial networking are more likely to rise, but positive effects are more likely to be weakened.

This study contributes to the existing literature in several ways. First, this study provides a new perspective on the ethical consequences of personal social networking. Previous studies claim that personal social networking can contaminate moral purity (Casciaro et al., 2014) or emphasize the hazards of using *guanxi* practices for unethical purposes (Su and Littlefield, 2001; Millington et al., 2005; Huang and Rice, 2012). This study offers an alternative perspective that managerial networking may have positive consequences for CSR performance in *guanxi* context, where the fundamental logic behind networking is reciprocity and mutual respect. In this way, this study enriches the literature on the ethical issues involved in managerial networking (Steidlmeier, 1999; Millington et al., 2005; Huang and Rice, 2012).

Second, this study highlights the *guanxi* context, offering insights about additional motivations of private firms in fulfilling social responsibilities. The majority of the literature addresses strategic, political, altruistic, and managerial self-interested motivations in social performance (Neiheisel, 1994; Galaskiewicz, 1997; Saiia et al., 2003). Our study reveals that one additional motivation for improving CSR performance may involve the fundamental logic of creating, maintaining and/or strengthening *guanxi*.

Third, this study explores the moderating effect of corruption perception. To the best of our knowledge, this study is among the first to investigate the moderating effect of corruption perception on the relationship between managerial networking and corporate morality. We find that the effect of managerial networking is context-dependent, and managerial networking is more likely to have negative moral consequences when manager has a higher perceived levels of government corruption.

2. Literature review

Is managerial networking more likely to impinge on morality in *guanxi* context? Earlier studies found that personal networking is dangerous for people's cognitive moral development (Su and Littlefield, 2001; Su et al., 2003; Melé, 2009). For example, Casciaro et al. (2014) argues that personal networking in pursuit of professional goals impinges on an individual's moral purity. The upper echelons theory contends that the demographic characteristics of executives, such as experiences, values and personalities, can significantly affect organizational decisions and outcomes (Hambrick and Mason, 1984; Hambrick, 2007). Extant studies have shown that managers' personal networking can bring considerable financial performance to corporate (Peng and Luo, 2000; Danis et al., 2010; Su et al., 2015), but limited attention has been given to the implications of managerial networking for corporate morality performance (Nandy et al., 2020; Liu et al., 2022). It is common to treat *guanxi* as a negative morality phenomenon, even though it is likely that *guanxi* practices have positive or negative outcomes (Brass et al., 1998; Su et al., 2003; Huang and Rice, 2012). The suspicion of immoral consequences of *guanxi* practices often intensifies scholarly concern about the contaminating effects of managerial networking on organizational morality (e.g. Volmer and Wolff, 2018).

The negative impression of *guanxi* practices, such as their being synonymous with corruption and bribery, has been recognized by Western scholars who often equate *guanxi* with ethical misconduct in business transactions (Steidlmeier, 1999; Su and Littlefield, 2001; Millington et al., 2005; Huang and Rice, 2012). Their argument about the unethical implications of *guanxi* largely relies on three widely accepted notions about *guanxi*: gift giving, reciprocal obligations, and personal gains at a social cost.

Nonetheless, the culture literature has a different interpretation on *guanxi* in Chinese society. Some scholar notes that *guanxi* context reflects a Confucian ethical system that stresses interpersonal interdependence and reciprocity (Hwang, 1987). In China, gift giving is a typical way to express appreciation and respect or to signify reciprocity in the process of social networking. The ritual meaning of gift giving is often more important than the gift itself. In the business world, *guanxi* is often perceived as acceptable and necessary for cultivating mutual trust and long-term relationships (Chan et al., 2002; Wu, 2018). However, guanxi context premised on gift giving and favors can lead to a cultural clash with Western ethical standards and even a violation of US and UK laws (Hwang et al., 2009). If the diversity and uniqueness of cultural roots are recognized, so should the reasoning about gift giving. After all, an ethical system premised on *guanxi* rather than Western standards is not necessarily unethical (Lovett et al., 1999), and can be perceived as a unique way of doing business based on its own cultural root (Su et al., 2003).

Another important aspect in *guanxi* is reciprocal obligations. One person's reciprocal behavior can improve other people's perception of interactive willingness and commitment, which gives them confidence in the stability of the dyadic relationship (Mo

et al., 2012). People engaging in *guanxi* understand that they have mutual reciprocal obligations to do favors and help one another (Hwang, 1987; Hwang et al., 2009). Although in essence *guanxi* is a personal connection that actors can rely on to request and receive favors, it is also a personal liability because they must repay favors received to fulfill their reciprocally social obligations. The liability in the form of "*guanxi* debt" or "face debt" affects people's independence and even jeopardizes their ethical practices. Reciprocal exchanges are also perceived as sources of social capital in Western context (Portes, 1998). Although reciprocal obligation restrains people's independence to refuse unethical behavior in some situations, reciprocal behavior is also relevant to "good faith" within the network. The ethical implication is dependent on the intentions and motives of the members of a dyadic relationship, not merely reciprocal obligation itself.

Another accusation against *guanxi* is that it involves personal gains at a social cost. In fact, it has long been recognized that managerial networking can bring benefits for a focal actor at the expense of other actors and thus is detrimental to *guanxi*-based societies (Fan, 2002). In China, *guanxi* usually exists in the form of private dyadic relationships, and *guanxi* context favors insiders and discriminates against outsiders. Network cronyism might rise, as "favoritism shown by one member of a social network toward another member with the intention of producing personal gains for the latter at the expense of parties outside the network, guided by a norm of reciprocity" (Khatri and Tsang, 2003, p1).

Although the *guanxi* literature has grown considerably, there are two worth-noting issues largely ignored in the literature. The first concerns the heterogeneity within *guanxi* practices. Notably Su and Littlefield (2001) distinguished rent-seeking *guanxi* from favor-seeking *guanxi*, and argued that favor-seeking *guanxi* is culturally rooted in Chinese daily life and not related to ethical misconduct. In fact, the reciprocity norm behind favor-based *guanxi* offers a good basis to balance dyadic relationships and leave more independence for people to resist unethical motivations, whereas rent-seeking is institutionally defined and mostly involves a power exchange for personal interest.

