Volume 5(2)

International Journal of Business Anthropology

Table of Contents

Editorial Commentary

Corporate Ethnography and Clinical Research: Thinking a Case Study of Software Evaluation
Pedro Oliveira

Effects of Religiosity on Apparel Shopping Orientation: An Exploratory Study
Lizhu Davis and Tun-Min (Catherine) Jai

The Bitter Fruit of Power. An Ethnographic Study of Corporate Compliance
Davide Torsello

Guanxi in Relationship Marketing of China’s Foreign Banks: A Marketing Research to Echo Business Anthropology
Adolphus Yee-Yin Wan and Marco Pui-Lam Ip

A Brief History of American Indian Business
Charles Harrington

Performance Indicators for Training Module Curriculum of Long Term Care
Hsiang-Ping Wang and Liang-Ju Chen

Teddy Bear: The Dearest, Nearest, and Scariest
Qing He
Editorial Commentary

When they study businesses, anthropologists bring a great deal of value to the table, but they also confront obstacles as they seek to apply their knowledge and their methods in this terrain. As a result, business anthropology faces the challenge of adapting, in order to overcome the obstacles, while maintaining the distinctive advantages of the root discipline. These challenges and some of the resolutions to these challenges are evidenced in this issue of the *International Journal of Business Anthropology*.

Howard Aldrich, a sociologist who is prominent in management studies, and I have recently written about the obstacles and opportunities for greater collaboration between anthropologists and management scholars (Stewart & Aldrich, forthcoming). Our article is directed to management scholars. More recently, I wrote a companion article directed to anthropologists (Stewart, 2014). In this introduction, I refer to the eight potential obstacles that we introduced in those two papers.

The first apparent obstacle is that anthropologists specialize in so-called “exotic” cultures at the expense of knowledge of modern, capitalist societies. However, the knowledge of diverse cultures can itself be a strength, and anthropological methods have helped field researchers to gain real business expertise. In this issue, we see evidence of the study of pressing business and social issues, such as training for long-term elderly care (the article by Wang and Chen). We also see evidence of useful deliverables for managers (the article by Oliveira).

A second potential obstacle is sympathy for the powerless and the poor and, in many cases, a left-wing bias against business. We argue that sympathy for peoples outside of the business mainstream can be a strength, and one that resonates with some business people and scholars. In this issue, we find an example of this commendable concern in Harrington’s article. Moreover, there is no evidence of an anti-business bias. This might seem to be inevitable in a “business anthropology” journal, but management journals themselves are not immune from left-wing ideology.

A third potential obstacle is exclusive reliance on ethnographic method, and in particular on the solo fieldworker as the one research instrument, working in one supposedly bound-off research site. In this issue, to the contrary, we see if anything the potential for an over-reaction against ethnography. Many other methods are used here, as in fact they are in most anthropological practice. For example, Harrington’s article is an historical synthesis, Wang and
Chen’s article is an analysis of educational courses, and He’s article is a popular culture study. Torsello’s article and the article by Wang and Ip are based on interviews.

So far so good. However, we can ask just how far anthropology can deviate from intensive field study and still be anthropology. It is not clear that the interviews in these articles are “ethnographic” in Spradley’s (1979) sense. They are certainly mainstream by business school standards. So too is the article by Davis and Jai. In fact, this study could be part of a study that is anthropological as a whole, but is not in itself anthropological. It is based on the structural equation modeling analysis of “an online survey” of undergraduate students. It cites no works from anthropology. From a marketing perspective, the research is well executed. It is not a weakness of the study to note that it draws into relief the challenge of retaining anthropological strengths in research on business.

A fourth potential obstacle is sufficiently deep access into business firms for anthropologically oriented fieldwork. Such fieldwork is intrusive to some extent, regardless of the skills of the ethnographer, and if it is carried out well it uncovers more than the managers studied may care for. As a result, many anthropological studies of businesses have been carried out at the level of industry clusters, networks, or professions rather than individual firms. An example in this issue is Torsello’s article on compliance officers, which raises interesting points about sensitive data, within the firms as well as without for publication.

A fifth potential obstacle is the duration required for anthropological fieldwork. Among the resolutions found in applied and business anthropology are insider-outsider teams and the various approaches in the rapid appraisal toolkit. Not surprisingly, the fieldwork duration of the studies in this issue is brief. Oliveira interviewed and observed for two weeks and Wang and Ip interviewed for one week. In this regard, these articles are similar to those in business journals. Duration will continue to be a challenge for business anthropologists.

A sixth potential obstacle is the pattern of solo-authored works in anthropology. This runs counter to the increasing trend towards multiple-authored works, which dominate in citation counts. Solo authorships are less prevalent in applied rather than purely “academic” anthropology. In this issue, three of the seven articles are jointly authored. Moreover, anthropologists of all descriptions often conduct their work more collaboratively than the authorships make apparent. As an example, in the work for his article, Oliveira collaborated with a “co-researcher in the field (a designer)”.

A seventh potential obstacle is the nature of anthropological findings. They are relatively more complex and contextually specified than the findings of economics, psychology, or even sociology. Of course this reflects a strength of anthropology. The real world is complex and contextual. In this issue, such a strength is evidenced in Torsello’s sensitivity to the Hungarian context. For example, he notes the tainted image of whistle blowers in a country with a totalitarian history. This strength, unfortunately, also makes findings potentially harder for decision makers to quickly digest. The challenge for business anthropologists is to find ways to present their results that resonate with managers. In this issue, we see an example in Oliveira’s use of “a pie chart [as] part of our final deliverable.”
An eighth potential obstacle is that complex and contextualized findings are best expressed in scholarly books rather than popular books, which could reach a managerial readership, or articles, which are more likely to reach a business school readership. However, the very presence of this journal demonstrates that this is scarcely an insurmountable challenge. We now have the *International Journal of Business Anthropology*, and the *Journal of Business Anthropology*, as well as more general applied journals such as *Human Organization*. Moreover, I have suggested (Stewart, 2014) that management journals - and I would add marketing journals - are likely to be receptive to well-done fieldwork based submissions. The weakness of most so-called “qualitative” research in business can best be remedied by the manifold strengths of anthropological method (Alex Stewart).

REFERENCES


Stewart, Alex. (2014). Too rare to be a token: An anthropologist in a business school. *Journal of Business Anthropology*, 3(2) (pp. TBD). This paper is being translated for the Chinese *Journal of Applied Anthropology*
Corporate Ethnography and Clinical Research: 
Thinking a Case Study of Software Evaluation 

Pedro Oliveira 
Independent Consultant and Global Associate at Practica LLC 

Anthropology in business is currently going through a huge expansion in the intersection between thinking and academia. The time is apposite to revisit the relation between theory and practice in anthropology. Drawing from ideas in applied anthropology, design research, and organizational studies, I suggest that the intersection between ethnography and a clinical research approach can help refine the relation between theory and practice in design and business anthropologies. Furthermore, I bring in the idea of formulation as used by clinical psychologists and propose an idea of anthropological formulation, blending ethnography and a clinical research process. A case study on the ethnographic assessment of software is used as an illustration.

INTRODUCING THE JUNCTIONS 

At present times, intersections between anthropology and business seem to be growing exponentially. According to Marietta Baba, in the USA, anthropologists and corporations have been mutually involved since the 1930s (Baba, 2006; 2012). The rise of publications in the field of anthropology in business over the last two decades signals a change of direction whereas, at least as matters of corporations are concerned, practice seems to be acquiring a greater role in shaping the conversation in academia. Alongside these developments there are now two academic journals dedicated to business anthropology matters, the Journal of Business Anthropology, published by Copenhagen Business School and the International Journal of Business Anthropology, published by Sun-Yat-Sen University and North American Business Press. These developments happen alongside an international conference focused on ethnographic practitioners, now in its tenth edition (EPIC), and a growing academic interest in the work of scholars and scholar-practitioners in the area. 

To date, the most complete expression of the rise of business and design anthropology matters is embodied by the Handbook of Anthropology in Business (Denny & Sunderland, 2014), a monumental collaboration of over sixty scholar-practitioners situated in universities and corporate settings. That the Handbook of Anthropology in Business is edited by two people situated in practice (both Rita Denny and Patricia Sunderland are private researchers in a consultancy firm) should itself constitute proof of a power rebalancing between practice and academia, where the former is no longer the end recipient of ideas stemming from the latter, but one term of a mutually implied double-destination. 

History and contemporary enthusiasm do not always see eye to eye. As Marietta Baba has suggested, the mutual generative influence played between practice and academia has been the case for a very long time, most likely since the beginning of anthropology as a discipline. Present times tend to introduce as novelty what historical analysis discloses to be repetition: it is only the lack of familiarity with the work of applied anthropologists by anthropologists situated in academia that gives the appearance of a lesser interconnection between the two domains at the foundation of the discipline (Baba, 1998). If this is true of
the American context, it is twice as true of the European context where due to historical reasons connected to colonial legacy, matters of applied anthropology have traditionally faced a slower development (Baba & Hill, 2006).

As a private consultant working in matters of anthropology in business and associated areas, this article follows the lead of consultants and scholar-practitioners like Patricia Sunderland and Rita Denny (Sunderland & Denny, 2007; Denny & Sunderland, 2014), Timothy Malefyt and Robert Morais (Malefyt & Morais, 2012), Maryann McCabe (e.g. McCabe & Malefyt, 2013; McCabe & Fabri, 2012), Genevieve Bell (Dourish & Bell, 2011), Melissa Cefkin (Cefkin, 2009) Brigitte Jordan (Jordan, 2013), Sam Ladner (Ladner, 2014) Robert Tian (Tian & Lillis & Van Marrewijk, 2010) some of them contributors of the Handbook of Business Anthropology, who, whether situated in practice or occupying intermediate positions between practice and academia, are united by an effort to carry on contributing to theoretical developments in anthropology.

Psychology, in comparison with anthropology, is a field where applied developments of all kinds abound, organizational and clinical psychologies among the examples. It is my contention, as well as the contention of others in the field (e.g. Morais & Malefyt, 2010), that corporate anthropology must establish a conversation with psychology, if only due to its greater popularity in the language of business. Taking the lead from Edgar Shein, an organizational psychologist who has fed on ideas of clinical research and intervention as a drive for applied organizational work (Shein, 1993), I will extend his original preposition and suggest the possibility of importing an idea of ‘formulation’, as present in the work of clinical psychologists (Johnstone & Dallos, 2006) into anthropology in business. Moreover, I will suggest that ‘formulation’ is an idea already present in the writings of applied anthropologists in deep connection with what we have come to address as a feedback theory of practice in applied anthropology (Baba, 1998), or with what is understood as the “clinical level” in design research (Friedman, 2003). This article does not incorporate Gibert Heardt’s conceptions of “clinical ethnography” (e.g. Heardt, 1990) for many reasons, one of them being that clinical ethnography, enmeshed with the psychoanalysis of sexual development, is essentially an effort of explanation of the human condition, rather than an attempt of applying anthropology to organizational change.

Last but not least, drawing from my own practice as an applied anthropologist working for corporations, I will give an example of a corporate case in the technology sector, exploring the process of field note taking and the construction of a relation with my co-researcher in the field (a designer) as the main elements which inform the formulation of this particular case. Situated in corporate anthropology, I dare remark that “formulation” and a “feedback theory of practice” are ideas that could be revisited in others fields within applied anthropology in order to promote associated theoretical advances.

THINKING AT THE JUNCTIONS

According to Ken Friedman, most definitions of design share three attributes. The word design “refers to a process”; this process is “goal-oriented”; it is a process that works towards “solving problems, meeting needs, improving situations or creating something new and useful” (Friedman, 2003: 508). Anthropology in design, as it relates to business-oriented processes, shares this formulation. From the moment of the first conversations with the client, to the fieldwork process per se, to particular prototyping and co-design activities taking place along the fieldwork (Darrouzet & Wild & Wilkinson, 2009), or as the stage following fieldwork, anthropology in design is predominantly a goal-oriented process (Gunn & Otto & Smith, 2013). Moreover, its goals are not set in stone from the beginning of a process, but are part of an ongoing negotiation with what Jordan and Lambert call our “corporate counterparts” who tend to speak, at the beginning of a process, in terms of specific goals even when it is the case “that at least in the beginning what they really need from us is less than clear” (Jordan & Lambert, 2009: 99). In a sense, the refinement of goals happening along the process is in itself part of the anthropologists’ intervention. Such a process of recursively negotiating meaning with a client seems to feed on what Ken Friedman calls the ‘clinical level’ of design research:
“The nature of design as an integrative discipline places it at the intersection of several large fields. In one dimension, design is a field of thinking and pure research. In another, it is a field of practice and applied research. When applications are used to solve specific problems in a specific setting, it is a field of clinical research” (Friedman, 2003: 508)

Such a definition coincides, in a way, with what Marietta Baba suggests as a “feedback theory of practice” in applied anthropology. Examining the literature of applied anthropology, the author identifies four types of theories of practice in applied anthropology, each connecting theory and practice in a given way.

In the first theory of practice (‘theoria’), theory must precede practice and the value of an application becomes intimately correlated to the theory that makes that practice possible. Theoria postulates a unidirectional relation between practice and theory by which an application’s value is determined by the theory at its origin. Another relational pattern of theory and practice within applied anthropology concerns policy. Here, the relevant question is whether applied work informs decisions of measurable outcomes which are argued to improve the human condition. A fourth theory of practice (‘praxis’) emerges connected with Marxist theory and establishes that in an attempt to change the world through our actions, we come to recognize it.

In Baba’s taxonomy, another theory of practice is also concerned with matters of representing and intervening, not arising from a particular political ideology, and relates to applied anthropologists who have made developments in the field of applied clinical anthropology such as A. M. Foster. The proximity between this model and the medical fields is so high that it leads Marietta Baba to argue for the existence of a clinical method in strict connection to A.M. Foster’s work (Baba, 1998:25).

Unlike theoria, a feedback theory of practice encompasses the possibility that practice can send signals back to theory. According to this position, practitioners should be trained to manipulate the same ideas as theorists and their intellectual work is just as capable of provoking theoretical developments. Tracing a correspondence with theory building in design research, a feedback theory of practice in applied anthropology would correspond to a middle level between pure research (or basic research, in Friedman’s terms) and its applied expression, devoted to adapting the findings to classes of problems (Friedman, 2003: 508). As Friedman himself adds, clinical research involves the exercise of making use of the findings of basic and applied research to specific situations (Friedman, 2003:508). Thus, the work of the applied anthropologist trying to solve a problem in a particular case, in response to a client’s request for help—as in assessing software ethnographically in the example given in this article—would be the equivalent of what Friedman designates as the clinical level of design research.

In what feels like a strong convergence with Friedman’s field of organizational behavior, Edward Shein has suggested the importance of a clinical research perspective in organizational work:

“Clinical Research should not be confused with qualitative research or ethnographic research (…). What is broadly labeled “qualitative” or “ethnographic” or “participant observer-based” research still operates from the traditional scientific model in which the investigator at his or her own initiative requests entry or infiltrates the research site and makes observations without disturbing the situation (…). The essence of clinical research is that someone in the organization has requested some form of help and that the researcher comes into the situation in response to the needs of the client, not his or her own needs to gather data(1993: 703)”.

Hence, Edgar Shein’s definition of clinical research in applied organizational work fits with Ken Friedman’s definition of the clinical level in design research. Both are concerned with practical action and responding to its challenges; both give away with the idea of a researcher whose prime aim is not to disturb the field, concerned with gathering data for their own purposes, and replace it with the image of a research-practitioner (or practitioner-researcher, considering the everyday activities of a designer at work) gathering data in the act of trying to change something, while learning in the process of inducing change. None of them, however, departs from a particular ideological or political stance in their definitions of
clinical research. Unlike *praxis* in Marietta Baba’s taxonomy, in both cases, clinical research does not seem to emerge as an attempt at ideologically informed change. This places an idea of clinical research in the intersection of these three fields as being closer to what Marietta Baba addresses as a feedback theory of practice than Marxist-informed *praxis*. Thus, the work of the applied anthropologist trying to solve a problem in a particular case, in response to a client’s request for help (as in assessing software ethnomographically in the example given in this article) would be the equivalent of what Friedman designates as the clinical level of design research. This is also the case of what is called clinical research in the practice of clinical psychology, where a constant feedback between practice and theory, under an idea of formulation, guides the clinician’s work.

In clinical psychology, a formulation “is the tool used by clinicians to relate theory to practice”; formulations can best be understood as “hypotheses to be tested” (Butler 1998:2, 4 via Johnstone & Dallos, 2006:4). Formulations presuppose a particular relation with theory that is somehow portrayed as different in anthropology. Anthropological beliefs in the process of ethnography, as hitherto conveyed in ethnographic teaching manuals, tend to portray theory as the kind of pre-conception which needs to be put aside in order to free the anthropologist’s mind towards the experience of the fields (e.g. Campbell & Lassiter, 2014). Such claims likely correspond best to a particular mythology of differentiation of anthropology set against other disciplines rather than the way the anthropological process actually unfolds, although to prove this would require an extensive examination or work in industry and beyond it. Clinical psychologists, in their turn, are less shy in declaring that in spite of the need to push away one’s preconceptions in order to get to know a particular patient, there are specific theory-fuelled positions held by the psychologist which are present from the outset, acting as filters towards the information gathered. Producing a hypothesis about a client in clinical psychology (formulating a given case) occurs through the explicit use of theoretical models, sometimes antithetical. Formulating as a practice is also consistent with Shein’s definition of clinical research in applied organizational work as a process in which “(a) the client wants help and is therefore more likely to reveal important data and (b) the clinician researcher is expected to intervene, which allows new data about the client system to surface” (Schein, 1993:705)\. It is equally consistent with the position of the anthropologist working in industry in that this too is a process where a client emits a request for help, formulating and revising goals with the anthropologist as they go along, and expecting them to either suggest a kind of intervention or to produce the recommendations which can frame an intervention.