The second issue concerns an ongoing transition in Chinese society. The concept of *guanxi* is rooted in Confucian ethics and has been passed down over generations. However, this cultural heritage has undergone dramatic change, including cultural clashes with Western civilization, the rise of the Chinese Communist Party, the Cultural Revolution, modernization, and, more recently, reform and opening up starting in 1978. Traditional Confucian ethics no longer dominate the value system in modern Chinese society. Basic elements from Western ethics blend with Asian behavior, creating a hybrid in *guanxi* practices. Therefore, a new framework is needed to explore the implications of *guanxi* context, which draws on traditional Chinese culture and modern sociology.

3. Hypothesis development

It remains unknown whether or how managerial networking impinges on corporate morality performance in a broader sense, and when its downsides are exaggerated. This study proposes a theoretical perspective about the morality consequences of managerial networking in *guanxi* context and explores the moderating effect of corruption perception.

3.1. Managerial networking as a motivation for ethical conducts

Guanxi is a power game of face and favor (Hwang, 1987). Here, face (*mianzi*) denotes social position or prestige within one's social network. Having a prestigious position not only creates priority within a business network to access information and favorable resources but also helps in exploring business opportunities and being included in profitable ventures (Park and Luo, 2001). Losing face, in many cases, means the undermining of one's business reputation and personal prestige, which may impede the creation and expansion of managerial ties. In Chinese society, business persons might have a particular motivation to save face, rather than losing it (Hwang, 1987). Sample actions in *guanxi* networking involve skilled impression management which may help instill a favorable image with particular contacts.

Because inter-organizational relationships are built upon and expanded through personal *guanxi* (Wank, 1996), impression management becomes a necessary element of managerial networking. Managerial networking refers to the degree of top managers' social ties with executives in external entities (Su et al., 2015). The upper echelon theory suggests that top managers' characteristics may shape their personalized interpretation of the decision environment, thus further affecting firm-level strategic decisions and outcomes (Hambrick and Mason, 1984; Hambrick, 2007). Managerial networking concretely reflects the characteristics of top managers' relationship with external stakeholders, which influence corporate morality performance to a certain extent. The reciprocity norm behind *guanxi* require partners to be sympathetic and provide favors for others in need, which can facilitate benevolent acts (Shen et al., 2022). Given that disregarding this reciprocal obligation could result in losing face and even jeopardize the *guanxi* network, network members tend to engage in accepted ethical conducts to earn face (Liu, 2020; Shen et al., 2022). The greater the managerial networking intensity, the higher the visibility of managers and focal firms in the social network (Qu et al., 2022). In this situation, managers will have a stronger incentive to adopt impression management in order to maintain or enhance their face (Yu and Rowe, 2017; Wu et al., 2022b). Specifically, high managerial networking may create greater pressure for managers, such as continuously meeting heightened stakeholder expectations and keeping corporate consistently perform well. Therefore, managers with high managerial networking are likely motivated to engage in impression management to portray a positive image about their firms and themselves.

Supported by previous research, CSR as a typical ethical conduct has been perceived as an effective means for impression management (Lee et al., 2020; Liu, 2020; Chen et al., 2021). It is noteworthy that firms' ethical decision making and behaviors are important in shaping audiences' perceived impression. In general, CSR perceived as altruism and moral virtue can contribute to earning social acclaim (Mishina et al., 2012), and thus plays an important role in reflecting the firm's face and manager's reputation (Liu, 2020).

Managers are inclined to choose to fulfill social responsibilities that are the most visible to business partners and stakeholders in the business network or the most valuable to their political, commercial, and community ties (Al-Shammari et al., 2019; Liu, 2020). In recent years, external CSRs, especially charitable donations and environmental responsibility, are among the most visible indicators of social performance for the Chinese public (Ye and Li, 2021; Wu et al., 2022a). Specifically, the engagement in charitable donations and environmental responsibility can not only garner greater attention from larger audiences, but also obtain approval and respect from more stakeholders (Barnea and Rubin, 2010; Frynas and Yamahaki, 2016). In this vein, corporate with high managerial networking is more likely to place greater emphasis on charitable donations and environmental responsibility to build favorable public image. Thus, it is plausible that there is a positive link between efforts by *guanxi*-based managerial networks and their social performance in charitable donations and environmental responsibility. Therefore:

Hypothesis 1a. Managerial networking is positively related to corporate charitable donations.

Hypothesis 1b. Managerial networking is positively related to environmental responsibility.

3.2. Managerial networking as a cause of unethical conducts

Managerial networking also has a dark side. To begin, managerial networking, in its essence, is to use personal *guanxi* for organizational purposes. The agency theory suggests that managers may maximize their private interests at the expense of owners' interests (Jensen and Meckling, 1976). The return of favor in *guanxi* could stimulate managers' self-interested motivation and exacerbate managerial incentives to accepting business bribery. That is, firms with high managerial networking generally face more "*guanxi* debt" and thus are more likely to involved in business bribery. Indeed, the reciprocal exchange of social obligations, which personal *guanxi* necessarily involves, is usually cultivated and sustained at both the personal and organizational level. The rules of reciprocity here establish a structural constraint on individual action, and the failure to sustain a reciprocal exchange damages one's status and position in a society (Hwang, 1987; Xin and Pearce, 1996). The return of favor is not only secured by an organization for a long-term business partnership but also by the key managerial individuals at the cost of personal social obligations. The key managerial individuals involved in this process usually take responsibility for the successful fulfillment of the obligations, while the time, magnitude, and form and even level of return (i.e., personal level or organizational level) of the social obligation are usually ambiguous. Therefore, managerial networking may be used to facilitate bribery and for other negative purposes (Melé, 2009). For instance, personal *guanxi* permits the key managerial individual to pay "generously" to persuade key actors at other organizations when the former needs something that the latter can provide. Business bribery is covered up in personal *guanxi* practices, because the request for returning favors of organizational level in terms of personal gaining is legitimated by the moral reasoning of honesty to social obligations. Certain forms of *guanxi*-based managerial networking can be associated with business bribery and corruption (Dunfee and Warren, 2001) in the forms of luxury on-the-job consumption in the name of business expense (Yang and Zhao, 2014; Zhou et al., 2016) or other illegal exchanges for the sake of personal interests in the abuse of public power (Luo et al., 2006), which lead to moral contamination at the organizational level.

Furthermore, Chinese private firms nurture business networks as informal institution substituting for a formal government system of resource allocation and distribution (Xin and Pearce, 1996; Park and Luo, 2001). Indeed, Park and Luo (2001) found private companies in China more likely to develop managerial networking than state-owned enterprises. As an instrument against adverse environment, managerial networking may be more likely to be used for unethical means if the private companies view their commercial survival and success as overriding considerations. Chan et al. (2002) also found that privately owned firms are more inclined to engage in unethical activities for profit–seeking. One blatant challenge to the public good posited by business associations is its support for unethical behavior, including crony capitalism and corruption (Besser and Miller, 2011). Kane (1989) studied the US savings and loan scandal in the 1980s, highlighting this potential ethical risk. It seems plausible that executives at private firms in adverse positions are under more pressure, so they use business networks to sustain corporate profit by unethical means. Unethical behaviors might stem from the organizational "isomorphism" effects. In fact, Besser and Miller (2011) proposed that business morality performance has collectivist roots, as business networks offer a potential source of field-level institutional influence that might create a context nurturing unethical behaviors. Venard (2009) emphasizes the influence of competitive isomorphism in studying organizational isomorphism on corruption in Russia, including from the intensity of competition and competitors' unfair practices on corruption. The fact that those firms in adverse conditions are more likely to engage in managerial networking not only increases exposure to "bad companies", but also worsens organizational isomorphism effects on unethical behaviors, such as rent-seeking, bribery, and corruption.

All taken, we expect to see a positive relationship between the personal use of managerial networking and the prevalence of business bribery:

Hypothesis 2. Managerial networking is positively related to business bribery.

3.3. Moderating effect of corruption perception

The distinction between favor-seeking and rent-seeking *guanxi* has been widely recognized in the literature (Su and Littlefield, 2001; Su et al., 2003; Melé, 2009). A preference for *guanxi* is not necessarily unethical, and favor-seeking *guanxi* in particular is usually irrelevant to corporate morality (Su et al., 2003). Those who criticize *guanxi* as synonymous with bribery are usually referring to rent-seeking *guanxi* (Su and Littlefield, 2001; Su et al., 2003). The study of the ethical consequences of networking practices by Melé (2009)

also claims that instrumental networking has more negative effects than emotional networking. Although *guanxi* context add emotional content to business connections, managerial networking is essentially instrumental in *guanxi* context.

The moral consequence of instrumentally managerial networking largely depends on whether it is used for unethical purposes, which is partially determined by the business environment. In an authoritarian regime, whether the government is clean or corrupt is the manifestation of the institutional environment (Wu et al., 2021b). Government corruption not only enhances the exposure to unethical rent-seeking but also worsens the ethical abuse through managerial networking, leading to more unethical conduct. Collins et al. (2009) find that "the likelihood of an executive engaging in corruption is substantially affected by membership in political parties and familial ties to government," and "these executives are likely to rationalize engaging in corruption as a necessity for being competitive". The rampant government corruption stimulates unethical behavior in business (Collins et al., 2009; Wu et al., 2022c). This directly contributes to the prevalence of unethical behavior in broader business activities. Government corruption also generates enduring and even unassailable organizational fields for institutional isomorphism that encourages firms to cave to pressure in the corrupt environment (Akkerman and Torenvlied, 2011). The dark side of the instrumental use of *guanxi*-based managerial networking is exaggerated in such a corrupt environment. Managerial networking blended with business bribery in the name of achieving organizational goals and its moral consequences are largely ignored and justified with moral reasoning that blames a corrupt environment.

Corruption perception reflects the public's subjective evaluation of the severity of government corruption at individual level (Zhang, 2022). As most entrepreneur have experiences to interact with government at the grass-roots level, the perception of government corruption is to some extent a reflection of actual government corruption (Olken, 2009). Higher corruption perception may mean a more speculative institutional environment, which may lead to more unethical rent-seeking behaviors in business. In sum, it appears that government corruption might be an important contingency that may shape the moral consequence of managerial networking:

Hypothesis 3. *Corruption perception moderates the effect of managerial networking on corporate morality performance, such as:*

Hypothesis 3a. The positive relationship between managerial networking and corporate charitable donations will become less positive given high corruption perception.

Hypothesis 3b. The positive relationship between managerial networking and corporate environmental responsibility will become less positive given high corruption perception.

Hypothesis 3c. The positive relationship between managerial networking and corporate business bribery will become more positive given high corruption perception.

Based on the foregoing hypotheses, conception model is presented in Fig. 1.

4. Methodology

4.1. Data

The data used in this paper comes from the 2016 China Private Enterprise Survey (CPES), which is jointly conducted by All-China Federation of Industry and Commerce, the State Administration for Industry and Commerce, and the Chinese Academy of Social Science. The survey sampling was the multi-stage random sampling method across all regions and industries in all 31 provinces, autonomous regions, and municipalities in China (Jin et al., 2021). The survey respondents were business leaders who have power and discretion to make firms' strategic decisions, such as CEOs or chairmen of the board of directors (Liu and Luo, 2022). The face-to-face data-gathering process largely ensures the reliability and validity of sensitive information on private companies (Wu et al., 2022b). This database has been widely used in exploring research issues concerning Chinese private companies because of its large size (Su and He, 2010; Jia, 2014; Gao and Hafsi, 2015; Jia and Mayer, 2017; Marquis and Qiao, 2020). The 2016 survey contains 8111 initial
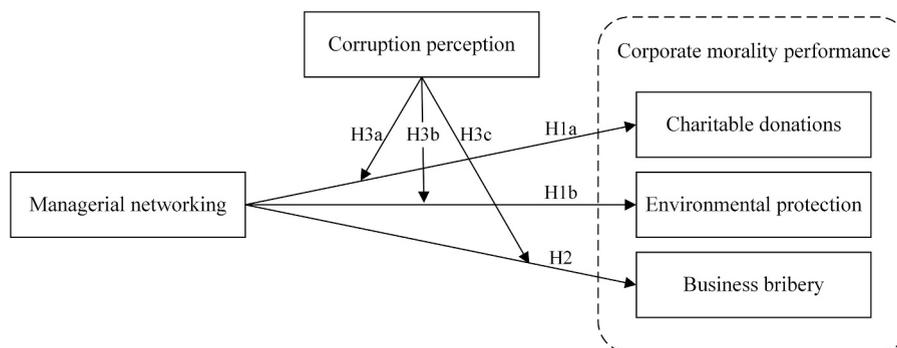

Fig. 1. Conception model.

observations. After deleting observations with missing data, we obtain a final sample totaling 6361 observations.