Like the idea of formulation in psychology, anthropologists in industry often declare particular theoretical positions from the outset. For instance, Patricia Sunderland and Rita Denny have written extensively on the use of semiotics as a tool for doing anthropology in consumer research; semiotics as means of understanding culture and the market are both part of their thinking and the presentation of the company where their work occurs, Practica LLC (e.g. Sunderland & Denny, 2007). Grant McCracken, someone who dwells both on the realms of teaching and private consultancy, equally professes a semiotic penchant for the understanding of culture in the practice of marketing and anthropology (McCracken, 1990; 2005). Work in anthropology and technological corporations, from Lucy Suchman at Parc-Xerox (Suchman, 2007) to contemporaries such as Paul Dourish (e.g. Dourish, 2004), does not exclude semiotics but it has carried the distinctive influence of ethnomethodology. Unlike the myth of the free-theory anthropologist facing a new field, often conveyed by teaching manuals in anthropology, semiotics and ethnomethodology are not coincidental findings of the data of different researchers working on similar problems that happen to arrive at similar theoretical choices as a matter of serendipity in a field with no preconceptions to start with. Rather, these distinct theories are observational and experiential keys present from the outset, shaping the nature of the participant-observation occurring in the field and sometimes part of the anthropologist’s strategies of self-presentation.

In what is a classic of formulation theory in clinical psychology, Lucy Johnstone and Rudi Dallos revisit the same data regarding a patient five times under five different theoretical models: a cognitive-behavioral interpretation, a psychodynamic interpretation, a systemic interpretation and what the authors address as a social constructionist and a social inequalities formulation—two categories that in an anthropologists’ formulation would likely be grouped together (Johnstone & Dallos, 2006). The idea of
thinking aloud the same anthropological material, sometimes as a means of questioning the anthropologists’ authority is by no means new to anthropology; a classic example of it is Margery Wolf’s “A Thrice Told Tale” (Wolf, 1992). However, Wolf’s triple re-description does not work by re-interpreting the same data three different times in the light of three different theories in anthropology. In some respects, anthropology and psychology share similar theories. There is no reason why the same ethnographic event or story could not be re-interpreted in the light of cognitive anthropology, psychoanalytical anthropology, systems anthropology, or a social construction interpretative frame, amongst other possibilities. To do so, however, would easily contradict the mythology of the anthropologist who must learn to renounce theoretical pre-conceptions to truly start their fieldwork.

In design research theory, the idea of theory being present from the start is here explicit, as it is in psychology “(…) scientific knowledge arises from the theories that allow us to question and learn from the world around us” (Friedman, 2003:521). The assumption that lower levels of theory can equally send signals back to fundamental theory is also explicit in design research, with Friedman stating that applied research “adapts the findings of basic research to classes of problems” but also that “applied research may develop or generate questions that become the subject of basic research” (ibid: 508). What is perhaps left unsaid in Friedman’s reflection, bearing his “clinical level of research” in mind, and more obvious in the work of Edgar Schein, is how the relation between client and researcher can be extended as an analogy of a clinical relation. For instance, in a given case of anthropology in industry, what defines the form of collaboration between client and ethnographer? What constitutes reflective practice by the researcher in a client-ethnographer relation? What goes in a particular description of the client and its problems? What kind of elements of context feed that description? Can you relate the description to one or more particular theories in anthropology? Can you integrate different theoretical models into the description? What makes this description true? And ultimately, why do we need it?

These are some of the questions that are equally valid for work with clients, both in clinical and organizational settings. By reporting an ethnographic case in which I was involved, I will explore some of these questions while trying to illustrate how a formulation unravels in the small, daily acts of ethnographic work.

RESEARCHING AT THE JUNCTIONS

The client is a technology firm & software provider and I have been contacted to research a particular work application produced by this firm. For the sake of confidentiality, I call this application TASK. TASK is used in several sectors, from banking, to technology to telecommunications. Our client’s client is a private organization in the technology sector where different teams have been using TASK for many years now. For the sake of anonymity, I will call our client’s client VARIED.

Our job is to go to VARIED and assess TASK at work, that is, sitting with our client’s client over the course of two weeks and seeing how different teams within VARIED make use of the software. Soon into my first day, I am introduced to the person who is going to be my partner in the field, a designer who has never conducted any form of ethnographic research before. For the sake of confidentiality I will call her Diana.

My first contact with Diana is partially about relieving her anxiety in this matter while making her feel safe enough to toy with the idea of doing research side-by-side with an anthropologist. In other words: it is about building trust. In time, Diana will prove a very astute observer, making use of the kind of visual memory and visual mapping more often the property of designers than of text-based anthropologists. Diana is capable of reproducing in her mind what feels to me highly detailed screen sequences as they unfold in the computers that we observe at VARIED, before converting them into notes.

VARIED is a big organization. The first days are about selecting what teams we are going to interview and to sit next to, in the process of conducting fieldwork and defining our access to the field. We arrange things with TASK’s product owner (the person based at our client’s client who is in charge of this software) and let the teams be selected between him and my direct client. Hence the first moments in the field are about defining various forms of collaboration: collaboration between Diana and myself on
what kind of research we are going to do together, what our goals will be, our schedules, and our methods. I will explain to Diana some details on fieldwork and fieldnote taking before joining the field: collaboration between our client, their client, and the product owner regarding which teams will be selected for this study and consequent system definition; my own mental retrieving in case studies of ethnography at work and of ethnomethodology, which does not happen by chance, but because ethnomethodology is the theoretical school most feeding into anthropological studies of technology at work; the mapping of power and hierarchical relations in my client and their client, sitting side-by-side with the mundane details of planning our research schedule together with Diana and the teams selected.

In this case, the prime strategy involves interviewing the managers in each team, before we negotiate sitting next to the teams while watching them using the software in their everyday routines. This will be followed by debriefing sessions between Diana and me, when we will compare our understandings and notes on the field at the end of each day. All of this contributes to a first sketch of a hypothesis on what is going on: in other words, an initial “formulation”. At the moment, my hypothesis is a need to find out if TASK is mirroring a particular relation between my client, client’s client and product owner.

As an anthropologist (the ‘exotic other’, in a technology context) has been called to the case, the chances are that TASK is mirroring a relation in need of help. Our priority is now finding out what kind of data needs to be identified for that help to be provided and how to best represent it in order to clarify communication between my client, the client’s client and the product manager. It is defined at the beginning of the project that my final deliverable will be molded in terms of personas and scenarios. Personas are representations of stereotypical consumers, their saying, habits and practices. Scenarios are typical patterns of interaction in which these personas move.

Making my presence in the field less exotic involves building a common rationale with the client and namely with the co-researcher. Brief explanations of what anthropologists do in a corporate context and how they go about taking notes are shared with my co-researcher in order to build a more or less common understanding of how we will make our learning process at VARIED understandable to each other. As fieldwork progresses and information starts being fed to the client, the challenge becomes how to share and build a common rationale with my client. This rationale will likely be used in the future, as a bridge for talking about TASK difficulties and potentialities.

The first days in the field are about making sense of the different teams using TASK, their functions and what differentiates these teams from one another. With two weeks as the deadline for our ethnography, this is an exercise that we will carry on right to the very end of fieldwork. When interviewed about TASK, we receive plenty of information, a substantial amount of it not directly related to the application itself, but to organizational changes inside this corporation that are contributing to an increase in work frustration. This is something, in part, conveyed in the use of TASK.

When sitting next to research participants (as opposed to interviewing them in a formal setting) we tend to note what other applications people are using to complete their daily chores. As usual in ethnography, it is in the act of thinking aloud in the presence of a researcher or letting oneself be observed in the process of completing a task, rather than talking through an interview script in a distant room, that the richest information comes to light.

Another aspect that we become very attuned to is what kind of aids people are using to circumvent difficulties related to the use of TASK. After a few days we find that there is a spectrum of commonly used aids to work through the contextual difficulties posed by task, going from interpersonal aids to paper aids. Paper aids may be notes of operations not completed on TASK, needing completion within a set deadline. Here, the participant takes a note on a piece of paper as a memory aid to oneself. Other kinds of aids involve a negotiation with others. For instance, letting your work partner know, in person, via email or chat, that you are about to complete an operation on TASK with a strict deadline associated to it and involving work on their side as well.

Being in the field, chasing TASK across the building and its various teams, regurgitates the differences between anthropology, genealogy and history. In enquiring who are the originators of TASK we come across a multitude of stories that in a final analysis, contradict each other. As with all genealogies the contradictions are not expressions of tension and conflict as it happened in the past as
much as expressions of tension and conflict happening in the present (tensions around the current uses of TASK symbolized in different myths regarding its origin). Surprisingly for me, there is an emotional relation with the software evident in people’s ways of reminiscing about it. Employees who have worked with it for a really long time, when talking of TASK, talk about a time when they were younger, when the company was younger too, and of a sense of community in those days which is no longer found in TASK and beyond it. As days unfold, talking software becomes many things, and certainly a way of talking about institutional life.

Across teams we also find out that people have been devising their own pedagogical guides for using TASK and passing the information to neophytes. We collect as much of this information as we can. As in a clinical relation, another task that we understand we are being put unto is to somehow relieve part of the product owner’s stress facing distinct teams making different requests around TASK, often incompatible ones.

In the interactions with people of VARIED the influence of ethnomethodology is there all along, or even, thinking via Paul Dourish, “technomethodology” (Dourish, 2004). This is expressed in many ways. Its first expression concerns mapping how actors are working to maintain an idea of stability of the social world they help to constitute (Garfinkel, 1984). Thus, we are trying to see how different actors contribute to make TASK stable and the social world associated with it stable, through the different interpersonal aids that are not found inside the software, but in human, everyday life encounters. “Keeping a stable world” starts feeding and shaping the formulation. At this point, as Friedman would likely put it, problems of basic research (ethnomethodology theory) and applied research (cases in work technology dealt from an ethnomethodology viewpoint) become clinical research (carving the relation between TASK and ethnomethodology).

We sit with informants in order to map their actions towards TASK while trying to capture these actions as flows of ‘naturally occurring, improvisational response to practical problems’ (Dourish, 2004: 77). In the language of design, Diana, my co-researcher, will call them ‘sequence diagrams’. We look at accountability, another major theme in the ethnomethodology tradition, as a set of practices in observing and reporting data put forward by members of VARIED within and across teams. Inversely, we look for stories where people have not made enough effort to remain intelligible to others inside TASK so as to understand what accountability means from the people’s point of view. And in good anthropological fashion, we occasionally have lunch with the research participants, trying to get a sense of what their daily life is about, beyond TASK talk and observing.

We look at dependence and how TASK creates inter-dependence across teams. As in plenty of organizational software, there are a vast number of operations that can only be completed through cooperation of members of different teams distributed across a variety of hierarchical levels. The interdependence of other teams often works as a source of frustration inasmuch as what is completed in TASK is quantified and quantifiable. Hence, delay by a member located in another team implies delay for oneself and subsequently for one’s team goals. Here, the formulation moves from stability of the social world to what makes stability harder to sustain: hierarchy, power and functional inter-dependence.

An aspect that becomes particularly important during the research is the aspects of other applications used at work which people would like to see ‘migrating’ to TASK. When invited to think aloud through chores being completed as the researcher sits in, research participants will sometimes take their smart phones out and show us other applications that they are using concomitantly, explaining why the work they do would be much easier if those aspects present in their personal technologies or in other applications, could become a part of TASK.

Spending time doing participant-observation with different elements of the same team, TASK allows one to look for individual styles in using TASK. These individual styles are often translated into idiosyncratic sequences expressed in different sequences for completing the same operation. In this frame, different users will argue their way of doing things as the quickest and most effective. As we map these differences, the formulation moves from a systemic mapping of TASK in relation to other applications and functional interdependence across teams to mapping cognitive process in its uses. Elements of systems anthropology and cognitive anthropology are gradually enmeshed with the ethnomethodology
Across teams, we also try to list adoption barriers. While part of TASK’s function is to discourage the use of most operations via email, there are individuals and sometimes groups who persevere in the use of email. Listing the reasons provided by elements of the team as to why this occurs becomes part of our two-week plan.

Within the diversity of teams using TASK, some have made adaptations agreed with the product owner. Adaptations found in the field give us information about particular kinds of needs, which in a final analysis we will call “customization needs”. Identifying types of needs under a human-centered design perspective (e.g. Norman, 1998) and displaying them on a pie chart will be part of our final deliverable.

Aggravated by the difficult times we are living in, a sense of organizational frustration, found everywhere to different degrees, sometimes makes TASK its particular expression. Separating what is contextual stress and what in the software is less related to contextual stress, sometimes involves a patient listening through several kinds of complaints. In part, taking from Edgar Shein’s viewpoint, this unraveling happens because we are perceived in the field as people trying to map the way for a change, rather than researchers-in-context working solely for our own self-centered purposes. As Johnstone and Dallos (2006: 5) remind us, by quoting Meyer and Turkat 1979: 261), on the notion of formulations in clinical psychology:

“A formulation…1. relates all the client’s complaints to one another, 2. explains why the individual developed these difficulties, and 3. provides predictions concerning the client’s behavior given any stimulus (Meyer and Turkat 1979: 261)”.

Coincidentally or not, by our last days in the field, my design colleague, to whom the work of psychologists is more familiar than the work of anthropologists, will make a comparison between our work and the work of a therapist listening to their patients. According to Diana, listening to patients is similar to what we have been doing over the past two weeks, except that we have been listening to potential problems related to TASK rather than the kind of problems you would share in a therapists’ office. Ironically, this seems to consolidate the product owner’s view that the different teams need psychologists more than they need changes in TASK.

Side by side with the rational aspects connected to TASK, our work also becomes about emotional mapping of the application. We come to see that workers who have been in this company for a long time say that internal processes did not use to be framed as much in terms of individual accountability as they are now. To put it otherwise, when they first started working with TASK, the obsession with accountability and subsequent uses of the application to determine accountability were not as present. Some of them will also add that more than a culture of individual accountability, the company seems to have changed into a culture of individual “culpability”, a change attributed to external, Anglo-Saxon organizational culture, now migrating to the South of Europe.

TASK, not necessarily in its origins, but in the way it has become used, mirrors this larger cultural change. This pattern is not alien to people conducting applied ethnography on organizations and information systems; for instance, in the field of health, Don Norman (Norman, 2010) reports health professionals who claim to spend so much time filling in forms designed for the quantification of their activities that they subsequently have little time for actual physical contact. At VARIED, a similar complaint seems to emerge from workers regarding the time spent dealing with forms suitable to quantification and the time spent dealing with activities that will truly benefit the end user.

Needless to say, despite the analogies between therapeutic work and design ethnography work conducted around TASK, we are not dealing with the psychopathology of an individual, a family or a therapeutic group. We are dealing with a corporate organization, like so many, currently experiencing the hardship of an economic recession. If, in the kind of formulation often put forward by North American design and business anthropologists, what we are talking about when talking about TASK is a form of organizational “culture”, perhaps it is worth narrowing down what kind of meaning goes into that culture. Another way of putting it is to respond to Diana’s perplexity: if what we are doing is almost like a form of
therapeutic listening, what unifying ideas allow us to debrief on what we are constructing as a shared reality? And inversely, can that shared reality have an effect on the meaning going into ‘culture’?

My involvement with TASK and VARIED finishes off with a final presentation to my client; as a final deliverable, Diana and I include a detailed needs map, a list of behaviors of cooperation around TASK and a shorter section around emotional aspects. The final deliverable, presented in a videoconference involving about ten members of the company, gives rise to a heated debate around the past, present and future of this application. In what were emergent concerns about its present uses, the history of the application and subsequently the many versions of those who were involved in that past, were surprisingly brought into the discussion, amongst various other aspects. Not unlike post-modern therapy, TASK was invited to a narrative re-inscription of itself. At this point, the formulation reaches a new stage: how to account systemically for the triad constituted by ourselves, the client and our client’s client. It is perhaps no coincidence that as this relational triad becomes clearer in its overt and latent goals, the consultancy work, as agreed initially, reaches its conclusion.

CONCLUSION: TREATING THE JUNCTIONS

Recent work on design anthropology (e.g. Clarke, 2011; Gunn & Otto & Smith, 2013) seems less concerned with psychological anthropology and/or intersections of anthropology and psychology than other areas within academic anthropology. As suggested by Morais and Malefyt (2010) in the exercise of mediating across multiples worlds of inquiry (such as the world of TASK, VARIED and my client), one should acknowledge that psychology is very much an integrating part of the world of business; doing anthropologically-informed business ethnography, whether or not with a focus on design, can only ignore the relation between psychology and anthropology at its own peril.

North-American business anthropologists tend to be more culturally orientated than their ‘social relations’ peers, a difference in training shaping those either side of the pond. In the work of American peers, an idea of culture is often evoked to account for an explanation of organizational behavior. In this article, I advance a slightly different suggestion: one that brings business and design anthropology closer to clinical psychology than organizational studies, while not rejecting a notion of culture; and one that seeks an idea of formulation brought into matters of design anthropology without making it ‘clinical’ in the medical sense of the term. If trouble-shooting is often what we do, then a notion of formulation as a link between theory, problem identification, research participants’ behavior and recommendations, is one that may suit us just as well.

That ethnomethodology happens to be the starting point at the basis of my formulation is no coincidence insofar as ethnographic studies on work software have carried a distinct ethnomethodology influence. As the formulation evolves in the field, however, the influence of different theories starts building into it. The formulation becomes integrative. Throughout, the formulation builds relationally in the multiple triads formed by the ethnographer, one’s co-workers, research participants and client. Attending to these multiple relations is attending to how a system is formed in the field situation itself and attending to the impact that this will have on understanding the application in the social world it helps to generate.

As Roy Wagner would remind us, culture is many things, an act of invention being one of them. When people create strategies of cooperation and solidarity around a given software, TASK or other, they are not likely expressing psychopathology around the software as much as finding their own creative ways of holding to a form of stability in the social world that requires creative cooperation by all of the people involved. Inversely, it is this cooperation that sustains the experience of a social world, with its absence being lived as a fear of danger and dissolution.

Against this background of creativity over pathology, to speak of a clinical form of research operating all along may sound like a contradiction in terms. Yet, bringing together Ken Friedman’s sense of the clinical level of design research and Edgar Shein’s sense of learning in the process of trying to create a change is perhaps not substantially different from what Marietta Baba’s remarks implied is already a part of the history of applied anthropology; this is the possibility that practice can send signals back to theory.
What kind of signals is TASK sending back to theory?

Perhaps out of the many signs that TASK is sending back to theory, there is one in particular worth bearing in mind: that we should start practicing, thinking and writing about design and business anthropologies through the eyes of a feedback theory of practice breaking disciplinary divisions between anthropology and psychology. That, which this article tries to be an example of, would likely allow us to become more effective at treating junctions between practice and theory in a world of emergency begging for peace between them.

REFERENCES


Effects of Religiosity on Apparel Shopping Orientation: An Exploratory Study

Lizhu Davis
California State University, Fresno

Tun-Min (Catherine) Jai
Texas Tech University

Although religion is an important cultural element that affects a society’s value system and its people’s behavior, limited research has studied effects of religion on consumers’ patronage behavior, especially when it comes to apparel. This study, therefore, explored religiosity and consumers’ apparel shopping orientation. The findings reveal that religiosity significantly affect Christian consumers’ apparel shopping orientation. Specifically, religiosity has a significant positive direct effect on quality consciousness, fashion consciousness, and price consciousness. The study indicates fashion retailers should understand the role of religiosity on consumers’ patronage behavior, thus delivering better value to their customers.

INTRODUCTION

Although sociologists have been studying the relationship between religion and human behavior since the early 20th century (e.g. Durkheim, 1912), marketers and consumer behavior researchers only started to pay attention to the effects of religion in the consumer market since the 1980s. Some scholars pointed out that as a key element of culture, religion not only provides conduct code that modifies its believers’ behavior and affects society’s value system, but also affects consumers’ consumption and shopping behavior (e.g. Bailey & Sood, 1993; Hirschman, 1981; Sheth, 1983). For example, Sheth’s (1983) integrative theory of retail store patronage preference and behavior suggests that religion is a consumer value and it may affect the consumer’s shopping motivation. Until recently, limited studies investigating the effect of religion on consumer behavior have been published in the marketing and consumer behavior research journals for a number of reasons, including the sensitive of its topic, validity of measurement scales, methodology issues, and lack of theory (Swimberghe, Flurry, & Parker, 2011). Therefore, little is known on how religion affects consumers’ decision making process and other behaviors in the marketplace (Muhamad & Mizerski, 2010).

Consumer behavior research on religion has two major focuses: religious affiliation and religious commitment. Earlier research focuses more on the relationship between religious affiliation and consumer behavior variables. However, while some studies found religious affiliation a significant factor affecting such variables as purchase decisions (Hirschman, 1982), others fail to provide evidence in other areas of consumer behavior such as retail store evaluation criteria (McDaniel & Burnett, 1990). Religious commitment is also commonly termed as religiosity in marketing literature. Religiosity affects
consumers’ consumption and shopping behavior such as shopping orientation (e.g. Hirschman 1981; Mokhils 2009) and store choice criteria (e.g. McDaniel & Burnett, 1990). Some researchers (e.g. Essoo&Dibb, 2004) argue that religiosity is a stronger affecting factor than religious affiliation. Therefore, understanding the effects of religiosity on consumer behavior such as consumption decision processes may significantly address the effectiveness of global marketing strategies (Delener, 1994). However, little empirical evidence exists that verify how religion influences the way people shop (Essoo&Dibb, 2004). More research is needed to investigate the effect of religiosity on retail patronage behavior (Moschis&Ong, 2011; Swimberghe, Sharma & Flurry, 2009).

Religion in the United States has been under-researched (Cleveland & Chang, 2009). In the past two recent decades, the majority of consumer behavior research on religion was conducted in countries such as Thailand and Malaysia, and only few were done in the United States. However, the United States is a highly religious country. Based on US religious landscape survey (Pew Forum on Religion and Public Life, 2008), 78.4% of US adults describe themselves as Christians. Within the broader Christian market, there is a rapid growing segment: faith driven consumers (Christian consumer segment ready to switch to compatible brands, 2012). This segment includes more than 46 million Americans with $1.75 trillion in annual spending power. Based on annual spending power, this market is nearly twice the size of the African American market and three times the size of the Asian American market (Targeting the $1.75 trillion faith driven consumer market, 2012). It becomes critical to study how religion and faith affect consumers’ shopping and consumption behavior in today’s marketplace in the United States. Companies that ignore the role of religion on consumer behavior may find themselves suffering in the marketplace. For example, one study shows (Swimberghe, et.al, 2011) that highly religious consumers not only morally judge companies that support controversial causes that are contrary to their religious values, but also express their dissatisfaction through protest and boycott. On the other hand, among marketing and consumer behavior researches on religion, no researcher that we are aware of have studied the relationship between religion and consumer apparel shopping and consumption behavior. Therefore, the purpose of this study was to explore the effect of religiosity on Christian consumers’ apparel shopping orientation. The findings of the study will provide valuable information to fashion retailers in order to better serve their customers, especially those living in regions and cities where religion is an important part of their life.

LITERATURE REVIEW

Religiosity and Consumer Behavior

Religiosity is “the degree to which a person adheres to his or her religious values, beliefs, and practices, and uses them in daily live” (Worthington et al., 2003, p.85). It has two dimensions: cognitive (intra-personal) and behavioral (inter-personal) (McDaniel & Burnett, 1990). The cognitive dimension is about people’s personal beliefs in religion and the behavior dimension focuses on the degree to which an individual practices the doctrine of his or her religion. Religiosity is important for consumer behavior studies because it is related to consumer behavior variables including lifestyle and retail patronage behavior. It is one of the most important cultural forces that influence behavior, which in turn affects shopping and consumption behavior (Delener, 1990; Hirschman, 1981). For example, Wilkes, Burnett and Howell (1986) found that individuals with a high degree of religiosity are more likely to be opinion leaders and tend to be more satisfied with their lives. They are more traditional in their outlook towards sex and gender roles (Wilkes, et al., 1986). Choi, Kale and Shin (2010) studied the impact of religiosity on consumers’ usage of different information sources including significant others, members of the same religious group, media advertisement, impartial sources, and salespeople. The findings suggest that religiosity affects Korean consumers’ usage of product information sources. More specifically, religious Korean consumers are more likely to seek information from others in the same religious group, less likely to trust external sources including media, and less likely to use salespeople as an information source.
Religiosity and Shopping Orientation

Stone (1954) introduced the concept of shopping orientation which intended to capture consumers’ shopping motivation, their desired shopping experiences, and anticipated shopping outcomes. Scholars have defined shopping orientation in a number of ways. Moschis (1992) defined shopping orientation as “mental states that result in various general shopping patterns” (p.394), and Brown, Pope and Voges (2003) defined it as related to general predisposition toward the acts of shopping. Li, Kuo and Russell (1999), on the other hand, conceptualised shopping orientation as a specific portion of lifestyle operationalised by a range of activities, interests and opinion statements that are relevant to the acts of shopping. Therefore, shopping orientation is consumers’ general beliefs, feelings, and actions toward shopping. Shopping orientation is a key concept in marketing and patronage behavior research. It is proven to be very useful for understanding and profiling consumers (Moye & Kincaide, 2003). It is also a reliable and important predictor of consumer patronage behavior in the retail environment, both online and offline. For example, it affected consumers’ preference for sources of communication (Moschis, 1976), store attributes (Bellenger, Robertson, & Greenberg, 1977; Shim and Kotsiopulos, 1992), store choices (Darden and Howell, 1987), satisfaction level with information search via multi-channels (Lee and Kim, 2008), and website evaluation criteria (Seock & Chen-Yu, 2007).

There are many types of shopping orientation. Stone (1954), in his seminar paper on shopping orientation classified consumers as economic shoppers, personalizing shoppers, ethical shoppers, and apathetic shoppers. Darden and Reynold (1971) basically confirmed those four shopper types identified by Stone (1954). Moschis (1976), on the other hand, profiled six different types of shoppers: store loyal, brand loyal, special shopper, psychosocializing, brand name conscious, and problem solving shoppers. Furthermore, Sproles and Kendall (1986) identified eight consumer decision making styles and validated a consumer style inventory (CSI) scale. Those styles include: high-quality consciousness, brand consciousness, novelty-apparel consciousness, recreational shopping consciousness, value for money shopping consciousness, impulsiveness, confusion from over choice, and brand loyal orientation (Sproles & Kendall, 1986). Based on Sproles and Kendall (1986), each decision making style represented an important mental approach to consumption. However, from the perspective of shopping enjoyment, consumers can be simply classified either as hedonic shoppers or functional shoppers (Bellenger & Korgaonkar, 1980; Bellenger, Robertson, & Greenberg, 1977). In conclusion, shopping orientation varies based on consumer characteristics and product category. Visser and Du Preez (2001), for example, proposed nine apparel shopping orientations after intensive review of academic articles on apparel shopping orientation published in the 1980s and 1990s. Those shopping orientations are brand conscious orientation, fashion orientation, finance and credit orientation, opinion leadership orientation, patronage orientation, shopping and time convenience orientation, activates and interests orientation, and confidence versus confusion orientation.

Meanwhile, many factors affect consumers’ shopping orientation. Existing studies show income significantly affected the type of store patronized and the choice of payment method (Darden & Howell, 1987). Other variables such as family life cycle, value, lifestyle, social class, gender, and age were all related to shopping orientation (Howell, 1979; Lumpkin & Greenberg, 1982). Shim and Kotsiopulos (1992) found that personal characteristics, specifically grooming lifestyle activities, social class and stages of family life cycles were important in predicting apparel shopping orientation. More recently, researchers found that religiosity also significantly affects consumers’ shopping orientation (Essoo & Dibb, 2004; Mokhlis, 2006; Sood & Nasu, 1995). Using the scenario of purchasing a relatively expensive home radio, Sood and Nasu (1995) explored the effect of religiosity on consumer behavior in Japan and United States. The findings of the study reveal that religiosity significantly affect U.S. Protestants shopping behavior (Sood & Nasu, 1995). Specifically, more religious Protestants were more economically oriented, that is, they were more likely to purchase products when they are on sale but not when they needed, and preferred stores having lower prices. They also believed there is little relationship between price and quality.
Using the scenario of purchasing a television set, Essoo and Dibb (2004) examined the effect of religion affiliation and religiosity on shopping orientation of Hindus, Muslims and Catholics. The findings reveal that casual religious respondents were more brand conscious, innovative, as well as deals and promotion driven. They also emphasized product and service quality and liked in-store credit (Essoo&Dibb, 2004).

Mokhlis (2006) explored the effect of two dimensions of religiosity, intrapersonal and interpersonal religiosity, on consumer shopping orientation in Kuala Lumpur, Malaysia. The findings suggest that price consciousness, quality consciousness, and impulsive shopping orientation were all significantly related to both intrapersonal religiosity and interpersonal religiosity. The statistical analysis shows that religious consumers, both high on interpersonal and intrapersonal religiosity were quality conscious; that is, religious consumers tended to look for high quality merchandise(Mokhlis, 2006). The mean of price consciousness, however, shows that consumers with high intrapersonal religiosity tended to worry less about price while those with high interpersonal religiosity were more likely to shop for deals.

Overall, findings from existing studies are mixed and inconsistent. While Sood and Nasu (1995) found that devout Protestant Americans were significantly more economically oriented than casual believers, Essoo and Dibb (2004) found that casual religious respondents were more deals and promotional driven, which imply that less religious consumers were more economically oriented. When it comes to brands, Wilkes, et al., (1986) suggested that religious consumers prefer national brands. However, Essoo and Dibb (2004) found that casual religious respondents were more brand-conscious, that is, they value brand name and high-end brands, which suggests that religious consumers were less brand-conscious. Regarding quality, McDaniel and Burnett (1990) found religious consumers were more quality conscious, while Essoo and Dibb (2004) found that casual religious respondents emphasize more on product and service quality which suggests that less religious consumers were more quality conscious.

Inconsistent findings may have several reasons, including special shopping context and product category. Shachar, Erdem, Cutright, and Fitzsimons (2011), for example, conducted a series of studies on the relationship between religiosity and brand reliance which is consumers’ choices of name brand merchandise over non-brand or store brand merchandise. Findings of the studies concluded that for socially expressive goods such as apparel, religiosity negatively affected consumers’ choice of name brands. That is, when it comes to socially expressive goods, more religious people are less likely to choose branded merchandise (Shachar et al. 2011). But there is not a similar relationship between religiosity and brand reliance when it comes to functional goods such as tools. In conclusion, it is critical to specify product category and target consumer when studying the effect of religiosity on consumer shopping orientation. Therefore, the purpose of this study was to investigate the effect of religiosity on selected consumer apparel shopping orientation: brand consciousness, price consciousness, quality consciousness, fashion consciousness and brand loyalty.

METHODOLOGY

An online survey was developed to measure consumers’ religiosity, apparel shopping orientation, and demographic characteristics including age, gender, annual household income and religious affiliation. For the purpose of this study, the Religious Commitment Inventory, RCI-10(Worthington et al., 2003) was adopted to measure religiosity. This scale was designed to assess the degree to which a person commits to his or her religious values, beliefs, and practices and uses of them in daily living (Shachar et al., 2011). It has been widely used in the marketing research. It not only was reliable (α=0.95), but also demonstrated strong validity with other religiosity measurements (Worthington et al., 2003). Apparel shopping orientation was measured using scales adopted from consumer style inventory (CSI) developed by Sproles and Kendall (1986). A 5-point Likert-type scale from 1 (strongly disagree) to 5 (strongly agree) was used to measure responses to scale items assessing constructs of interest.

Undergraduate students from two fashion merchandising classes of a major state university in the southwestern United States were instructed to recruit potential participants using social media such as Facebook over a two month period. A total of 668 respondents participated in the online survey, resulting
in 333 usable responses composed of Christian respondents used for this study. Among the respondents, 82.2% were female. Hispanics and Caucasian whites were two major ethnic groups, accounting for 37.2% and 33.8% respectively. The majority of the respondents, more than 90%, have some college or a college degree. Also, since 46.4% of respondents were aged from 18-24, the sample characteristics reflected the college student population of the university community in the southwestern United States. More detailed demographic characteristic information is provided in Table 1.

### TABLE 1
CHARACTERISTICS OF RESPONDENTS (N=333)

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>17.8%</td>
</tr>
<tr>
<td>Female</td>
<td>82.2%</td>
</tr>
<tr>
<td>Missing</td>
<td>.3%</td>
</tr>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>18-24</td>
<td>46.4%</td>
</tr>
<tr>
<td>25-34</td>
<td>25.0%</td>
</tr>
<tr>
<td>35-44</td>
<td>8.1%</td>
</tr>
<tr>
<td>45-54</td>
<td>11.7%</td>
</tr>
<tr>
<td>55 and older</td>
<td>8.7%</td>
</tr>
<tr>
<td>Ethnic Group</td>
<td></td>
</tr>
<tr>
<td>African American</td>
<td>7.9%</td>
</tr>
<tr>
<td>Asian or Pacific Islander</td>
<td>13.3%</td>
</tr>
<tr>
<td>Caucasian</td>
<td>33.8%</td>
</tr>
<tr>
<td>Hispanic American</td>
<td>37.2%</td>
</tr>
<tr>
<td>Native American</td>
<td>.9%</td>
</tr>
<tr>
<td>Others</td>
<td>6.9%</td>
</tr>
<tr>
<td>Education</td>
<td></td>
</tr>
<tr>
<td>High school graduate</td>
<td>9.4%</td>
</tr>
<tr>
<td>Some College</td>
<td>39.3%</td>
</tr>
<tr>
<td>2 Year College Degree</td>
<td>10.3%</td>
</tr>
<tr>
<td>4 Year College Degree</td>
<td>25.1%</td>
</tr>
<tr>
<td>Graduate Degree</td>
<td>14.5%</td>
</tr>
<tr>
<td>Others</td>
<td>1.5%</td>
</tr>
<tr>
<td>Household Income</td>
<td></td>
</tr>
<tr>
<td>Less than $25,000</td>
<td>35.6%</td>
</tr>
<tr>
<td>$25,000-$50,000</td>
<td>22.2%</td>
</tr>
<tr>
<td>$50,001-$75,000</td>
<td>11.2%</td>
</tr>
<tr>
<td>$75,001-$100,000</td>
<td>14.3%</td>
</tr>
<tr>
<td>More than $100,000</td>
<td>16.7%</td>
</tr>
</tbody>
</table>

ANALYSIS AND RESULTS

Structural equation modeling method was used to investigate the effect of religiosity on respondents’ shopping orientation. A model was proposed to specify the relationship between religiosity and shopping orientation. SPSS (version 21) was used for data coding, preliminary data analysis, descriptive analysis and factor analysis, and Mplus software (version 6, Muthen&Muthen, 1998-2010) was used to analyze variance-covariance matrices and test the proposed model. Before the data analysis, all assumptions for multivariate analysis, including multivariate normality and homoscedasticity were examined to ensure the data normality. Kline (2005) suggests that there is a problem of multivariate normality when a Kurtosis value is greater than 10. The Kurtosis values of this sample ranged from 1.95 to 2.55, indicating the data of the study did not have serious problems regarding data normality. The skewness values (using a cut-off range from +1 to -1) of the sample also confirmed the normality of the data. Outliers of major variables were excluded for the study analysis (Field, 2005).
A factor analysis was then conducted using principal axis factoring in order to identify underlying factors of religiosity and respondents’ shopping orientations. Following Field’s recommendation (2005), factor loadings greater than .50 were considered to be significant with a sample size of 300. Thus, items with a factor loading of .50 or higher were considered in interpreting the factors. The principle axis factoring analysis with Kaiser Normalization revealed only one underlying factor for religiosity. After reviewing all the items, three items with highest factor loadings were selected for structural model analysis (Ullman, 2006). See Table 4 for specific items.