4.2. Variables

4.2.1. Dependent variables

Corporate morality performance is evaluated in terms of positive aspects—their fulfillment of corporate social responsibility—and negative aspects—the prevalence of business bribery. Among the many CSR practices, charitable donations and environmental protection are the most visible ones to the public (Shafer, 2015; Skouloudis et al., 2015). Therefore, this study measures positive aspects of corporate morality performance by charitable donations and environmental protection. *Charitable donations* is also calculated by the ratio of corporate charitable donations to sales revenue and then multiplied by 100 (Su and He, 2010; Wu et al., 2021a). *Environmental protection* is measured by the amount of environmental investment to combat pollution divided by sales revenue and then multiplied by 100 (Song et al., 2022).

Business bribery, including taking bribes from suppliers or kickbacks from distributors, is a typical case of ethical misconduct, indicating a serious deterioration in their business ethics. Here, this study measures negative aspects of corporate morality performance by the prevalence of business bribery. Business bribery is usually invisible to outsiders. It is obviously not a good tactic to ask a firm directly about business bribery. We measure *business bribery* by asking respondents to report their general perception of the prevalence of business bribery based on their own experience by the following question: "In your personal opinion, do you agree that in the past two years business corruption in Chinese business—e.g., corporate employees asking for bribes or business entertainment in business activities—has been rampant?" This dummy variable is used to proxy for the prevalence of business bribery, and it takes a value of 1 if the respondent says it's serious or very serious, and 0 otherwise.

4.2.2. Independent variables

Following the previous studies (Peng and Luo, 2000; Geletkanycz et al., 2001; Stam and Elfring, 2008; Akkerman and Torenvlied, 2011; O'Toole and Meier, 2011), we measure managerial networking in terms of networking activities and networking inputs. *Networking activity* is measured by asking respondents whether an entrepreneur is involved in any of the following social networks: (1) China private-owned business association; (2) industrial associations or chamber of commerce with official background; (3) youth federations; (4) industrial associations or chamber of commerce without official background; (5) private board of directors; (6) MBA alumni association and other similar associations; (7) charitable organization or other nongovernmental organization; (8) hobby clubs. Responses are divided into five quantile groups according to the number of social organizations to which the respondent belongs. Accordingly, networking activity is then coded on a five-point Likert scale.

In addition, we measure *networking input* by business entertainment expenses. Entertainment practices, such as banquets, sightseeing, and the exchange of gifts, play an enabling role by cultivating trust, promoting reciprocal behavior, and building long-term relationships, all of which are important in managerial networking (Hirsch, 1976; Sun, 2016; Sun and Chen, 2017). Business entertainment is a common practice used to build and maintain business relationships (Beltramini, 2002; Sun, 2016; Sun and Chen, 2017), and it is particularly popular in *guanxi* context. In 2017, about 220 public companies listed on the Shanghai Stock Exchange spent an average of over 10% of annual profits in business entertainment activities. *Networking input* is calculated as a firm's ratio of entertainment expenses to sales and then multiplied by 100 (Huang and Li, 2013; Wei et al., 2015).

4.2.3. Moderating variable

Referring to previous studies (Zheng et al., 2017; Hanousek et al., 2019; Ullah, 2021; Zhang, 2022), we use the average of three items which directly evaluates respondents' perceptions of the extent of government corruption they experience in the business environment. In the CPES 2016, firms' owners or top managers are asked to rate: (1) the necessity of seeking personal *guanxi* and favors from government officials: "Do you agree that in the past two years you needed to seek personal *guanxi* to solicit help or favors from officials to pursue your business?" (1 = completely unnecessary, 5 = very necessary); (2) the necessity of bribery of officials: "Do you agree that in past two years you needed to bribe officials to pursue your business?" (1 = completely unnecessary, 5 = very necessary); and (3) the lack of government efficiency: "Do you agree that nonfeasance and lazy administration by public officials are serious?" (1 = highly disagree, 5 = highly agree). *Corruption perception* is measured by the average score of the three items in a five-point Likert scale.

4.2.4. Control variables

We incorporate a number of control variables to exclude alternative explanations that might bias our analysis. To begin, Given the fact that social performance is tightly connected with financial conditions, we also include the *profitability* (logarithm of net profit) and *revenue* (logarithm of total revenue) as control variables. As social morality activities might be an integral part of a firm's diversification strategy, we control for *diversification* coded as 1 if a firm claimed to operate two or more industry categories and 0 otherwise (Shen et al., 2018; Jin et al., 2021). Given the prevalence of family involvement in Chinese firms (Delbufalo et al., 2016; Stadler et al., 2018), we control for *family ownership*, measured as the percentage of business equity controlled by a family. As larger firms might have more resources to invest in social responsibilities, we control for *firm size*, measured by the logarithm of the number of employees (Cesinger et al., 2016). Considering *firm governance* may influence CSR engagement, we control this variable by the total number of shareholders' meeting, the board of directors, and the board of supervisors. As entrepreneur's *education background* might affect his/her preference on moral doing, we control this variable by using dummy variables for high school and equivalent, college degree and over, with "junior high school and below" as the default. Finally, we use a dummy variable to control for the industry effect of manufacturing and

dummy variables to exclude the influence of provincial heterogeneity in China.

4.3. Statistical models

We use several statistical models in this study. Considering the variable of *charitable donations* and *environmental protection* are a set of truncated data, having a minimum value of zero, we use a Tobit model as the basic model for testing H1. Since the original coefficients estimated by the Tobit model have no specific economic significance, we calculate marginal effects of the Tobit regression. Probit model was adopted to test H2 because the dependent variable of *business bribery* is a dummy variable. Considering the potential self-selection problem and endogeneity, this study tests the empirical results with Propensity Score Matching(*PSM*)analysis. Unlike experimental studies in which samples can be randomly assigned to treatment or control groups, any sample in this study is subject to only one state, for instance, with or without business entertainment expenses. Extending causal inference to observational studies may be problematic. Firms without business entertainment expenses, in some cases, may be small-sized with insufficient financial resources. It is a reasonable speculation that such small firms will face more restrictions in making charitable donations and investment in environmental protection. Therefore, it is necessary to control for selection bias with the PSM method.

5. Empirical results

5.1. Descriptive statistics and correlation analysis

Table 1 reports the descriptive statistics of the full samples containing 6361 observations. The results show that the means of charitable donations and environmental protection are 0.40 and 1.06 respectively, and their standard deviations are 1.34 and 5.44 respectively, which indicates that corporate social responsibility has a considerable variation within the sample. The mean of business bribery is 0.08, indicating that 8% of surveyed private companies reported that business bribery is serious or very serious. Besides, the mean of networking input is 1.22, indicating the pervasiveness of networking input. The mean of networking activity is 2.45, indicating that the number of social organizations that respondents participate in is generally at a medium level.

Table 2 reports the Pearson correlations among the main regression variables. It appears that both networking input and networking activity are positively and significantly correlated with charitable donations. Besides, networking input and networking activity are significantly and positively correlated with environmental protection. These provide preliminary evidence that the correlations between managerial networking and external corporate social responsibility are significantly positive. The largest variance inflation factor is less than 10 among all independent variables, which indicate that multicollinearity is not a serious concern for our results.

5.2. Regression analysis

As mentioned before, we choose to focus on two distinctive aspects of managerial networking: networking input (Table 3) and networking activity (Table 4). As shown in Table 3, in support of H1a, networking input has a positive effect on charitable donations (Model 1, B = 0.23, $p < 0.001$). This indicates the marginal effect of networking input is 0.23, that is, 1% increase in networking input produces 0.23 additional charitable donations. Supporting H1b, the effect of networking input on environmental protection is also significant and positive (Model 2, B = 0.37, $p < 0.001$). In other words, 1% increase in networking input generates 0.37 additional environmental protection. Nevertheless, the effect of networking input on business bribery is not significant at the 0.10 level, meaning that the personal use of managerial networking is not necessarily associated with business bribery. Thus, H2 is not supported.

Table 4 reports the effects of networking activity on charitable donations, environmental protection, and business bribery. Consistent with our findings shown in Table 3, networking activity is positively related to charitable donations (B = 0.46, p < 0.001) and environmental protection (B = 0.67, p < 0.001), although its effect on business bribery is not significant. The economic

Table 1
Summary statistics.

Variables	Mean	SD	Min	Median	Max
Charitable Donations	0.40	1.34	0.00	0.00	10.00
Environmental Protection	1.06	5.44	0.00	0.00	48.39
Business Bribery	0.08	0.28	0.00	0.00	1.00
Networking Input	1.22	3.40	0.00	0.08	25.00
Networking Activity	2.45	1.46	1.00	2.00	5.00
Corruption Perception	2.20	0.89	1.00	2.00	5.00
Profitability	3.32	2.52	0.00	3.04	13.46
Diversification	0.22	0.41	0.00	0.00	1.00
Firm Governance	1.06	1.03	0.00	1.00	3.00
Family Involvement	0.68	0.40	0.00	1.00	1.00
Revenue	6.38	2.64	0.03	6.40	15.61
Firm Size	3.46	1.70	0.69	3.37	11.00
Education Background	1.95	0.44	1.00	2.00	3.00
Manufacturing	0.31	0.46	0.00	0.00	1.00

Table 2
Pearson correlation matrix.

Variables	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1. Charitable Donations	1													
2. Environmental Protection	0.19*	1												
3. Business Bribery	−0.01	0.04*	1											
4. Networking Input	0.41*	0.14*	0.02	1										
5. Networking Activity	0.16*	0.02*	0.01	0.01	1									
6. Corruption Perception	0.01	0.04*	0.25*	0.02	0.07*	1								
7. Profitability	−0.00	−0.05*	0.01	−0.09*	0.35*	0.07*	1							
8. Diversification	0.04*	−0.03*	0.02*	−0.00	0.22*	0.08*	0.14*	1						
9. Firm Governance	−0.01	−0.00	0.03*	−0.04*	0.24*	0.03*	0.27*	0.16*	1					
10. Family Involvement	−0.01	0.00	0.00	0.01	0.03*	−0.01	−0.03*	−0.01	−0.09*	1				
11. Revenue	−0.13*	−0.12*	−0.01	−0.22*	0.40*	0.11*	0.65*	0.17*	0.40*	−0.08*	1			
12. Firm Size	−0.01	−0.02	−0.02	−0.12*	0.44*	0.10*	0.61*	0.20*	0.40*	−0.08*	0.82*	1		
13. Education Background	0.01	−0.03*	0.02	−0.00	0.18*	0.05*	0.16*	0.07*	0.16*	−0.05*	0.22*	0.22*	1	
14. Manufacturing	−0.07*	0.00	−0.01	−0.09*	0.10*	−0.03*	0.20*	−0.09*	0.11*	0.04*	0.29*	0.32*	0.02	1

Notes: * $p < 0.05$.

Table 3

Regression results on the relationship between networking input and corporate morality performance.

DV	Charitable donations	Environmental protection	Business bribery
	Model 1	Model 2	Model 3
Networking Input	0.23***	0.37***	0.01
	(0.01)	(0.05)	(0.01)
Profitability	0.14***	0.20*	0.03*
	(0.02)	(0.09)	(0.01)
Revenue	−0.11***	−0.83***	−0.02
	(0.02)	(0.15)	(0.02)
Diversification	0.33***	−1.42**	0.10+
	(0.07)	(0.47)	(0.06)
Firm Governance	0.04	0.54**	0.07**
	(0.03)	(0.19)	(0.02)
Family Involvement	0.22**	0.88+	0.03
	(0.08)	(0.48)	(0.06)
Firm Size	0.40***	2.64***	−0.06*
	(0.03)	(0.21)	(0.03)
Edu-high school	0.24*	−0.02	0.07
	(0.10)	(0.59)	(0.08)
Edu-higher education	0.10	−2.49**	0.15
	(0.15)	(0.90)	(0.11)
Manufacturing	−0.15*	3.84***	−0.01
	(0.07)	(0.43)	(0.06)
Constant	−2.78***	−16.64***	−1.26***
	(0.22)	(1.35)	(0.14)
Provincial dummies	Yes	Yes	Yes
N	6361	6361	6361
Pseudo.R-Square	0.082	0.034	0.020

Notes: $+ p < 0.10$, $* p < 0.05$, $** p < 0.01$, $*** p < 0.001$.

Table 4

Regression results on the relationship between networking activity and corporate morality performance.