The principle axis factoring analysis with a Promax rotation with Kaiser Normalization revealed five factors with an eigenvalue of one or greater for shopping orientation (see Table 2). The total variance explained by each factor of shopping orientation was also calculated. For instance, the factor 1 has an eigenvalue of 7.08, which is 32.17% of the total variance of 5 items (see Table 2). The cumulative percentage of the five factors is 66.64%. A large value of the Kaiser–Mayer–Olkin (K-M-O) measure in this study (0.88) indicates that a factor analysis should yield distinct and reliable factors. The Barlett’s test of sphericity is significant (less than .001), suggesting all variables are unrelated and thus the factor analysis is feasible (Hutcheson and Sofroniou 1999).

The five factors revealed were labeled: 1) brand consciousness, 2) quality consciousness, 3) fashion consciousness, 4) price consciousness, and 5) brand loyalty. Two items that had no significant loadings on any of the factors above (factor loading less than .50) were eliminated for future statistical analysis because omitting the problematic items (e.g., variable with no significant loadings or with a cross-loading) is appropriate if the objective is data reduction (Hair, Black, Babin, & Anderson, 2010). The finalized five factors were then used in the following structural model analysis to examine the effect of religiosity on the different dimensions of apparel shopping orientation. Please see Table 3 for the summary of items and factor loadings for Promax Rotation of shopping orientations.

**TABLE 2**
**TOTAL VARIANCE EXPLAINED**

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings(^a)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>1</td>
<td>7.08</td>
<td>32.17</td>
<td>32.17</td>
</tr>
<tr>
<td>2</td>
<td>2.51</td>
<td>11.39</td>
<td>43.56</td>
</tr>
<tr>
<td>3</td>
<td>2.05</td>
<td>9.34</td>
<td>52.90</td>
</tr>
<tr>
<td>4</td>
<td>1.64</td>
<td>7.45</td>
<td>60.35</td>
</tr>
<tr>
<td>5</td>
<td>1.38</td>
<td>6.28</td>
<td>66.64</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.

\(^a\) When components are correlated, sums of squared loadings cannot be added to obtain a total variance.
<table>
<thead>
<tr>
<th>Item</th>
<th>Factor Loadings</th>
<th>Communality</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO6</td>
<td>.75</td>
<td>.70</td>
</tr>
<tr>
<td>SO7</td>
<td>.75</td>
<td>.76</td>
</tr>
<tr>
<td>SO8</td>
<td>.89</td>
<td>.61</td>
</tr>
<tr>
<td>SO9</td>
<td>.78</td>
<td>.67</td>
</tr>
<tr>
<td>SO10</td>
<td>.87</td>
<td>.72</td>
</tr>
<tr>
<td>SO11</td>
<td>.78</td>
<td>.67</td>
</tr>
<tr>
<td>SO1</td>
<td>.87</td>
<td>.75</td>
</tr>
<tr>
<td>SO2</td>
<td>.78</td>
<td>.71</td>
</tr>
<tr>
<td>SO3</td>
<td>.90</td>
<td>.77</td>
</tr>
<tr>
<td>SO4</td>
<td>.89</td>
<td>.79</td>
</tr>
<tr>
<td>SO5</td>
<td>.72</td>
<td>.71</td>
</tr>
<tr>
<td>SO12</td>
<td>.66</td>
<td>.68</td>
</tr>
<tr>
<td>SO13</td>
<td>.83</td>
<td>.70</td>
</tr>
<tr>
<td>SO14</td>
<td>.83</td>
<td>.63</td>
</tr>
<tr>
<td>SO15</td>
<td>.77</td>
<td>.56</td>
</tr>
<tr>
<td>SO16</td>
<td>.74</td>
<td>.57</td>
</tr>
<tr>
<td>SO17</td>
<td>.80</td>
<td>.64</td>
</tr>
<tr>
<td>SO18</td>
<td>.75</td>
<td>.66</td>
</tr>
<tr>
<td>SO19</td>
<td>.74</td>
<td>.67</td>
</tr>
<tr>
<td>SO20</td>
<td>.79</td>
<td>.70</td>
</tr>
<tr>
<td>SO21</td>
<td>.65</td>
<td>.47</td>
</tr>
<tr>
<td>SO22</td>
<td>.53</td>
<td></td>
</tr>
</tbody>
</table>
Structural Equation Modeling

We used a two-step model-building approach including two conceptually distinct models: a measurement model and a path model (Kline, 2005). Missing data were estimated using Maximum Likelihood estimation, making it possible to use all available information in the dataset. Several model-fit indexes were used to assess confirmatory factor analysis (CFA) and structural equation model fit (SEM). Suggested by Hu & Bentler (1999), the Comparative Fit Index (CFI) ≥ .95, Non-Normed Fit Index (NNFI, also known as TLI) ≥ .95, Root Mean Square Error of Approximation (RMSEA) ≤ .06, and Standardized Root Mean Square Residual (SRMR) ≤ 0.08) were used to as cut-off lines in this study. Chi-square (χ2) difference test was used to compare the model fit among models. The zero-order correlations, means and standard deviations for indicator variables are provided in Table 4.

### TABLE 4
ZERO-ORDER CORRELATIONS, MEANS AND STANDARD DEVIATIONS FOR INDICATOR VARIABLES

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
<th>16</th>
<th>17</th>
<th>18</th>
<th>19</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>RE3</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>RE4</td>
<td>.81</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>RE5</td>
<td>.80</td>
<td>.84</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>SO1</td>
<td>.08</td>
<td>.14</td>
<td>.13</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>SO3</td>
<td>.04</td>
<td>.11</td>
<td>.09</td>
<td>.71</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>SO4</td>
<td>.12</td>
<td>.18</td>
<td>.12</td>
<td>.69</td>
<td>.78</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>SO8</td>
<td>-0.04</td>
<td>.01</td>
<td>-0.06</td>
<td>.22</td>
<td>.21</td>
<td>.24</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>SO9</td>
<td>.01</td>
<td>.11</td>
<td>.05</td>
<td>.36</td>
<td>.43</td>
<td>.44</td>
<td>.58</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>SO10</td>
<td>-0.07</td>
<td>.04</td>
<td>-0.02</td>
<td>.38</td>
<td>.36</td>
<td>.37</td>
<td>.52</td>
<td>.66</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>SO13</td>
<td>.05</td>
<td>.11</td>
<td>.05</td>
<td>.21</td>
<td>.24</td>
<td>.25</td>
<td>.24</td>
<td>.31</td>
<td>.26</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>SO14</td>
<td>.03</td>
<td>.10</td>
<td>.09</td>
<td>.21</td>
<td>.22</td>
<td>.16</td>
<td>.14</td>
<td>.24</td>
<td>.15</td>
<td>.52</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>SO15</td>
<td>.12</td>
<td>.17</td>
<td>.14</td>
<td>.21</td>
<td>.17</td>
<td>.19</td>
<td>.13</td>
<td>.19</td>
<td>.15</td>
<td>.47</td>
<td>.48</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>SO16</td>
<td>.15</td>
<td>.16</td>
<td>.11</td>
<td>.04</td>
<td>.06</td>
<td>.09</td>
<td>.06</td>
<td>.01</td>
<td>.12</td>
<td>.17</td>
<td>.18</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>SO17</td>
<td>.01</td>
<td>.01</td>
<td>-0.01</td>
<td>-0.10</td>
<td>-0.16</td>
<td>-0.14</td>
<td>-0.03</td>
<td>-0.07</td>
<td>-0.13</td>
<td>-0.01</td>
<td>0.09</td>
<td>.38</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>SO18</td>
<td>.13</td>
<td>.19</td>
<td>.21</td>
<td>.10</td>
<td>.12</td>
<td>.09</td>
<td>.06</td>
<td>.02</td>
<td>.03</td>
<td>.11</td>
<td>.22</td>
<td>.21</td>
<td>.49</td>
<td>.41</td>
<td>1.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>SO19</td>
<td>-0.01</td>
<td>.00</td>
<td>-0.02</td>
<td>.27</td>
<td>.25</td>
<td>.23</td>
<td>.18</td>
<td>.19</td>
<td>.19</td>
<td>.20</td>
<td>.15</td>
<td>.18</td>
<td>.25</td>
<td>.08</td>
<td>.24</td>
<td>1.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>SO20</td>
<td>.02</td>
<td>.04</td>
<td>.04</td>
<td>.33</td>
<td>.23</td>
<td>.21</td>
<td>.11</td>
<td>.08</td>
<td>.07</td>
<td>.12</td>
<td>.18</td>
<td>.18</td>
<td>.17</td>
<td>.00</td>
<td>.17</td>
<td>.59</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>age</td>
<td>.22</td>
<td>.16</td>
<td>.17</td>
<td>.00</td>
<td>.11</td>
<td>.09</td>
<td>.04</td>
<td>.05</td>
<td>.02</td>
<td>.09</td>
<td>-.10</td>
<td>-.15</td>
<td>.08</td>
<td>-.22</td>
<td>-.03</td>
<td>-.06</td>
<td>-.02</td>
<td>1.00</td>
</tr>
<tr>
<td>19</td>
<td>income</td>
<td>.15</td>
<td>.15</td>
<td>.14</td>
<td>.03</td>
<td>.14</td>
<td>.12</td>
<td>.01</td>
<td>.03</td>
<td>.05</td>
<td>.04</td>
<td>.09</td>
<td>.02</td>
<td>-.02</td>
<td>-.19</td>
<td>-.01</td>
<td>.07</td>
<td>.07</td>
<td>.49</td>
</tr>
</tbody>
</table>

Mean 3.14 3.18 3.35 4.12 3.82 3.67 2.55 3.05 2.75 3.34 3.78 4.13 3.93 3.42 4.13 3.67 3.59 3.11 2.54
S.D. 1.36 1.37 1.34 0.95 0.99 1.06 1.22 1.04 1.06 1.15 1.08 0.97 1.08 1.13 0.94 1.12 1.07 1.34 1.50

Measurement Model

The measurement model consisted of six latent constructs. A Confirmative Factor Analysis (CFA) was conducted first, and the results revealed that the measurement model fits the data very well: χ2 (df= 292) = 276.33, p <0.01, CFI=.98, TLI=.98, RMSEA=.044, SRMR=.033 with 90% confidence interval .023 ~ .043. All factor loadings in the confirmatory factor analysis for the measurement model
were significant (with t value at p < .001 level), demonstrating convergent validity (Anderson & Gerbing, 1988). See Table 5 for indicators and their respective loadings.

### TABLE 5
CONFIRMATIVE FACTOR ANALYSIS

<table>
<thead>
<tr>
<th>Latent Construct</th>
<th>Code</th>
<th>Indicators</th>
<th>Beta</th>
<th>B</th>
<th>S.E.</th>
<th>t-Value</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>RE</td>
<td>RE3</td>
<td>It is important to me to spend periods of time in private religious thought and reflection.</td>
<td>.88</td>
<td>1.00</td>
<td>.00</td>
<td>-</td>
<td>.93</td>
</tr>
<tr>
<td></td>
<td>RE4</td>
<td>Religious beliefs influence all my dealings in life.</td>
<td>.93</td>
<td>1.06</td>
<td>.04</td>
<td>24.48</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RE5</td>
<td>Religion is especially important to me because it answers many questions about the meaning of life.</td>
<td>.91</td>
<td>1.02</td>
<td>.04</td>
<td>23.86</td>
<td></td>
</tr>
<tr>
<td>BD</td>
<td>SO8</td>
<td>The higher the price of a product, the better its quality.</td>
<td>.67</td>
<td>1.00</td>
<td>.00</td>
<td>-</td>
<td>.81</td>
</tr>
<tr>
<td></td>
<td>SO9</td>
<td>Nice department and specialty stores offer me the best products.</td>
<td>.86</td>
<td>1.09</td>
<td>.09</td>
<td>11.87</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SO10</td>
<td>I prefer buying the best-selling brands.</td>
<td>.78</td>
<td>1.01</td>
<td>.09</td>
<td>11.66</td>
<td></td>
</tr>
<tr>
<td>QL</td>
<td>SO1</td>
<td>Getting very good quality is very important to me.</td>
<td>.80</td>
<td>1.00</td>
<td>.00</td>
<td>-</td>
<td>.89</td>
</tr>
<tr>
<td></td>
<td>SO3</td>
<td>In general, I usually try to buy the best overall quality.</td>
<td>.89</td>
<td>1.15</td>
<td>.07</td>
<td>17.76</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SO4</td>
<td>I make special effort to choose the best quality products.</td>
<td>.87</td>
<td>1.22</td>
<td>.07</td>
<td>17.47</td>
<td></td>
</tr>
<tr>
<td>FS</td>
<td>SO13</td>
<td>Fashionable, attractive styling is very important to me.</td>
<td>.73</td>
<td>1.00</td>
<td>.00</td>
<td>-</td>
<td>.74</td>
</tr>
<tr>
<td></td>
<td>SO14</td>
<td>To get variety, I shop different stores and choose different brands.</td>
<td>.72</td>
<td>.92</td>
<td>.10</td>
<td>9.59</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SO15</td>
<td>It’s fun to buy something new and exciting.</td>
<td>.66</td>
<td>.76</td>
<td>.08</td>
<td>9.10</td>
<td></td>
</tr>
<tr>
<td>LY</td>
<td>SO19</td>
<td>I have favorite brands I buy over and over.</td>
<td>.89</td>
<td>1.00</td>
<td>.00</td>
<td>-</td>
<td>.75</td>
</tr>
<tr>
<td></td>
<td>SO20</td>
<td>Once I find a product or brand I like, I stick with it.</td>
<td>.67</td>
<td>.72</td>
<td>.12</td>
<td>6.29</td>
<td></td>
</tr>
<tr>
<td>PR</td>
<td>SO16</td>
<td>I buy as much as possible at sale prices.</td>
<td>.66</td>
<td>1.00</td>
<td>.00</td>
<td>-</td>
<td>.70</td>
</tr>
<tr>
<td></td>
<td>SO17</td>
<td>The lower price products are usually my choice.</td>
<td>.52</td>
<td>.82</td>
<td>.11</td>
<td>7.22</td>
<td></td>
</tr>
<tr>
<td></td>
<td>SO18</td>
<td>I look carefully to find the best value for the money.</td>
<td>.78</td>
<td>1.03</td>
<td>.15</td>
<td>7.02</td>
<td></td>
</tr>
</tbody>
</table>

Note: RE= religiosity; BD= brand conscious; QL= quality conscious; FS= fashion conscious; LY= loyal oriented; PR= price conscious.

**Structural Model**

With an adequate measurement model, the second stage of the structural modeling was performed to estimate the hypothesized path model(Figure 1). Controlling respondents’ age and income, the results of
the SEM model demonstrated an excellent model fit (Hu & Bentler, 1999): $\chi^2$ (df = 237) = 370.97 ($p < .001$), CFI = 0.97, TLI = .96, SRMR = 0.052, RMSEA = 0.042 with 90% confidence interval .033 - .049. Thus, no modification indices were used to re-specify the model. Standardized parameter estimates ($\beta$) are shown in Figure 1. The results suggest that religiosity has significant direct effects on quality consciousness ($\beta = .13$, $p < .05$), fashion consciousness ($\beta = .18$, $p < .01$), and price consciousness ($\beta = .25$, $p < .001$).

**FIGURE 1**
THE PATH MODEL RESULTS

Note: ***$p < .001$; **$p < .01$; *$p < .05$; the standardized coefficients are provided along with the significant paths; QL = quality conscious; BD = brand conscious; FS = fashion conscious; PR = price conscious; LY = loyal oriented

**CONCLUSIONS AND IMPLICATIONS**

Although religion is an important cultural element that affects a society’s value system and its people’s behavior, limited research has studied effects of religion on consumers’ patronage and consumption behavior, especially when it comes to apparel. The purpose of this study, therefore, was to explore the effect of religiosity on Christian consumers’ apparel shopping orientation. The findings of this study reveal that religiosity significantly affect Christian’s apparel shopping orientation. More specifically, religiosity has a significant positive direct effect on quality consciousness, fashion consciousness, and price consciousness. This finding suggests that the more committed Christians are more quality conscious when it comes to shopping for apparel. They are more likely to seek high quality apparel in the marketplace. However, they are very price-conscious too, that is, they are more likely to shop for sales
and lower prices. These findings are consistent with prior studies (McDaniel & Burnett, 1990; Sood & Nasu, 1995). Since value is usually defined as a perceived quality relative to the price, the findings of the study suggest that more committed Christians are more value orientated. On the other hand, Essoo and Dibb (2004) find that casual religious consumers were more innovative which suggests that they might be more fashion oriented. However, the findings of this study suggest that more committed Christians are more fashion oriented. Finally, the findings of the study reveals that more committed Christians are not brand conscious which supports Essoo and Dibb’s (2004) finding, and they do not havebrand loyalty either.

Overall, the findings of this study picture more committed Christians as more fashion oriented apparel consumers who are more value oriented, meaning focusing on high quality with low prices, but less brand oriented or brand loyal. The conservative value of Christians might have contributed to their value orientation. Value orientation of those consumers might have also led to less brand consciousness and brand loyalty. Less brand consciousness can also be explained by the role of religion in consumers’ self-concept. Shachar et al. (2011) argue that religious consumers are less likely to choose branded merchandise when it comes to socially expressive goods such as apparel because religious consumers are more likely to use their religion rather brand name to express their self-worthiness. Therefore, more religious consumers can be neither less brand conscious nor brand loyal. However, it is interesting to see that more committed Christians are more fashion oriented, which is inconsistent with their conservative image because of their conservative values.