DV	Charitable donations	Environmental protection	Business bribery
	Model 4	Model 5	Model 6
Networking Activity	0.46***	0.67***	0.02
	(0.02)	(0.14)	(0.02)
Profitability	0.15***	0.20*	0.03*
	(0.02)	(0.10)	(0.01)
Revenue	−0.30***	−1.12***	−0.02
	(0.02)	(0.14)	(0.02)
Diversification	0.16*	−1.67***	0.09
	(0.08)	(0.48)	(0.06)
Firm Governance	0.03	0.51**	0.07**
	(0.03)	(0.19)	(0.02)
Family Involvement	0.09	0.63	0.02
	(0.08)	(0.48)	(0.06)
Firm Size	0.41***	2.66***	−0.06*
	(0.04)	(0.21)	(0.03)
Edu-high school	0.20+	−0.02	0.07
	(0.11)	(0.59)	(0.08)
Edu-higher education	−0.03	−2.67**	0.15
	(0.16)	(0.91)	(0.11)
Manufacturing	−0.17*	3.84***	−0.01
	(0.08)	(0.43)	(0.06)
Constant	−2.43***	−15.98***	−1.25***
	(0.23)	(1.34)	(0.14)
Provincial dummies	Yes	Yes	Yes
N	6361	6361	6361
Pseudo.R-Square	0.063	0.032	0.020

Notes: $+ p < 0.10$, $* p < 0.05$, $** p < 0.01$, $*** p < 0.001$.

significance of networking activity indicates that 1 % change in networking activity tends to increase charitable donations and environmental protection by 0.46 and 0.67, respectively. Overall, our findings suggest that in *guanxi*-intensive context such as China, managerial networking might contribute to better CSR performance particularly charitable donations and environmental protection (Koehn and Ueng, 2010). Also, it appears that managerial networking is not aligned with business bribery.

Table 5 reports the moderating effect of corruption perception on the relationship between managerial networking and corporate social responsibility. As shown in Model 7 and Model 8, the interaction term between networking input and corruption perception is negative and significant (B = −0.04, $p < 0.05$), and the interaction term between networking activity and corruption perception is also negative and significant (B = −0.18, $p < 0.001$), which are consistent with hypothesis 3a that the positive relationship between managerial networking and corporate charitable donations will become less positive given high corrupt perception. Model 9 and Model 10 show that the interaction term between networking input and corruption perception is negative and significant (B = −0.76, $p < 0.001$), and the interaction term of networking activity and corruption perception is also negative and significant (B = −0.82, $p < 0.01$), suggesting hypothesis 3b that the positive relationship between managerial networking and corporate environmental responsibility will become less positive given high corrupt perception. Taken together, the positive effect of managerial networking on charitable donations or environmental protection is more likely to be weakened in high government corruption environment.

Table 6 presents the regression results on the relationship between managerial networking and business bribery under the low and high corruption perception subsamples. We construct two subsamples with high corruption perception and low corruption perception based on the sample mean of corruption perception. It is found that the effect of networking input is positive and significant (B = 0.04, $p < 0.001$) in the group with high corruption perception, but not significant (B = −0.02, $p > 0.05$) in the group with low corruption perception. In addition, the effect of networking activity is positive and significant (B = 0.10, $p < 0.001$) in the group with high corruption perception, while the coefficient is not significant in the group with low corruption perception. At the same time, we employ a permutation test to determine significance levels of differences between the two subsamples. The bootstrapping procedure by repeated 1000 times is used to calculate the differences in the coefficients between groups and empirical *p*-value (Cleary, 1999). The empirical *p*-values suggest that both networking input coefficient and networking activity coefficient for the high corruption perception group is greater than that for the low corruption perception group at the 1% significance level. As a result, the results support the notion that when the business environment is high government corruption, the negative sides of managerial networking is more likely to rise.

5.3. Robustness test

This study might be vulnerable to selection bias issues. In particular, there are two potential selection issues that may bias our

Table 5
The moderating effect of corruption perception on the relationship between managerial networking and CSR.

DV	Charitable donations		Environmental protection	
	Model 7	Model 8	Model 9	Model 10
Networking Input	0.23***		0.33***	
	(0.01)		(0.06)	
Networking Activity		0.47***		0.69***
		(0.02)		(0.14)
Networking Input * Corruption Perception	−0.04*		-0.76***	
	(0.02)		(0.14)	
Networking Activity * Corruption Perception		−0.18***		−0.82**
		(0.05)		(0.28)
Corruption Perception	0.16*	0.30***	1.03*	1.27**
	(0.07)	(0.08)	(0.42)	(0.43)
Profitability	0.14***	0.15***	0.20*	0.20*
	(0.02)	(0.02)	(0.09)	(0.10)
Revenue	−0.12***	−0.31***	−0.83***	−1.13***
	(0.02)	(0.02)	(0.14)	(0.14)
Diversification	0.32***	0.15+	−1.45**	−1.71***
	(0.07)	(0.08)	(0.47)	(0.47)
Firm Governance	0.04	0.03	0.54**	0.54**
	(0.03)	(0.03)	(0.19)	(0.19)
Family Involvement	0.22**	0.09	0.82+	0.64
	(0.08)	(0.08)	(0.48)	(0.48)
Firm Size	0.40***	0.40***	2.60***	2.64***
	(0.03)	(0.04)	(0.20)	(0.21)
Edu-high school	0.24*	0.20+	−0.07	0.01
	(0.10)	(0.11)	(0.59)	(0.59)
Edu-higher education	0.11	−0.03	−2.43**	−2.66**
	(0.15)	(0.16)	(0.89)	(0.91)
Manufacturing	−0.15*	−0.15*	3.82***	3.89***
	(0.07)	(0.08)	(0.43)	(0.43)
Constant	−2.81***	−2.50***	−16.66***	−16.21***
	(0.22)	(0.23)	(1.35)	(1.35)
Provincial dummies	Yes	Yes	Yes	Yes
N	6361	6361	6361	6361
Pseudo.R-Square	0.083	0.065	0.036	0.033

Notes: + p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001.

Table 6

Regression results on the relationship between managerial networking and business bribery under the low and high corruption perception subsamples.