The findings of this study illustrate the importance of understanding the effects of religiosity on consumer patronage behavior in the apparel market. Apparel retailers, especially those that serve markets with high concentration of Christians should try to better understand this subject. Based on the findings of this study, apparel retailers should provide fashion goods with good quality but at reasonable price point. They might also want to explore the specific styles that those consumers prefer, thus to better satisfy their needs and wants. This implies that retailers might also want to focus on developing private brands which focus on value and fashion that can cater to broad Christian consumers.

LIMITATIONS AND FUTURE STUDIES

There are several limitations of this study. The first limitation is the measurement issue. Religiosity may not be the most effective and efficient measure for studies on religion and consumer behavior (Muhamad & Mizerski, 2010). Other measurements such as religious motivation which is the most established construct measuring religion and human behavior (Donahue, 1985) should be explored in the future. The second limitation is the lack of consideration of other variable such as religious values themselves. Swinberghe, Flurry, and Parker (2011) found that Christian conservative values significantly affect consumers’ forming ethical judgment on retailers and subsequent marketplace behaviors, and argued that conservatism might be a necessary variable when evaluating the effectiveness of religion in the marketplace. Therefore, future studies might want to add religious values as important variables. The last limitation is the sampling method. A convenient sample with large percentage of young (18-24) consumer was used in this study. A future study with a random sample is also recommended.

REFERENCES


Compliance is a field that has recently achieved increasing complexity and significance in business. This paper addresses the issue of how compliance mechanisms are negotiated and accepted within corporations. I will present the results of ethnographic research conducted with six compliance officers from five companies located in Hungary. I will argue that due to their task, as well as to the social and cultural features of business in the region, compliance officers are gaining increased power that needs to be negotiated in ways that sometimes endanger the actual objectives of corporate compliance.

**INTRODUCTION**

This paper addresses the issue of how compliance mechanisms and managerial positions are negotiated and accepted within corporations within a global panorama of increased concern for business integrity. I will show that although the importance of corporate compliance has significantly increased over the last years, compliance and integrity still play rather marginal roles within companies’ management goals. This is not simply due to, as much of the literature in business ethics suggest, the difficult coexistence of integrity and ethics with the traditional prioritization on profit making. I will argue that the paradox which compliance faces is that although increasing complexity of national and international anti-corruption legislative measures requires corporations to establish in-house compliance department, compliance officers strive to negotiate legitimacy in their daily tasks at their workplaces. This creates an imbalance between a condition of increasing power of the compliance officers in the company and a business environment often unprepared to the rationality and impartiality prerequisites on which compliance is grounded. In particular, compliance mechanisms are under pressures from conditions of poor generalized trust, informality and suspicion in transition market economies.

In the first part of the paper I focus on the development of compliance programs in business and on some of the theoretical foundations on which business ethics has developed as an autonomous academic field of study. In the second part I present my ethnographic data on the study of compliance in five companies, focusing on the features of the compliance officer work profile, on the interactional and communicative strategies and challenges that this figure encounter in the company.

**THE ORIGIN OF CORPORATE COMPLIANCE**

Compliance is commonly defined in business as “being in accordance with established guidelines, specifications, or legislation, or the process of becoming so” (SearchDataManagement.com 2008). This is no more than a working definition that leaves little space to a clear understanding of the complexity of roles and tasks of the compliance officers. It is not clear when in history compliance has come to play an important role in business, some sources point at the beginning of the 20th Century, when regulatory bodies were introduced to set limits to the expanding scope of business and in particularly to its effects to
public safety. One of these bodies was, in the US, the Food and Drug Administration, founded in 1906, with the aim of safeguarding against hazardous food and drug products and derivatees. At the beginning of the 20th Century several of these institutions flourished in US and Europe, but the most common approach was still that compliance with state regulations over business pertained to the public domain. Most of the ruling bodies were, thus, enforced publicly and did not have a direct connection with the business world (Watson 2004, Baer 2009).

The conditions under which compliance developed changed almost abruptly towards the mid-1970s. Following repeated world scandals of corruption, that followed the Watergate stream, there was a widespread concern that the nexus between business and the public sphere had become rotten from its very foundations. Investigations, conducted most conspicuously in the US, led to the discovery of hundreds of US firms that used to pay bribes to foreign and domestic officials to win bids and contracts. Business discovered itself, in all its vehemence, to be unethical and unaccountable, as scandals peaked over the US Ministry of Defense. At least in this country the watershed towards the new role of business compliance became the 1977 Foreign Corrupt Practices Act (FCPA) that set the milestones for regulating ethical business behavior abroad. Among the prescriptions of FCPA was that companies were expected to have in place adequate systems of internal accounting controls, paving the way to the need of establishing compliance mechanisms internal to the companies and not as public entities. It took 20 years until the US Congress extended these efforts to the international arena, obtaining ratification by OECD countries of the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (1997).

The most significant development for the history of compliance in the US, however, has been the enactment of the US Sentencing Guidelines, created by the Sentencing Reform Act (1984). These, in particular under the revision of 2010, clearly defined the importance of compliance programs and mechanisms within companies. The most innovative introduction has been the decision that a convicted corporation is eligible for a reduced sentence if it had an effective compliance and ethics program in place at the time of the offence. Apart from the guidelines that delineate how this program should be considered as effective, it is remarkable that by 2010 US companies only rarely qualified for sentence reductions because in most cases they did not have any compliance and ethics programs. The situation is even worse in the case of Europe, where apart from the recent UK Bribery Act (2011) and the EU Framework Decision on Combating Corruption in the Private Sector (2003, 2011) have showed a much more fragmented and still developing response to the need for corporate compliance.

**HOW ETICAL CAN BUSINESS BE?**

The recent greater emphasis on compliance has mostly come from the implementation of national and international legislative measures in the US, UK and partly by the EU. If typically companies did not have any forms and programs of compliance active in their organizational structures, today it has become increasingly important to have them, for a number of reasons. The question is: how this increased emphasis on compliance relates to the changing theoretical paradigms on business ethics?

Business ethics has developed as an autonomous academic field not earlier than the 1970s. Again, following the crises and scandals that in several fields (financial, environmental, human rights violations and in connection with the war industry) interested large multinationals, there emerged an interdisciplinary interest in ethics applied to business (Tsalkis and Fritzsche 1989, Randall and Gibson 1990, Bartlett 2003, Trevino and Nelson 2004, Waddock 2006). This had, in the early years, a two-faced expression. On the one hand, as corporations strengthened their involvement in social responsibility, the field of corporate social responsibility became to thrive, producing a progressively booming literature in the many aspects of CSR involvement (Cortina 2008). Within CSR, however, no systematic attention was posed on ethical behavior of companies, and the field of integrity remained almost an unpaved way.

On the other hand, it was the work of a number of philosophers in the business field that paved the way to the field of ethics. Business ethics mainly emerged as the intersection of ethical theory in philosophy and its application to a number of practical cases (De George 1990). According to De George,
what differentiated business ethics from other social issues in management is: 1) unlike in CSR, ethics were set as a theoretical framework which is independent from business, and 2) the field was more critical to business practices than CSR could never achieve. Business ethics specialists, in a way, could be seen as potential antagonists of marketing experts, because of their concern with setting limits to unethical business and justifying needs for compliance paradigms in the formal respect for institutional regulations and laws. On the other hand, CSR can easily be waved as a weapon or showcases of good social performance in corporate business (http://www.scu.edu/ethics/practicing/focusareas/business/conference/presentations/business-ethics-history.html, accessed on 4-6-2013).

In a recent review of the research trends Brenkert (2010) points out that increase of studies and research in the field of business ethics runs in parallel with the increase of scandals of business corruption over the last four decades. This has produced a generally increased and rapid theoretical sophistication of the field of business ethics, which has not been matched by the compliance with ethical requirements and integrity strategies by the business world. Brenkert finds two orders of explanation to this mismatch. First, much of the business ethics field has been embracing what he defines as “rational arguments”, which focus on the classical homo oeconomicus approach that seeks individualistic profit-maximization. The first problem is that the way rationality is viewed by some business ethicists is almost coincident with that of neoclassical economists, and hence this position is of little help to the diversification of ethical behavior and management strategy (Benkert 2010: 705).

The second problem relates to the contexts in which ethical business should root. Here, as the rapid and multifaceted development of CSR scholarship has proved, there are no easy agreements on how business can set moral standards that are recognizable in societies, and where these standards can be applied. History, and the overall number of corruption scandals in public procurement, has demonstrated that governments are no easy and healthy domains in which establishing ethical business practices. If governments remain essential to improve corporate behavior (Vogel 2005), it remains unclear whether more complex regulations can actually help business to achieve a “less egoistic” character. This happens in the lights of recent development such as global financial crises, the growing importance of shareholders and the decreasing importance of stakeholders, increased vulnerability of smaller companies to global competition, and the coexistence of different socio-cultural forms moralities (Pardo 2004, Torsello 2012).

**METHODOLOGY AND SETTING**

Ethnographic research methods have been developed in the field of anthropology. The most common methods include participant observation, selected interviews, shadowing, focus groups and survey questionnaires. There are positive and negative features in the use of each of these techniques, as recognized in the field of anthropology and other social science disciplines that have in recent times adopted ethnographic methods (Schensul et al.1999, Sharpe 2004, Moeran 2005). The importance of anthropological research, and of the application of its methods to business has found momentum over the last years (Cefkin 2010, Jordan 2010, Marrewijk 2010, Tian et.al. 2010, Tian et al. 2011).

In the case of this research selected interviews was the chosen method. This methodology was constrained by the sensibility of the issues being debated with the interviewed, which led me to adopt full anonymity of informants as well as of the companies who agreed to take part in the research. I will use, throughout the paper, fictive names, but correspondent gender and age indications, whereas companies will not be named.

This research is based on interviews conducted with six compliance officers of five companies, all located in Hungary, in the period between September 2011 and April 2012. Four of the companies are multinationals, and one a small company established in 2010. Three of the interviewed were male and three female, their average age is in the range 28-35, so they are all distinctively young officers. In the course of my interviews I was confronted with a number of ethical and methodological issues, which are very common in ethnographic research. I will summarize three of them. The first is data exposure: I became aware that the best strategy in order to establish trust with the interviewed persons, who
represented a company and did not act as single professionals, was to maintain secrecy on the identity of the other persons being interviewed and particularly on their companies. This avoided the natural resiliency to disclose any sort of sensitive information that might have been used by others participating in the interviews.

Secondly, in order to provide both confidentiality of information, and a positive outcome of the research, I decided to formulate a number of point on which the interview was going to focus and to distribute them beforehand to the interviewees. This choice had the benefit of structuring the interview and also of giving the participants time to prepare on the topics being covered.

The third point concerns the use of case studies. As I was going to interview compliance personnel who are exposed to cases of fraud and misconduct in the companies in which they operate, as well as to knowledge of such cases in other companies, I was unsure on how to deal with the delicate issue of using cases to communicate with company personnel. After conducting the first two interviews I became aware that I could not easily get access to those cases which the compliance officers use in their training and regular job activities. Thus, rather than learning on these cases I decided to focus on their perceived applicability as well as on the training methodology that their use require.

Moreover, an issue that resulted of primary importance in assessing the usefulness of case studies in corruption and fraud scandals was the conditions under which compliance mechanisms were put in place in the companies. Only in one case an officer referred expressively to a corruption scandal for which her company was convicted and hence set to establish a compliance program. Among the five companies, three followed the same path, hiring compliance officers due to past convictions or investigations.

Finally, the issue of the region in which companies are located is of great importance. As mentioned above, corporate compliance mechanisms have been developed in the Northern American contexts, and as such are not easily applicable to different business culture backgrounds (Ardichvili and Jondle 2009, Shakeel et al. 2011). For one thing, the pressure that the US Congress has exerted towards the international recognition of its FCPA and related measure is telling of the actual discrepancy between countries and corporate cultures in which business integrity can more or less easily become a domain of public or governmental debate. Hungary, the most economically dynamic Eastern European country in the immediate postsocialist years in terms of foreign investment and liberalization policies, is today facing a long recession that has seriously affected this record.

Not dissimilarly from other European countries of the former socialist bloc, the rapidity and profound changes brought about in the 1990s have profoundly affected social values to the point of making generalized trust a costly option (Torsello 2003). Trust has assumed preeminence giving strength to informal agreement and practices, as the remains of the previous regime were collapsing replaced by chaotic capitalism and the aggressive attack of multinationals. It is not a surprise if, still today, each of the interviewed compliance officers had at least one remark on the importance and difficulty of building trust relations in their work environment, and on the fragility of their tasks because of this demand.

INSIDE THE COMPLIANCE OFFICER PROFILE

One starting point of this research has been to analyze the profile of the compliance officer. Unexpectedly, the first finding is that only one on six had an educational background in legal studies. Pal (28 years), before working in his bank as CCO (Chief Compliance Officer) graduated in law and worked as an advisor for the Ministry of Justice. He “saw things from both sides”, even though he was unready to admit whether staying on the government or on the private side was better. One thing he recognized, however, is that being a lawyer is not always such rosy an option, because “people in business see lawyers as distant entities”. This remark matches with the idea that legal actions and auditing processes are often undertaken more efficiently out of the company departments or through external consultancy due to the need to keep sensitive information confidential (Watson 2004).

All the interviewees agreed on two points that better specify the profile of this job task. The first concerns the way in which knowledge of the job is achieved, that is “on the job” rather than by training. Two interviewed officers had received formal training in compliance, one in a mid-size company and
another in a multinational, as a trainee in a foreign branch. Both of them, however, admitted that the experience learned on the job was usually much more relevant to their daily tasks. This was indicated, on the one hand, in relation to the opportunity to get a better understanding of the tasks and roles by doing, i.e. the practical aspect of compliance. On the other hand, learning on the job was seen as the optimal solution because it grants a “vision of the interests of all the stakeholders”, which can be interpreted as a through understanding of roles, competencies and motivations of the company members. As a matter of fact, those officers who did not receive any formal training in compliance, as they were mostly paired or coached by senior officers for relatively short periods, were not ready to admit that they missed other forms of training.

The second point concerns the relational aspect of their tasks. Although in 4 on 6 cases respondents manifested an open concern for the “rational” aspect of their duty, the fact that compliance mechanisms operate only in contexts of social interactions, and are not market or profit-driven, has been acknowledged more or less openly by all officers.

Katalin (33) said: “our contribution needs to be structured in all we do, otherwise we fail”, and Margit (36 years old) stressed that: “strategy must be communicated first, and then come the single cases”. On the other side of the rational-relational dichotomy, as presented by Katalin herself, all respondents underlined the importance of developing socializing and emotionally sensitive skills such as empathy, trustworthiness and respect in their work environment. The idea that compliance officers are too often seen as “policemen” dominated many of the conversations and it was, in the end, more a metaphor for indicating the crucial importance of relational skills rather than a pessimistic view of the usefulness of compliance.

BUILDING AND NEGOTIATING POWER THROUGH INTERPERSONAL RELATIONS

The two features that best characterize the profile of compliance officers, i.e. becoming experienced on the job and possessing a balanced dose of relational skills and impartiality, easily translate into strategic ways how to build and negotiate power within companies. Anthropology has been among the social science disciplines one of the most attentive to describe micro-level strategies of power-building in different contexts, and above all to pay attention to the socially informed mechanisms through which power is negotiated, contrasted or legitimized (Gledhill 2000, Kurtz 2001). Among theorists, Eric Wolf has been one of the strongest advocates of a multidimensional approach to the study of power.

According to Wolf, power is not simply expressed through the possibility that others will comply with indications or orders from above, but it must be constructed at four levels. These are: power attributed to the single, meaning his potential capacity to exert it; the ability of a person to impose power within a social relationship; the environment in which power relations are constructed; and the distribution and direction of energy fluxes which structure the environment (Wolf 2002: 223). In this perspective, in order to understand the changing role of compliance officers in corporate settings, one needs to pay attention not only to how their profile and tasks are set in the company, but more importantly, to how the nesting of intra-firm relationship, as well as the working environment contribute to shape new forms of power. This latter aim will be achieved here by focusing on two aspects: the relational, i.e. the ways in which compliance officers manage their increased power by relating with managers, and the communication strategies through which the tasks of compliance are legitimated within companies.

Concerning the relational aspect, one issue that emerged in all interviews was that increasingly perceived power of compliance officers within their companies is felt in the daily space of personal interactions. Because of the reporting system, compliance officers are in a sensitive position of having, both access to confidential information, and the need to report on this to C-level managers and in some cases to the board. This point has been emphasized in the relevant literature on compliance (Watson 2003, Compliance Week 2012), in particularly concerning the interlocutors of the reports. In a survey dated 2011 (The State of Compliance Study), it has emerged that in the US, 41% of the CCOs report to the General Counsel and 32% to the CEO, whereas only 8% of them report to the Audit Committees (Compliance Week 2011). This substantially proves that the CCO is inserted in a direct, often dyadic
relationship with the company’s true power holders, if not with the CEO himself. It is important to notice, however, that the respondents felt this as a recent development, in particular within a picture of a generalized growing importance of corporate compliance, rather than a well established practice.

Increased power may bring, however, the disgraceful taste of a bitter fruit for the young officers. The admissions that “too much power creates barriers” (Pal), or that “it is impossible to avoid feeling different when they know that you could denounce them one day” (Janos, 44) clearly show the other side of the coin. Compliance is not only empowering job figures that, until recently, were almost irrelevant to the companies, but it is putting emphasis on new qualities that are in a open conflict with the demands of compliance itself. This is what some of the respondents named “human factor”, often with different and apparently conflicting views of the application of this idea.

Margit provides a good example. She has been working for a multinational over the last 5 years. She gained experience and received training in foreign branches before going back to Hungary, where the compliance program had just been adopted. The company in which she works has a complex compliance system, in which the headquarters sets its standards, and the Hungarian branch depends on another regional centre for Central Eastern Europe for the reporting system. Thus there are three actors in the compliance mechanisms, and their interaction, is, as it can be easily guessed, not always smooth. Margit has indicated the importance of the “human factor”, which she expressed as the ability of the compliance officer to understand “motivations of the employees and managers” by “being as close as possible to them, in an empathic relation”. This sort of empathy is exactly what theorists of integrity in business, following the above mentioned rational standpoint, denounce as perilous for the true implementation of compliance mechanisms.

Margit pointed out how for her job task freedom of developing interactional and judgment skills are paramount. However, introduction of the triangular reporting system seriously hampers this process, putting, in a counterintuitive manner, emphasis on empathic rather than on “rational” procedures. Because the double reporting system ends up with abstracting the Hungarian company from the compliance mechanisms, Margit is seen as a real power-holder, who communicates directly with both the main and the regional headquarters. Hence she feels an impellent need to increase trust relationships within her Hungarian company. Trust is according for her of pristine importance, but this means “being visible, showing yourself”, whereas increasing bureaucracy in the compliance system may decrease trust, by introducing the menace of external actors taking decisions. Hence, she felt that one of the ways not to loose her attachment to the company she physically works with is to add emphasis on personal relations and interaction, which can easily endanger the rationality and impartiality of the compliance tasks.

POWER THROUGH COMMUNICATION

The second issue that is directly related with how to deal with the drawbacks of increased power of the compliance officers concerns the forms of communication they choose to adopt in the companies. Compliance programs are set in similar ways in the five companies I have studied. There is a general section dedicated to training, which is accompanied by the preparation of manuals. Afterwards, more targeted trainings may be applied to those sectors that are more sensible to cases of loss of integrity, as well as periodical refreshment training sessions. After these, apart from investigations that are specific and occur on occasional bases, the second main instrument through which compliance is enacted is the use of hotlines (by some called help-lines), see below. Both these forms need to be communicated to employees and managers.

Intuitively, the crucial requirement for a good compliance officer is a good skill of communication in two areas: the first is how ethical behavior is transmitted, and the second how compliance officers establish communication with high-level managers. Concerning the first, evidence from the interviews shows that the main difficulty is encountered when compliance personnel presents cases of company misconduct. In a small country as Hungary any case which presents the example of an unnamed company dealing with some form of legal exposure, can be potentially traced providing disclosure of the company and even of its employees involved. The idea is that giving names is avoided in training and case studies’
sessions, if only because among managers there can be friends, acquaintances or even relatives involved from other companies.

On the other hand, the general recognition by 5 of the 6 respondents is that cases are of crucial importance for communicating the contents of compliance. They are useful for seeking “active participation in training”, for “influencing and determining the mindset of company personnel”, for “shocking and providing evidence at the right moment”, or for complementing the “abstract force of corporate values”. Hence, the use and choice of such cases, as well as the ways in which they are communicated (omitting or not some particular details, for instance) when left to the compliance officers, is another factor that can influence their power relations within the company. This happens, to follow Wolf (2003), not because of the capacity of the compliance personnel to exert power directly. The main issue here is that the environment in which power flows is very sensitive (due to the relatively small number of domestic companies, and also to the fairly high number of cases of loss of integrity in the region) to information and communications strategies.

The second, and even more delicate, issue concerns communication with superiors. On this point I received rather scattered answers which clearly reflect the context-dependence of this problem. Two of the interviewed expressed no difficulty in dealing about integrity with high-level managers, explaining that when the company commitment to compliance program is enough solid this constitutes a general anchor both in terms of corporate codes of conduct and of strategy. In this case, corporate values are an efficacious instrument “particularly if written somewhere” (Pal) that may shield senior managers who have been responsible for setting up and implementing such values. On the other hand, four more respondents emphasized how their task is particularly difficult when dealing with senior managers, who are not used to be directed. In such cases, the true challenge is individuated by the interviewed officers in the style of communication, and in the ways of maintaining personal relations within the company.

As Katalin clearly stated, “you cannot do things from above if you are not among them”. Also, Janos pointed out that “a good CCO should know how to address different job roles with different forms of communication, examples, words and even cases”. It is difficult, from the results of this ethnographic research, to judge whether the challenges that relate to the new forms of power that compliance mechanisms introduced in the companies can be applied to other regional business environments, since these data are specific of the Eastern European context. There is need for more research on this. However, some final indications on this point may emerge from the difficult relationship between legal and compliance departments that is perceived as a general challenge for compliance mechanisms worldwide, but has its own cultural peculiarities in the regions of application (Compliance Week 2012).

**THE LEGAL-COMPLIANCE SECTORS DIVIDE: THE CASE OF HELP-LINES**

As indicated above, historically the first steps of compliance were taken within the companies’ legal departments or offices. This has changed through the years, as increased emphasis on compliance has moved companies to enhance their compliance programs through hiring of dedicated (even if not necessarily trained) personnel. The new factor emerging out of the interviews is that a thorough knowledge of legal issues is not exactly what compliance officers are expected to possess. Janos, stressed how “a good knowledge of financial risks, nowadays, is more important than one on legal matters in a good compliance system”. Similarly, Pal indicated how in his company legal experts are often externals and not members who directly deal with compliance. This generates a sort of separation, which in the compliance literature is sometimes envisioned as positive (Watson 2003, Barrentine 2012). This divide, in reality, potentially underscores the true essence of compliance creating a sort of buffer zone between management and legal specialists involved in the interpretation and application of existing laws and regulations. In this zone, compliance officers may take the lead in dealing with communication of issues that can be too abstract or sensitive to be communicated by legal officers to employees and mid-level managers. One example of this divide concerns the use of hotlines as instruments for gathering denounces, suspects and concrete cases of whistle-blowing, but also for providing guidance in legal matters.
All the interviewed officers indicated the importance of hotlines, but also the difficulty of dealing with them in their companies. In only one company are compliance officers directly involved in the hotlines, whereas the preferred pattern is to have external legal consultants who work in them. This may be surprising, but it actually tells the difficulty of treating the legal issues, which are in many cases difficult for the compliance personnel itself who are not trained as attorneys. More significant, however, is that this difficulty is telling of the delicate “power game”, or as Katalin defined it of a “prisoner’s dilemma” being played in the companies. The compliance officer is aware that his role, and for extension his power in the company, squarely depends on the means through which he seeks legitimacy.

The whistle-blowing system, which works more or less effectively according to the differences in the socio-cultural contexts, is a poor tool in most of Eastern European countries, as indicated unanimously by all respondents. The point is not that in this region comparatively high exposure to corruption scandals has decreased trust and increased suspicion in whistle-blowing. The issue is that whistle-blowing was a common and infamous practice under state socialism: this practice served to maintain the power of totalitarian regimes through the double threat of suspicion/distrust, and the collection of a conspicuous amount of confidential information on citizens. Pal indicates this as follows: “In a country where the mindset of common people has been influenced by those who lived under such a system whistle-blowing simply doesn’t work”. Also Janos, who is a true believer of the efficacy of help-lines, is ready to recognize that “it is better for the CCO not to be involved in their implementation at all, otherwise his trustworthiness in the company is potentially destroyed”.

If the system is deemed to work more or less efficiently, the operators of the hotlines need to be as distant as possible from the company, in order to shield the delicate role of the compliance officer. Hence, even the apparently innocuous task of legal advising is preferably outsourced, as well as the compliance officer is not required to be a legal specialist, but a good communicator if not even an expert of (personnel) managerial strategies.

CONCLUSION

Compliance is a field that has recently achieved increasing complexity and significance in business. As all forms of control and implementation of ethical behavior in the business sector, it is exposed to a number of challenges that in certain cases generate paradoxical conditions. One of these is the tension between increasing power of the compliance officers within the company’s organizational structure, and the still undefined style and directions of the reporting system. Another evident paradox concerns the need to rationalize the compliance efforts, also according to more sophisticated legislative regulations worldwide, and the real life tasks and roles of these figures, suspended into webs of personal relations that they have, willing or unwilling, to manage.

This study has provided an ethnographic perspective, analyzing some of the daily challenges of compliance officers in six companies. From the interviews a number of points have emerged that confirm the existence of the paradoxes indicated above. What I find most relevant, however, is the idea that rather than providing companies with accountable and transparent instruments for complying with regulations, these job figures are achieving increased power that is demanding of particular strategies to manage it. What some of the interviewed have expressed is a general concern about loss of interpersonal trust, which their task causes in the companies.

Stronger power of the compliance officers is one of the recent developments that correlate with the increased needs of companies worldwide to establish and have in function compliance departments and mechanisms. If this is commonly saluted as a positive trend in the specialist literature on business ethics and integrity, it has a number of drawbacks particularly in the case of Hungary, described in this paper. Due to a number of social and cultural conditions (diffusion of informal practices, higher levels of interpersonal than generalized trust, suspicion and mistrust of whistle-blowing practices) compliance mechanisms need to be optimally paired with a true and thorough understanding of human motivations, forms and mechanisms of interpersonal communication and social interaction. The increased power of the
compliance officer is an expression of these conditions, which may be at odd, in other regional contexts, with the theoretical groundings of corporate compliance itself.

REFERENCES


This research studies the significance of guanxi in the relationship marketing ("RM") activities of the relationship managers ("Relationship Managers") in China's foreign banks ("CFBs"), in an attempt to help them improve their business performance in China. It is a qualitative research adopting a traditional ethnographic method to collect data through in-depth interviews with ten Relationship Managers of ten CFBs in Shanghai. Non-probability and purposive sampling techniques were applied. The findings confirm, either fully or partially, the research propositions. Such confirmations have led to development of a platform/foundation for further research, particularly in the relationships between marketing research and business anthropology.

INTRODUCTION

In Chinese, guanxi refers to two characters, guan and xi, meaning “gate” and “connection”, respectively; “one must pass the gate to get connected to networks” (Cheng, 2007, p.81). Guanxi also refers to relationships and social connections based on mutual interests and benefits (Yang, 1994). RM is sourced from Berry (1983, p.25): “attracting, maintaining and … enhancing customer relationships.” Guanxi is different from the Western concept of RM in terms of the order in which transactions and relationships take place and the short-term versus long-term nature of business transactions (Geddie et al., 2002 and 2005; Sin, 1998). The CFBs tend to practice more of Western RM, which is quite different from domestic Chinese banks (“DCBs”) which are more focused on practicing the guanxi concept. The application of these two marketing concepts by the two types of banks is believed to have resulted in different business performances. The authors believe the CFBs need to review their RM activities in the light of guanxi.

China began its economic reform in 1978 and has transformed itself from a centrally planned economy to a more market-oriented economy, with a rapidly growing private sector, and has become a major player in the global economy (Kotler, 2010). However, this reform has aroused people’s concern about where China stands in the world marketplace today and where it is going (Fisher, 2012). In this research, we have noticed that the reform has accelerated the improvement of China’s banking sector in terms of infrastructure, technology and methods to develop business. The performance of the DCBs has been outstanding during these years in both domestic and global markets. Big names such as the Industrial and Commercial Bank of China, Bank of China, China Construction Bank and the Agricultural Bank of China are competing successfully against the CFBs. These DCBs owe their outstanding business performance to many factors, such as implicit support from the Chinese government by way of capital injections and business policies. Guanxi is thus implied. In the circumstances, this research also attempts to study whether guanxi is a critical factor responsible for DCBs outperforming the CFBs.

Another important objective of this research is the authors’ attempt to establish some relationships
between guanxi and business anthropology. Tian (2010) said that anthropology can help business management to improve business performance from product design to marketing strategy; this research views application of guanxi as a marketing strategy for CFBs operating in China’s banking industry. Finally, an earlier paper (Wan and Ng, 2013) of the principal author has lent some support to this paper in respect of the research conducted in 2013 to extend further contribution in a multi-disciplinary context relating to marketing research and business anthropology.

LITERATURE REVIEW

The world views China as the single largest economic force in the new age but anthropologists of China focus on the deeply personal world of various Chinese communities (Noellert, 2011). While CFBs concentrate on use of RM for business development, guanxi is not to be overlooked. The literature review also sheds light on the anthropological perspective and indigenous application of guanxi by the CFBs.

History and Development of RM and Guanxi

Egan (2004) provided a very clear description of marketing by stages starting from the age of consumer marketing in the 1950s and moving to the 1960s when marketing was characterized by industrial marketing research. Transactional marketing then emerged. In the late 1970s, the focus of attention was the non-profit sector. In the 1980s, the service sector first became prominent. RM emerged in the 1990s originating from industrial marketing to build long-lasting relationships between buyers and suppliers (Perrien and Richard, 1995). Also in the 1990s, RM entered into “matured markets” (Christopher, 1996) and in the 20th century it was labelled by Egan (2004) as the golden age of marketing. Despite rapid development, there is still a relative paucity of empirical research in the RM literature (Kasabov, 2007). The future of RM should focus on moving closer to customers by ensuring total customer integration and virtual corporations.

Guanxi has existed in China’s Confucian society for more than two thousand years, dating back to 770-470 B.C., the period of Spring and Autumn. At the end of the 1970s when China opened its doors to the outside world, guanxi was investigated in great detail. It was first discussed in Chinese newspapers in 1978 (Yang, 1994, p. 147, cited in Fan, 2002, p. 546). In the West, guanxi first appeared in the 1980s in some popular business writings relating to cultural factors for undertaking business in China (Fan, 2002, pp. 543-544). The future of guanxi is a topic for further research as “even the future trends of guanxi are far from clear” (Ai, 2006, p. 109).

Guanxi: A Theoretical Review of Its Role in Business

Many authors have defined guanxi in extant literature. Despite numerous definitions having been proposed, there is no universally agreed definition because of its “intricate and pervasive nature” (Chen and Layton, 2003, p. 1218). The role of guanxi is ambiguous. It exists between two persons or families because of blood ties or business acquaintances (Fernandez and Underwood, 2006). Lu (2012) explained the role of guanxi as one of the two cultural norms (the other norm being “renqing”) followed in business dealings in China. For business, guanxi is referred to as “a Chinese system of doing business on the basis of personal relationship, which is representative of the way that business is done throughout much of the non-western world” (Lam and Lin, 2003, p. 1437). Recently, guanxi’s role in Chinese business has been dramatically affected by international business trends because of foreign investment in China having increased rapidly (Dunfee and Warren, 2001). At the same time, China is undergoing changes because of the influence of Western legal procedures and concepts, resulting in guanxi’s role diminishing. Continuation of market liberalization has also diminished the role of guanxi (Wilson and Brennan, 2010). This trend is getting accelerated because of advances in information technology, the Internet in particular, resulting in a more open and transparent market system. Thus, reliance on guanxi as a “middleman” is declining. However, given the long history of China, guanxi’s important role still prevails, especially when we link guanxi to cultural awareness, to emphasize the concept of guanxi as fundamentally important for understanding cultural interactions in China (Buckley et al., 2006). Cross-cultural
interactions between Chinese businesses and their foreign counterparts often occur in the form of marketing communications (Tian and Borges, 2011) and in the process of ensuring customer satisfaction, as in the case of a Chinese restaurant in food service (Tian and Wang, 2010).

To study guanxi in the light of Western theories helps understand RM but it is a complicated proposition, given the different cultures of the East and the West, and the different practices of guanxi and RM in business contexts. Further research in future should link guanxi with various Western concepts and theories, for example, RM, network theory, social exchange theory, resource-based theory and social capital theory.

Morgan and Hunt (1994) provided a classic RM model on the basis of commitment and trust theory claiming that successful RM requires relationship commitment and trust. They further claimed that RM establishes, develops and maintains successful relationship exchange and constitutes a major shift in marketing theory and practice.

Networks aim at obtaining the necessary information and knowledge to optimize organizational performance and provide a framework for gaining resources, knowledge and data. To apply the network theory in practice of guanxi in China, Chen and Chen (2004, cited in Standifird, 2006) claimed that network groups have interpersonal guanxi dyads as their fundamental units. Networks form an important ingredient of guanxi-based business practices (Standifird, 2006). Guanxi is a form of social network theory (Hammond and Glenn, 2004).

Social exchange pertains to the relationship between unspecified obligations and expectations of returns in the future, in return for contributions made (Blau, 1964). Guanxi involves social exchange in the sense that it is an informal, complicated and non-transparent process, involving a series of interactions that generate obligations, reciprocity and exchange (Emerson, 1976, cited in Cropanzano and Mitchell, 2005). In relation to social exchange is the concept of social capital which is defined as goodwill resulting from the structure of social relations (Warren et al., 2004). Social capital theory has a close association with guanxi. Guanxi can be considered as a type of social capital developed between two persons via a process of reciprocal exchange (Fan, 2002, cited in Standifird, 2006).

Resource-based theory helps analyse a company’s strengths and weaknesses in terms of financial, physical, human and organizational resources. Discussions of the relationship between guanxi and the resource-based theory or guanxi as a resource are abundant in extant literature. Butterfield (1983) associated guanxi with social investment, which is an important source for people to access help or support. Su et al. (2003) stated that guanxi connects people in the form of a resource coalition to facilitate the sharing of resources between business partners. Some studies have drawn upon resource-based theory by associating guanxi with an organizational resource and the capability to improve a firm’s performance and competitive advantage (Xin and Pearce, 1996; Tsang, 1998; Braendle et al., 2005). Therefore, guanxi can be classified as a resource (Tsang, 1998).

In conclusion, guanxi acts as a stimulus to cultural interactions and is becoming increasingly more important for multinational companies in China (Yang, 2011). The CFBs need to be aware of the role of guanxi in the context of the Western theories and concepts and use it to establish better institutional connections with local stakeholders, including customers, employees, local partners and government officials. They should also acknowledge that it is essential to understand and practice guanxi if they want to be successful in China.