DV	Business bribery			
	Model 11	Model 12	Model 13	Model 14
	High	Low	High	Low
Networking Input	0.04***	−0.02+		
	(0.01)	(0.01)		
Networking Activity			0.10***	−0.04+
			(0.03)	(0.02)
Profitability	0.02	0.03+	0.02	0.03+
	(0.02)	(0.02)	(0.02)	(0.02)
Revenue	0.00	−0.05*	−0.02	−0.05*
	(0.03)	(0.02)	(0.03)	(0.02)
Diversification	−0.08	0.19*	−0.10	0.21**
	(0.09)	(0.07)	(0.10)	(0.08)
Firm Governance	0.03	0.13***	0.02	0.13***
	(0.04)	(0.03)	(0.04)	(0.03)
Family Involvement	0.09	0.02	0.06	0.04
	(0.10)	(0.08)	(0.10)	(0.08)
Firm Size	−0.04	−0.07+	−0.05	−0.06+
	(0.04)	(0.04)	(0.04)	(0.04)
Edu-high school	0.23+	−0.04	0.20	−0.04
	(0.14)	(0.09)	(0.14)	(0.09)
Edu-higher education	0.10	0.19	0.08	0.21
	(0.20)	(0.14)	(0.20)	(0.14)
Manufacturing	−0.06	0.08	−0.07	0.08
	(0.10)	(0.07)	(0.10)	(0.07)
Constant	−0.97***	−1.29***	−0.93***	−1.30***
	(0.24)	(0.20)	(0.24)	(0.20)
Provincial dummies	Yes	Yes	Yes	Yes
N	1565[a]	4792	1565	4792
Pseudo.R-Square	0.054	0.046	0.054	0.046
Differences	−0.06		−0.14	
P-values	0.000		0.000	

Notes: + p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001; Differences: differences in coefficients between groups; P-value: empirical p-value after bootstrap 1000 times.

[a] 4 observations are automatically dropped in Stata process procedure because one province with only these 4 observations are not included due to all these 4 observations falling into one group.

regression results. The first is selection bias associated with managerial networking. Indeed, the sample group with a high extent of managerial networking may have very different characteristics in terms of firm size, revenue, diversification, geographic distribution, and other unobservable characteristics, compared to the sample group with a low extent of managerial networking. The second is selection bias associated with government corruption as local context might affect the way that managers choose to use networking in their business practices.

We use two approaches in addressing these two selection biases. To begin, we apply a self-selection model in which certain variables such as profitability, firm size, and the education level are used to predict the probability of whether a firm will engage in managerial networking. Then, we calculate the propensity value of networking input, and distinguish treatment and control groups. The nearest-neighbor matching method is used to match the treatment and control groups through PSM. As shown in Table 7, networking input is both significantly associated with charitable donations (B = 1.81, p < 0.001) and environmental protection (B = 2.49, p < 0.01), while it has no significant effect on business bribery (B = 0.12, p > 0.1). These results indicate that our empirical results are robust even after controlling for this selection bias.

Secondly, to control for the selection bias associated with corruption perception, we use a self-selection model in which certain variables, such as the region, industry, profitability, firm size, and education level are used to predict the probability of whether a firm perceives government governance as being corrupted. Again, we calculate the propensity value of corruption perception using the nearest-neighbor matching method and distinguish treatment and control groups. Table 8 and Table 9 report robustness test for moderating effect after controlling selection bias of corruption perception. In Model 18 and Model 19, the coefficient of the interaction term between networking input and corruption perception is insignificant, but the coefficient of the interaction term between networking activity and corruption perception is negative and significant (B = −0.17, p < 0.01), indicating that the relationship between networking activity and charitable donations is negatively moderated by corruption perception. Model 20 and Model 21 show that the coefficient of the interaction term between networking input and corruption perception is negative and significant (B = −0.68, p < 0.001), and the coefficient of the interaction term between networking activity and corruption perception is negative and significant (B = −0.89, p < 0.01), indicating that the relationship between managerial networking and environmental protection is negatively moderated by corruption perception. As shown in Table 9, the effect of networking input on business bribery is positive and

Table 7
Robustness test after controlling selection bias of managerial networking.

DV	Charitable donations	Environmental protection	Business bribery
	Model 15	Model 16	Model 17
Networking Input	1.81***	2.49**	0.12
	(0.15)	(0.84)	(0.08)
Profitability	0.34***	0.47+	0.00
	(0.04)	(0.24)	(0.02)
Revenue	−0.47***	−2.34***	0.05
	(0.06)	(0.34)	(0.03)
Diversification	0.38+	−1.06	0.09
	(0.17)	(1.01)	(0.09)
Firm Governance	0.01	0.90+	0.06
	(0.08)	(0.44)	(0.04)
Family Involvement	−0.23	−0.24	0.29**
	(0.18)	(1.05)	(0.10)
Firm Size	0.77***	4.85***	−0.08
	(0.08)	(0.47)	(0.04)
Edu-high school	0.44	0.63	−0.07
	(0.23)	(1.26)	(0.11)
Edu-higher education	0.50	−2.69	0.10
	(0.36)	(2.12)	(0.18)
Manufacturing	−0.44+	5.12***	−0.00
	(0.18)	(0.97)	(0.09)
Constant	−3.27***	−21.46***	−1.56***
	(0.51)	(3.11)	(0.25)
Provincial dummies	Yes	Yes	Yes
N	2207	2207	2199
Pseudo.R-Square	0.074	0.046	0.041

Notes: + p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001.

significant (B = 0.03, p < 0.01) in the group with high corruption perception, but not significant in the group with low corruption perception. In addition, the effect of networking activity on business bribery is positive and significant (B = 0.08, p < 0.01) in the group with high corruption perception, while the coefficient is negative and significant (B = −0.07, *p* < 0.05) in the group with low corruption perception. These results together support our argument that managerial networking can increase corporate business bribery when there is high corruption perception. Overall, based on PSM analysis, we confirm that our empirical results are robust even after controlling for selection biases.

6. Discussion

6.1. Theoretical implications

Two theoretical insights emerge from our study. To begin, unlike previous studies arguing *guanxi* is synonymous with corruption and bribery with the emphasis on the hazards of using *guanxi* practices for unethical purposes (Su and Littlefield, 2001; Millington et al., 2005; Huang and Rice, 2012), our study offers an alternative perspective in understanding the moral consequences of managerial networking in *guanxi* context. Our study seems to suggest that it is the abuse use of *guanxi* –rather than *guanxi* itself- that should be blamed. We argue and found that managerial networking might reflect the favor-seeking instead of rent-seeking, and managerial networking is not necessarily unethical. Indeed, managerial ties behind networking in a *guanxi*-intensive context should be best understood as a relationship in which an individual seeks to influence other people by mean of *renqing* and *mianzi*. Both sides of a mixed tie know each other and keep a certain expressive component in their relationship (Hwang, 1987). In such a context, impression management is compulsory element in the process of creating, maintaining and/or strengthening *guanxi*. In order to develop better impression, managers might be inclined to engage in *guanxi* practices and fulfill social responsibilities that are the most visible to business partners and stakeholders (Follows and Jobber, 2000; Smith, 2003; Walker et al., 2010). In this way, our study contributes to existing literature by exploring positive motivation of managerial networking on CSR performance in *guanxi* context.