**Guanxi in the Practice of RM**

Focus of this literature review is incorporation of guanxi in the practice of RM. Guanxi is practiced via personal relationships, as opposed to the Western practice of RM which focuses on specification and enforcement of contracts (Davies et al., 1995). Gronroos (1996, cited in Arias, 1998) viewed guanxi essentially as a Chinese cultural construct but RM as a service or management of the service delivery process for doing business. Good guanxi reinforces RM and ensures its success whereas bad guanxi spoils RM and in turn terminates the transaction (Wong, 2007). Guanxi differs from the practice of RM in three aspects: (a) RM focuses on a purposefully-built relationship but guanxi emphasizes family ties; (b) principles of Confucianism or one’s family and social roles are found in guanxi; and (c) guanxi favors
personal bonds while RM facilitates inter-group or inter-organization relationships (Alston, 1989, cited in Fock and Woo, 1998). These differences affect the practice of guanxi in RM by managers, for example, the formation of pricing strategies and the process of relationship building and business negotiations (Gilbert and Tsao, 2000). Other examples of practicing guanxi in RM activities are: the guanxi initiator (1) shows honesty, introspection and reliability; (2) gives gifts; (3) keeps contact with guanxi members; (4) spends time on social activities such as dining and drinking; (5) frequently provides help and offers free favors to parties in the network; and (6) pays favors back as a means of keeping the guanxi network running (Ai, 2006). The operationalization of guanxi is very difficult because guanxi is very complex and goes beyond the economic context (Arias, 1998).

Guanxi and Business Performance
Some researchers have reviewed the relationship between guanxi and business performance, measured in terms of sales growth, customer retention, return on investment and market share (Sin et al., 2002; Tse et al., 2004). In respect of the relationship between guanxi and business performance, Zhang and Zhang (2006) provided a detailed explanation that there is no consensus on the positive effect of guanxi on business performance. Fan (2002) maintained that the benefits of guanxi for economic and organizational efficiency may be exaggerated. Other investigators have claimed that guanxi has no effect, or may even have a negative effect, on a firm and its performance (Braendle et al., 2005).

The positive view of the relationship between guanxi and business performance is reflected in Luo and Chen (1997) who claimed that a firm can enhance its performance by benefiting from a guanxi network and this network constitutes a firm’s core competency and distinctive competitive advantage that can lead to high performance. This reinforces the claims of Su et al. (2003) that high-guanxi firms have outperformed low-guanxi firms in terms of business efficiency, sustainability of competitive advantage, access to scarce resources and enhancement of long-term survival and growth. Results of a survey by Wang et al. (2011) relating to the effects of organizational support and guanxi on salespersons’ performance indicate that salespersons’ guanxi with customers have a positive influence on their job performance. However, in spite of the positive comments of the authors, guanxi does not trump everything.

RESEARCH PROBLEM, PROPOSITIONS AND CONTRIBUTIONS

Research Problem
The purpose of this research is to study guanxi for the application to RM of the CFBs. The literature review indicates a substantial volume of literature on Western RM theories and guanxi in general but no prior studies seem to have investigated guanxi in China’s banking industry, particularly its practice by the CFBs. Also, there are no surveys on how important the guanxi practice is in RM activities of the CFBs and discussions of the relationship between guanxi and bank performance through the implementation of a CRM system with guanxi elements. Therefore, the problem of this research is defined as:

How significant is the Chinese concept of guanxi in RM activities of the CFBs in China’s banking industry?

The following are the related research questions, each of which has been formulated through literature review, pilot interviews with experienced bank marketing executives and the bank marketing experience of the principal researcher performing this research:

Research Question 1: How do different views on guanxi and its practice affect marketing activities and operations of the CFBs?
Guanxi is a Chinese form of RM. It affects the marketing activities and operations of the CFBs in terms of customer relationship building, maintenance and development. The CFBs are using Western RM concepts in business development and have encountered difficulties in practicing Chinese guanxi along with the Western RM concept due to differences between culture and business practices in China and Western countries. However, it is commonly accepted that guanxi does affect marketing and operations of the CFBs. The first research question is: How do different views on guanxi and its practice affect marketing activities and operations of the CFBs?

Relationship Managers employed in banks in China are believed to hold different views of guanxi. The success of a bank’s RM in China depends on the degree to which the relationships of customers and banks are merged to form a cooperative unit or a merged partner. In guanxi marketing, a merged partner relationship between the company and customers is established. However, in RM, the customers are only treated as a subset of the company (Sin, 1998). It therefore leads to the proposition that:

P1a: Different views on guanxi in association with RM affect marketing activities and operations of the CFBs.

Assuming the above proposition is confirmed, it is necessary to study the effect of practicing of guanxi by Relationship Managers of the CFBs by raising the following proposition:

P1b: Whether guanxi can be efficiently practiced and operationalized for effective RM activities and operations of the CFBs.

Research Question 2: Does guanxi affect business performance of the CFBs?

As discussed in the Introduction section, the major DCBs are performing very well, as is evident from the growth of global branch networks, outstanding business performance and aggressiveness in recent mergers and acquisitions in the domestic as well as global capital markets. People tend to believe that one of the critical success factors is their guanxi networking activities which are not practiced by the CFBs. Guanxi continues to play a major role and is a determinant of business performance and long-term business success (Davies et al., 1995; Yang, 1994 and 2002; Millington et al., 2005) for Chinese organizations. However, some authors (Zhang and Zhang, 2006; Dunfee and Warren, 2001) have claimed that there is no consensus and benefits of guanxi are over-stated (Fan, 2002). The second research question is then derived: Does guanxi affect business performance of the CFBs? A positive answer to the above question consequently leads to the following proposition:

P2: DCBs with high guanxi outperform CFBs with low guanxi and the lack of guanxi is a reason that undermines business performance of the CFBs.

Contributions

Answers to the research issues and questions are derived from the findings presented in Table 1, which also suggest theoretical and practical contributions of this research. In terms of theoretical contributions, research results confirm the propositions developed through Western theories as discussed in the Literature Review section. This suggests that wider utilization of Chinese concepts/theories like guanxi should exist in some organizations where Western culture is prevailing, e.g., the CFBs. For the practical value of this research, firstly, guanxi is a very complicated concept in the context of banking industry due to its highly sensitive nature, particularly with regard to corruption and bribery which are strictly forbidden in banking. The research suggests incorporation of guanxi into RM activities of the CFBs in the future. This is a pioneering attempt in the banking industry and no previous research work has examined guanxi in CFBs of China’s banking industry, notwithstanding the numerous studies regarding the importance of guanxi in non-banking foreign firms. Secondly, given that guanxi is a typical component of Chinese culture, this research can only be practically applied in countries where guanxi
prevails. However, it provides some insights into foreign cultures, which apply RM in business. Thirdly, the findings provide bank managements and Relationship Managers with practical marketing guidelines.

RESEARCH METHODOLOGY AND DESIGN

Research Design and Approach

This is a social research project and an experimental/exploratory design was chosen to meet the research criteria. Hitherto little has been known about, and no information is available on, whether guanxi can be incorporated into RM activities of the CFBs. Therefore, an exploratory study was undertaken to better comprehend the research problem. A cross-sectional study was also carried out because data was gathered just once over a period of one week, through interviews with Relationship Managers of selected foreign banks in Shanghai, in order to meet the research objective. The study thus has a “one-shot” characteristic; a longitudinal study could not be conducted due to time and cost constraints.

Sample and Sampling Technique

The samples cover Relationship Managers of ten CFBs. The selected banks are purely commercial and are located in Shanghai. These banks are important in terms of size, exposure and business experience in China, as well as international capital markets, as listed in the “China Financial Services Directory” and the “Bankers Almanac”. Their national diversity and long-term business commitment (e.g. ten years or more) in China were also inclusion criteria for sample selection. The city of Shanghai was chosen because it is a major city where many foreign banks have established their China headquarters.

One participant from each bank was invited to attend the interview, making a total of ten Relationship Managers. This sample size is considered acceptable as it represents around 33% of the foreign bank population. In accordance with the “China Financial Services Directory”, there are approximately 30 foreign commercial banks with branch status in China.

Sample constituents from the selected CFBs are marketing executives working as relationship managers, officers or heads of marketing departments (e.g. Corporate Banking, Business Banking, Private Banking, Retail Banking, Customer Services, or Trade Finance) who have direct and face-to-face contact with customers in the course of their daily marketing activities. The sampling was confined to such specific people (i.e. Relationship Managers) who could provide the desired information on guanxi/RM. With respect to the sampling technique, this research adopts purposive sampling, which matches the topic, which is social and behavioral and which is related to the characteristics of human nature.

Data Collection Methods

Data was collected by using a qualitative method because guanxi is a complex issue involving social, behavioral and human elements. Guanxi exists within the complex environment of China’s banking sector and it is a phenomenon that cannot be addressed or measured quantitatively. In this respect, semi-structured, open-ended, individual in-depth and face-to-face interviewing was used. This data collection method is considered ideal because the process involves significant prompting, probing, collecting additional data, asking additional questions, establishing rapport and motivating participants during the data collection process. Interviews were conducted in the interviewees’ offices or at any sites convenient to them. Participants had a working knowledge of English. Interviews were conducted in both Putonghua and English and Cantonese was also used in some cases where the participants were originally from Hong Kong. Note-taking rather than voice-recording was used due to the need for confidentiality. Subsequent telephone follow-ups with the interviewees were made to clarify any doubts about information collected in the interviews via the note-taking method.

Data Analysis
Data was analysed mainly through qualitative approaches such as secondary data analysis, content analysis, categorization, interpretation, quotations and narrative forms to see if the research questions were supported or the research objectives were substantiated.

For the first part of this research, secondary data analysis and content analysis methods were used. The researchers analyzed the data regarding guanxi gathered from previous surveys and published research, which were used as secondary data for the purpose of studying guanxi and RM in general. Then, the researchers supplemented the secondary data with primary data, or judgements obtained through interviewing the Relationship Managers, to fully address the research problem.

In the data analysis process, the researchers also undertook an initial analysis of interviews and field notes. This was followed by constant comparison of emerging themes and categorization of core codes into two pre-planned units of: (a) Views and practice of guanxi in RM activities and operations of CFBs; (b) Guanxi and business performance of CFBs. The researchers then deepened their analysis by comparing their findings with the established concept of guanxi as described in extant literature. Finally, the analysis was compiled into written forms by means of narrative analysis, interpretation, quotation and data display.

Data in this research is presented in accordance with methods suggested by Sobh and Perry (2006). Firstly, in spite of some empirical experiences obtained from the participants, the data eschewed numbers and concentrated on qualitative approaches like interpretation, narrative analysis, content analysis and secondary analysis. Secondly, every observation from the interviews had an explanation of why the observed event had occurred. This explanation was linked to what the participant said and is supported by representative quotations, thus providing the in-depth understanding that the researchers sought. Finally, data analysis computer software was not used because the sample size of this research is small. This omission was necessary in light of cost and time factors.

For verifying the validity of the research findings, the researchers could not use scientific and quantitative methods to measure guanxi. In addition, validation was not feasible at this stage as this is a continuous process requiring follow-ups through the qualitative approach of trustworthiness in terms of credibility, transferability, dependability and verifiability.

ANALYSIS OF RESEARCH ISSUES/PROPOSITIONS

Views and Practice of Guanxi in the RM Activities and Operations of the CFBs

Finding 1: How guanxi affects marketing activities and operations of the CFBs depends on the understanding of the Relationship Managers of: (1) the views of guanxi in association with RM; and (2) whether guanxi can be efficiently practiced and operationalized for effective RM activities and operations of the CFBs.

Views of Guanxi in the CFBs

The above finding outlines the importance of guanxi for a long-term relationship between a bank and a customer. One participant said: “Guanxi should be practiced by the CFBs because: (1) the CFBs focus on the market in China; and (2) banking is a tertiary industry and needs to rely more on guanxi.” However, another participant emphasized the impracticability of guanxi in his RM activities due to the difficulties in transplantation of the Western RM concept into the Chinese guanxi concept or vice versa:

“The CFBs hold the Western RM concept in their business development and banking operations. This concept is quite different from the guanxi concept. It is difficult for the CFBs to transplant the RM concept in guanxi because of the different cultures and economic and social environments.”

The findings indicate participants’ perceptions of guanxi’s practice in a foreign culture vary, in terms of its effects on their marketing and operational functions in the areas of (a) customer relationships; (b)
networks and communications; (c) staff-customer relationships; (d) accounts management; (e) business ethics; and (f) bank operations. Therefore, Proposition 1a (P1a) “Different views on guanxi in association with RM affect marketing activities and operations of the CFBs” is confirmed.

Guanxi in RM and Operations of the CFBs

Guanxi in Customer Relationships. 90% of the participants claimed that the DCBs are more inclined to practice guanxi and they are more skillful in building guanxi. The following comment was made:

“Foreign banks often lack long-term relationships with Chinese customers. Relationships between the CFBs and enterprises are mainly built on corporate cooperation, meaning a corporate guanxi exists. Under this guanxi, the customer and the bank emphasize procedures and policies and there is a certain degree of distance between the two parties. However, in the DCBs, relationships between the banks and customers are multi-dimensional and corporate guanxi is not so significant. Very often, the Relationship Managers spend a lot of time developing personal guanxi with decision-makers of their customers, for example, engaging in entertainment, adopting some hobbies of common interests and even helping family members of the customers in order to build up intimacy.”

Guanxi facilitates customer relationships and is extensively used in RM activities by banks in China. The findings show that CFBs acknowledge the important applications and usefulness of guanxi for maintaining a stable client base, enhancing satisfaction of customers, facilitating new customer referrals and advocacy, operationalizing customer commitment and trust in customer relationships, reviving deteriorating customer relationships and developing bank image and customer awareness of the bank. All of these RM activities can be facilitated by guanxi. In addition, guanxi can also help smooth bureaucratic processes, provide access to business opportunities from state-owned enterprises and secure support from relevant government bodies.

Eighty percent of the participants supported guanxi as a means to attract more clients but their management did not proactively committed to implementation of the guanxi concept in RM activities. They believe that creating a competitive advantage in a bank based on excellent services is more important than guanxi.

Guanxi in Networks and Communications. Findings show that 70% of the participants believe they have good guanxi with their customers because of excellent and frequent communications. Fifty percent of the participants were neutral to the statement that guanxi can assist in solving problems and providing solutions for their customers. Eighty percent of participants did not agree that their banks focused on guanxi networking as part of their business strategy. However, 70% participants believed that guanxi could function in the information network of their banks, and banks with wide “guanxi” and relationship networks performed better than those with little or no relationships with Chinese customers.

Guanxi with Staff-Customer Relationships. Findings indicate that support for guanxi in staff-customer relationships is confirmed as 80% support guanxi as an effective tool to develop and foster relationships between staff and customers. Guanxi is maintained through staff-customer trust by solving problems, rectifying errors and responding promptly to customers, and by providing expertise that gives customers the perception of credibility.

Guanxi in Accounts Management. The findings also indicate that on average Relationship Managers allocate 70% of their time to accounts’ management. Relationship Managers spend substantial time on relationship cultivation, including clients and site visits, establishment of mutual understanding, problem investigation and solution, customer entertainment and social gatherings (e.g. lunch, dinner, playing golf and social event participation). Accounts administration and other activities relate to internal administrative functions, to support RM. These activities take up around 30% of the time of the Relationship Managers.

Guanxi as Ethics in Bank Operations. Eighty percent of the participants agreed that guanxi can take many forms, such as gift-giving and reciprocity, i.e. it cannot be simply based on money and is considered legal in Chinese culture for building relationships. It is not viewed as bribery. There is no need
to feel uneasy or uncomfortable about guanxi. Finally, 90% of the participants believe that guanxi with high ranking government officials is still important for doing business in China. They then added one comment that corruption and bribery in B2G guanxi still prevails in China.

*Guanxi in Banks’ Operations.* Findings indicate 100% of the participants support high quality services as their banks’ strategies to sustain long-term relationships and proper guanxi. This also applies to the pricing strategy in which 80% of the participants indicated guanxi can reduce a customer’s price sensitivity because of trust. One hundred percent of the participants claimed that a closer relationship is needed due to technological innovation and increased automation in banks’ operations, business and services, thus fostering “emotionless” services found in virtual banking or the virtual marketing/virtual corporation. Finally, participants agree that guanxi can streamline operations but it depends on the allocation of financial resources to support guanxi management.

In conclusion, guanxi has a significant effect on RM activities and banks’ operations as discussed in the above research findings and therefore Proposition 2b (P2b) “Whether guanxi can be efficiently practiced and operationalized for effective RM activities and operations of the CFBs” is confirmed.

### Guanxi and Business Performance of CFBs

Finding 2: *Guanxi* has been extensively practiced by the DCBs but not the CFBs. People are led to believe that guanxi is one of the critical success factors for the DCBs because of its major role as a determinant of good business performance from a long-term business perspective in China. Notwithstanding that the findings make it difficult to draw a consensus on the notion that guanxi does affect performance of the CFBs, they indicate that the CFBs should practice guanxi in their RM activities via the development of a guanxi-based CRM system in order to improve their performance in China.

Eighty percent of the participants indicated that they had heard of CRM systems involving people, processes and information technology, though only 50% of the participants have installed (or will install) a CRM system. On the other hand, 70% of the participants expressed the opinion that the development of a CRM system can help operate and enhance guanxi in RM and assist in the development of a guanxi strategy. A CFB participant commented as below:

“A CRM system can monitor guanxi progress with the customers … Data storage can reveal and update the happenings and status of each customer for guanxi purposes. This can facilitate better operation of guanxi with the customers.”

Finally, eight participants (80%) proffered no ideas on how to develop a CRM system, should they be asked to do so. This reveals a problem in installation of systems without incorporation of guanxi elements and the need to make the CRM system more guanxi-oriented.

The findings also shed light on measurement of guanxi in respect of performance of the CFBs. In the survey, the focus of the interviews was on discussion of guanxi against measurement factors such as customers, relationship quality, bank and account managers, staff commitment and loyalty, profitability and business performance.

*Customers.* One hundred percent of the participants claimed that “customers” are an important factor and guanxi may be measured via loyalty and satisfaction, new customer acquisitions and referrals, amount of business generated and the amount of profit from each customer.