In addition, our study identifies the potential boundary over which the negative consequence of managerial networking may be exacerbated. We found that the negative side of managerial networking such as its effect on business bribery is more likely to emerge when the government is corrupted. When the government is not corrupted, the effects of managerial networking are positive and its downside is insignificant. Indeed, the favor-seeking aspect behind managerial networking is just culturally rooted in China, and not necessarily linked to ethical misconduct. As a comparison, the rent-seeking is institutionally defined and mostly involves power exchange for personal interest, which is likely to be used for unethical purposes. Facing corrupted government, companies may be inclined to leverage rent-seeking ties with governmental officials with the hope to protect their interests and/or secure business opportunities. Our empirical study implies that it is the institutional system such as government administration -not managerial networking itself- impinges organization's morality performance in a *guanxi*-intensive context.

Table 8

Robustness test after controlling selection bias of corruption perception (DV = Charitable Donations / Environmental Protection).

DV	Charitable donations		Environmental protection	
	Model 18	Model 19	Model 20	Model 21
Networking Input	0.21***		0.21**	
	(0.01)		(0.07)	
Networking Activity		0.42***		0.74***
		(0.03)		(0.18)
Networking Input * Corruption Perception	−0.03		−0.68***	
	(0.02)		(0.16)	
Networking Activity * Corruption Perception		−0.17**		−0.89**
		(0.05)		(0.32)
Corruption Perception	0.11	0.26**	1.51**	1.78***
	(0.08)	(0.08)	(0.49)	(0.49)
Profitability	0.14***	0.15***	0.06	0.05
	(0.02)	(0.02)	(0.12)	(0.12)
Revenue	−0.09**	−0.26***	−0.76***	−0.92***
	(0.03)	(0.03)	(0.19)	(0.18)
Diversification	0.42***	0.27**	−1.63**	−1.87**
	(0.09)	(0.09)	(0.58)	(0.58)
Firm Governance	0.03	0.04	0.58*	0.58*
	(0.04)	(0.04)	(0.24)	(0.25)
Family Involvement	0.12	0.02	0.76	0.65
	(0.10)	(0.10)	(0.61)	(0.61)
Firm Size	0.30***	0.31***	2.43***	2.36***
	(0.04)	(0.04)	(0.26)	(0.26)
Edu-high school	0.32*	0.27*	−0.38	−0.43
	(0.12)	(0.13)	(0.75)	(0.75)
Edu-higher education	0.26	0.07	−2.20+	−2.63*
	(0.18)	(0.19)	(1.14)	(1.15)
Manufacturing	−0.15+	−0.18+	2.77***	2.86***
	(0.09)	(0.09)	(0.55)	(0.55)
Constant	−2.63***	−2.29***	−16.28***	−16.52***
	(0.26)	(0.27)	(1.69)	(1.68)
Provincial dummies	Yes	Yes	Yes	Yes
N	3981	3981	3981	3981
Pseudo.R-Square	0.072	0.055	0.027	0.026

Notes: + p < 0.10, * p < 0.05, ** p < 0.01, *** p < 0.001.

6.2. Practical implications

Our study offers two meaningful implications for policy-makers and business practitioners. To begin, previous literature often posits that *guanxi* is synonymous with corruption and bribery and have a negative impression for the use of personal *guanxi*. Our study highlights that managerial networking is not necessarily unethical, and the prevailing perception should be best understood as the cultural distinction between western stereotypes and Confucian values.

More importantly, this study seems to suggest that it is the government administration that determines the nature of managerial networking, and a corrupted government might "activate" the negativities associated with managerial networking. Hence, given the prevalence of rent-seeking type of networking activities, the government and policy-makers might be more responsible compared to business owners.

6.3. Limitations and future research

This study has several limitations which might create potential opportunities for future studies. Firstly, we chose to focus on charitable donations, environmental protection, and business bribery as the DVs, as these three are most visible in front of stakeholders in China. Future studies might explore other aspects and/or activities associated with corporate morality performance.

Secondly, we hypothesized and found that the effect of managerial networking is contingent on government corruption. The construct of corruption perception is chosen as we intend to specify a scenario in which rent-seeking type of networking is more likely to be activated. Future studies might want to explore other regulative or cultural factors that might enhance the likelihood of rent-seeking managerial networking. Besides, future studies need to pay more attention to the property right of Chinese firms, and further investigate the differences in the role of managerial networking between state-owned firms and non-state-owned firms.

Finally, note that *Guanxi* is a concept embedded in Chinese culture, while personal networking for professional purposes is widely used across different cultures and countries. Future studies might want to conduct comparative studies examining whether our conclusion can be validated to other *guanxi*-intensive contexts.

Table 9

Robustness test after controlling selection bias of corruption perception (DV = Business Bribery).

DV	Business bribery			
	Model 22	Model 23	Model 24	Model 25
	High	Low	High	Low
Networking Input	0.03**	−0.01		
	(0.01)	(0.01)		
Networking Activity			0.08**	−0.07*
			(0.03)	(0.03)
Profitability	0.02	0.04	0.02	0.04
	(0.02)	(0.02)	(0.02)	(0.02)
Revenue	0.01	−0.04	−0.01	−0.04
	(0.03)	(0.03)	(0.03)	(0.03)
Diversification	−0.12	0.15	−0.14	0.18+
	(0.10)	(0.10)	(0.10)	(0.10)
Firm Governance	0.03	0.10*	0.02	0.10*
	(0.04)	(0.04)	(0.04)	(0.04)
Family Involvement	0.12	0.07	0.09	0.10
	(0.10)	(0.10)	(0.10)	(0.10)
Firm Size	−0.04	−0.05	−0.04	−0.04
	(0.04)	(0.04)	(0.04)	(0.04)
Edu-high school	0.15	−0.12	0.13	−0.11
	(0.14)	(0.12)	(0.14)	(0.12)
Edu-higher education	0.00	0.18	−0.00	0.24
	(0.21)	(0.17)	(0.21)	(0.17)
Manufacturing	−0.06	0.04	−0.07	0.03
	(0.10)	(0.09)	(0.10)	(0.09)
Constant	−0.98***	−1.49***	−0.93***	−1.45***
	(0.25)	(0.28)	(0.24)	(0.28)
Provincial dummies	Yes	Yes	Yes	Yes
N	1420	2546	1420	2546
Pseudo.R-Square	0.052	0.045	0.050	0.048

Notes: + $p < 0.10$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$.

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Author statement

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Declaration of Competing Interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Data availability

The authors do not have permission to share data.

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