*Relationship Quality.* Nine participants (90%) emphasized the importance of relationship quality as a factor to measure guanxi. Good guanxi with customers and senior managers of their companies ensures high quality relationships and thus secures good profit from the account. Guanxi also promotes relationship quality via provision of standard products and services, enhancement and sustaining of competitive quality of services.
**Banks and Account Managers.** Seventy percent of the participants claimed that guanxi helps banks capture customers. Measurement of guanxi in terms of “banks” depends on the number of banks with which the customers have maintained accounts and the share in banking facilities obtained by the customers. Measurement of guanxi in terms of “account managers” is determined by business volume and profits generated from individual customers.

**Staff commitment and loyalty.** One participant said: “It is critical to judge the staff’s commitment towards guanxi.” Another participant claimed: “Staff commitment and loyalty ensure that the bank’s interests are not jeopardized by the personal guanxi of the relationship manager with his/her customers.”

**Profitability/Business performance.** Fifty percent of the participants did not agree that guanxi has little influence on their banks’ returns on sales. Seventy percent of the participants claimed that their banks could realize business on a broader scale if they made use of guanxi; yet, two participants did not agree with this statement despite having assigned a relatively high weight to guanxi. They thought that today’s customers were very demanding in terms of actual benefits (e.g. a broader scale of services) from their banks and that guanxi alone cannot work. Participants also emphasized diversified and quality products and services to customers, besides guanxi, as a critical success factor for doing business in China. Therefore, they remained neutral concerning the statement that most bank business is generated through guanxi and, without guanxi, banks would find it difficult to survive and grow in China.

However, a large proportion of participants (70%) agreed that banks with wide guanxi usage often perform better than those with little or no relationship with the Chinese andguanxi is useful in order to maintain a competitive advantage. This applies to the DCBs also (as claimed by the participants). Despite 70% of the participants claiming a positive relationship between guanxi and banks’ competitive advantages, they were not keen to practice guanxi in their business development and, therefore, business performance might have been adversely affected. This is reinforced by the following comments of two participants:

“Profitability/business performance is the ultimate objective of good guanxi which is true for both banks and enterprises.”

“Effective guanxi can contribute to profit and good business performance of the banks in the future.”

The above comments are suggestive of the importance of guanxi for business performance of banks in China. However, in the interviews, a number of participants claimed that guanxi itself cannot guarantee good business performance and, therefore, banks should gain their own competitive advantages and not simply rely on good guanxi with customers. Proposition P2 (P2) “The DCBs with high guanxi outperform the CFBs with low guanxi, and the lack of guanxi is a reason that undermines the business performance of the CFBs” is partially confirmed.

**RESULTS AND DISCUSSION**

The findings of this research are consistent with mainstream previous studies of the general concepts of guanxi in the China context. Table 1 and Table 2, which are self-developed for this research, summarize findings against research questions and propositions by addressing the research problem.

**TABLE 1**

<table>
<thead>
<tr>
<th>Research issue/question</th>
<th>Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>RQ1:</strong> How would different views on guanxi and its practice affect marketing</td>
<td>How guanxi affects marketing and operations of the CFBs depends on the understanding of the Relationship Managers of (1) the views on guanxi in association with RM; and (2) whether guanxi can be</td>
</tr>
</tbody>
</table>

---

**TABLE 1**

**SUMMARY OF FINDINGS AGAINST EACH RESEARCH QUESTION**
activities and operations of the CFBs? | efficiently practiced and operationalized for effective RM activities and operations of the CFBs.
---|---
**RQ2:** Does guanxi affect business performance of the CFBs? | It is difficult to conclude from the findings whether guanxi does or does not affect business performance. However, the CFBs should enhance their competitive capabilities and advantages in China market. They should develop a guanxi-based CRM system in order to improve their business performance. Future research in this aspect is required because of the undeniable importance of guanxi based on the findings of this research.

Proposition P1 to P2 are intended to answer the two questions as described in Table 1.

### TABLE 2
RESULTS OF FINDINGS FOR EACH RESEARCH PROPOSITION

<table>
<thead>
<tr>
<th>Description of Research Issues/Propositions</th>
<th>Results of Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>P1a:</strong> Different views on guanxi in association with RM affect marketing activities and operations of the CFBs.</td>
<td>Confirmed</td>
</tr>
<tr>
<td><strong>P1b:</strong> Whether guanxi can be efficiently practiced and operationalized affects RM activities and operations of the CFBs.</td>
<td>Confirmed</td>
</tr>
<tr>
<td><strong>P2:</strong> DCBs with high guanxi outperform the CFBs with low guanxi and the lack of guanxi is a reason that undermines business performance of CFBs.</td>
<td>Partially confirmed</td>
</tr>
</tbody>
</table>

The findings reported in Tables 1 and 2 lead to two main themes which help achieve an understanding of the research objective in relation to the study of guanxi’s significance to the CFBs. Finally, the findings provide a platform and foundation for further investigations in the new areas identified in this research.

**Views and Guanxi in the RM Practice of CFBs**

Relationships between guanxi and activities of the Relationship Managers in the CFBs are established through confirmation of P1a and P1b. The findings confirm that guanxi should be practiced by the CFBs regardless of the Western RM concepts followed by the Relationship Managers. However, there are difficulties in transplanting the RM concept from Western countries (Palmer, 1995) into banking practices in China, and in integrating the guanxi concept with RM activities of the CFBs due to differences in culture and business practices. Further, the findings demonstrate that guanxi bears a strong relationship with marketing and operations of banks in China, e.g., customer relationships, products and services, pricing strategies, networking and communications, staff-customer relationships, accounts management and ethical issues. The CFBs are not exceptions. These findings establish the importance of guanxi as a new area for future research.

The findings also focus on the importance of how CFBs coordinate with their head offices for design of customer-oriented service systems (e.g. CRM system) with integrated guanxi elements. CRM is viewed by many Relationship Managers of the CFBs as a marketing process to foster customer relationships through a so-called CRM system, by delivering superior customer value and satisfaction.

**Guanxi and Business Performance of CFBs**
In respect of the relationship between guanxi and business performance of the banks, particularly the CFBs in China, findings indicate a dangling answer to whether guanxi influences returns on sales. Relationship Managers consider profitability and business performance as the ultimate objectives of good guanxi for banks and other enterprises in China. This confirms the claims of Davies et al., (1995), Millington et al. (2005) and Yang (1994) that guanxi plays a major role in China and East Asia. However, guanxi itself cannot guarantee good business performance. This finding confirms the comments of Braendle et al. (2005) and Li and Athuahene-Gima (2001) that guanxi has no effect or even a negative effect on a firm and its performance. The findings also confirm the claim of Zhang and Zhang (2006) that there is no consensus on the positive effect of guanxi in relation to business performance. The most important factor for the success of banks in China is competitive capabilities of the Relationship Managers and the competitive advantages of the banks. Therefore, the findings emphasize the provision of diversified and quality products and services, offers of attractive pricing and tailor-made services to customers as success factors rather than sole reliance on guanxi. Other non-financial factors such as relationship quality, staff commitments and loyalty, reward and staff motivation and business ethics, etc. are also critical factors that affect the profitability and business of the banks.

IMPLICATIONS OF THE RESEARCH

This research provides two types of implications: (1) theoretical implications; and (2) practical implications. For theoretical implications, first, there is a close relationship between guanxi and some Western theories as outlined in the Literature Review section. It is then feasible for the CFBs to practice guanxi along with the Western management concept of RM. Second, there is a need for the future development of guanxi-bank related theories. The findings indicate a lack of such literature, for example: (a) integration of guanxi with RM for the CFBs; and (b) relationships between guanxi and marketing/operations of the CFBs. It is difficult to link guanxi to banks’ marketing practices in China in the absence of sufficient theories and literature in the field. In terms of practical implications, the general application of guanxi in conjunction with RM activities of CFBs, and the formulation of a guanxi-RM conceptual framework for the use of the CFBs are two practical implications and new areas for future research.

LIMITATIONS OF THE RESEARCH

The researchers encountered a number of limitations that were beyond control. They are (1) limitations of research methodology; and (2) limitations of conducting research in China. While such limitations are acknowledged, they do not detract from the significance of the findings. Instead, they have provided platforms for future research.

The first limitation of research methodology was that the selection of Shanghai as the location posed time and cost constraints. Secondly, “one-shot” interviews used in this research were not sufficient to produce full and rich descriptions of the findings.

With respect to limitations of conducting research in China, data collection activities in this research were influenced by a number of practical considerations including the lack of up-to-date, comparable and complete information from industrial directories in China, and a strong disinclination of Mainland China people to reveal information about their views on guanxi to outsiders. The latter is a sensitive issue for bankers, as far as their view of guanxi is concerned.

DISCUSSION OF THE RESEARCH IN THE FIELD OF BUSINESS ANTHROPOLOGY

This section is divided into two parts: (1) Business anthropology as a sub-discipline of anthropology; and (2) Relationships of the research with business anthropology. The first part provides a general review of anthropology and business anthropology in respect of its development, growth, importance and future. The second part focuses on the discussion of: (a) The rise of business anthropology in China; (b)
Ethnography as a research method; (c) Guanxi in the corporate and cross-cultural context; and (4) Business performance of CFBs versus business anthropology. All of these issues bear a close relationship between this research and business anthropology.

**Business Anthropology as a Sub-discipline of Anthropology**

*Anthropology and Its Development*

Anthropology is a discipline for over the last hundred years or so. It has developed a wide array of qualitative techniques for understanding people and their behaviours. Despite it being a discipline and methodology employed by business researchers for a short period of time, anthropology has a long history within business research as in the case of the seminal “silent language” approach introduced by Hall (1959, 1960). Other examples are the classic anthropological methods of research such as ethnography, observation and interviewing that have proved to be appropriate for business research (Walle, 2000, 2002; Jordan, 2002, cited in Tian, 2009).

Anthropology is defined by Tian et al. (2013, p. 24) as “a social science that studies the social environment in which people live and the impact of this social environment on feelings, attitudes, behaviours, and so on.” Tian et al. (2013, p. 27) further claimed that “anthropology is the study of human beings as both natural and social creatures, from the times of our pre-human ancestors’ earliest appearance on earth to contemporary times.”

There are four traditional fields of anthropology: (1) cultural anthropology (or “sociocultural anthropology); (2) archaeology; (3) physical (or “biological) anthropology; and (4) anthropological linguistics. The above classification is based on the interest of anthropologists in studying anything in connection with the existence, development, appearance, behaviour and beliefs of human beings and “each of these four fields focuses on a different aspect of human life” (Tian et al., 2013, p. 28). These traditional fields of anthropology primarily focus on creating theoretical models relating to its units of analysis and the anthropologists usually specialize in one particular field in its entirety.

The practical application of any of these four traditional fields may be designated as applied anthropology, which is regarded by some scholars as a fifth sub-discipline of anthropology. Practicing applied anthropologists do not simply study the nature of problems, but focus on the solutions to the problems by applying anthropological data, theories, models and methods to identify, evaluate and solve contemporary problems in organizations or social enterprises. They make contributions to business, government, health, education and human services domains. They use ethnography and participant observation as their primary research tools.

*Growth in Business Anthropology*

Walle (2003, cited in Tian et al., 2013, p.11) stated that the glimmerings of business anthropology first emerged in the 1930s in association with “human relations school”. It then exerted a powerful influence on an entire generation. During the 1960s and 1970s, the use of business anthropology declined. The term of “business anthropology” became more popular and widely used in the 1980s and it has recently begun to be used more generically in the application of anthropology to business-oriented problems. Currently, anthropologists increasingly serve as business researchers, and their cultural sensitivity of the qualitative methods of anthropology is making organizations increasingly aware of business anthropology. Their contributions are much needed and valued by decision-makers of different organizations.

To further understand business anthropology, researchers should throw light on what “business” means. Tian et al. (2013, p.14) opined that “business” is “an entity that brings together time, effort and capital in order to produce a profit.” He further claimed that the term “business” suggests three usage as (1) a particular company or corporation (singular usage); (2) a particular market sector (generalized usage); and (3) all activities by the community of suppliers of goods and services (brodest usage). However, Dr. Robert Tian, a business anthropologist trained in the USA, commented that the exact definition and philosophy of business is a matter of debate.
Scholars tend to associate business anthropology with applied anthropology in that the research sometimes may not be referred to as academic research but fall within the applied field as in the example of business anthropology which serve as “applied” anthropology. Tian et al. (2013, p. 34) alleged that “the use of anthropological ideas and methods to achieve practical goals primarily in the private, for-profit sector is termed business anthropology or, alternatively, corporate anthropology”. In his article “Editorial Comment: The Rise of Business Anthropology in China”, he straightforwardly claimed business anthropology as a sub-discipline of applied anthropology to apply anthropological theories and methods to explore and solve problems in the real business world by studying how to improve business efficiency and work processes through observing how people perform in their workplace (Tian, 2013a). Van Rij (1996, p. 19) claimed that “business anthropology is a new way of thinking about the challenge of keeping up with global change.” He further claimed that business anthropology provides a set of advanced concepts for market strategy and can help firms to leverage knowledge of customer perceptions of the environment to enhance competitive strategy in transnational markets. Chapman (1997) viewed anthropology to be generally true on business and management studies spanning large areas of marketing, finance and accounting, human resource management and production and operations management. According to Moeran (2005), anthropology offers explanations about how people and organizations come together and function.

Importance of Business Anthropology

The importance of business anthropology can be viewed through its role and functions in which business anthropologists have been widely recognized and they are able to help solve most business problems in the real world with their unique contributions (Jordan, 2010). Business anthropologists have been hired to investigate sources of trouble and to suggest remedies. They can also help mediate and open communication between groups of workers and managements (Reice, 1993). In practice, they play very different roles in companies in the above mentioned areas. Specifically, the importance of business anthropology has been concluded by Jordan (2010) in three fields of (1) organizational anthropology meaning the study of complex organizations to include their cultures, work processes and change directives; (2) anthropology of marketing and consumer behaviour; and (3) design anthropology to include product and service design. The other anthropologist, Dr. Robert Tian, also added the fourth and the fifth field. The fourth field is termed as competitive intelligence and knowledge management to focus on the study of unique methods by anthropologists to be used in competitive intelligence and knowledge management (Tian, 2009). The fifth field is termed as anthropology of international and cross-cultural business (Ferraro, 2006; Lillis and Tian, 2009).

In conclusion, the importance of business anthropology is echoed by its characteristic as a “practical oriented scholastic field” in which anthropologists and scholars from other disciplines can apply anthropological theories, methods and skills to identify and solve all kinds of business related problems in various business environments, domestically or globally (Tian et al., 2013, p. 35).

Future of Business Anthropology

The future of business anthropology is challenged by advanced technologies along with globalization of the world’s economic system. For example, organizational changes occur due to mergers of companies on a global basis (Tian, 2013a) and multinational corporations need to understand the cultures of many countries in which they operate (Jordan, 2010). Besides, cross-cultural cooperation between geographically-dispersed teams of multinational companies has created another challenge for such companies to procure business anthropologic knowledge and skills to become successful in their business commitments. Therefore, anthropologists opine that when they discuss the future of business anthropology, they must think in terms of global political economy, local demographic trends, prevailing cultural preferences and the social and ethnic backgrounds of consumers; they should also think how they might fit into the discipline of business anthropology to continue as a practice-oriented entity (Tian, 2011).

Relationships of the Research with Business Anthropology
China has undergone tremendous economic and social change since it launched economic reform in the late 1970s. It gradually changed from its closed and centralized economic planning system into a market-oriented economy. In 2010, China took over Japan and became the second-largest economy in the world after the US (Source: Central Intelligence Agency, 2012). It has become a locomotive of the world economy. However, Chinese businessmen have faced many problems in foreign countries due to China’s lack of research on globalized markets, business counterparts, and cultural factors of other countries. Now Chinese business leaders know that in order to survive, they must have a better understanding of the international market environments from a cross-cultural perspective (Paliwoda and Ryans, 2008; Yu et al., 2006, cited in Tian, 2013a). In fact, as claimed by Harrell (2001), since the beginning of China’s reform and opening policy in 1978, anthropological studies of China have revived and so has anthropology as a discipline because Chinese anthropologists have become part of the world community of anthropologists.

Given the importance of understanding the diverse cultures in the global markets as well as the business practices of foreign counterparts, business anthropology was introduced and promoted in Chinese universities during a critical period of China’s economic development. Since 2005, Dr. Robert Tian has run seminars on business anthropology at Peking University, Minzu University, and Fudan University in China. He was also appointed as a foreign expert professor to offer business anthropology courses to both graduate and undergraduate students at the Business School of Shantou University in 2011. He organized two international conferences on business anthropology in Beijing and Shanghai in 2012 and 2013 and a third in Hunan of China in May 2014. In September 2012, two groups of applied anthropologists ran two sessions at the national conference of anthropology in Lanzhou, Gansu Province. All of these events show the awareness of business anthropology in China and that “business anthropology has a bright future in China and will soon boom in China as an academic discipline as China’s social and economic development continues at a fast speed” (Tian, 2013a).

The research titled “The Role of Guanxi in China’s Foreign Banks” was conducted in Shanghai, China in 2013. As research on business anthropology expanded, findings were deeply affected by the need for the development of this discipline in China’s banking industry, though recruitment of any business anthropologist by the CFBs is still viewed as a pre-mature human resource practice. However, the researcher has not ignored this possible change in banking practices, given the growth of business anthropology in China. Though the research was not designed to investigate the impact of business anthropology on practice of guanxi in RM activities of the Relationship Managers of CFBs, it has already evoked interest in terms of future studies.

**Ethnography as a Research Method**

“Ethnography is a process of describing a culture in subjective ways that stem from the feelings and actions of informants who are functioning members of the group being investigated.” (Tian et al., 2013). For anthropological research, researchers usually conduct their studies through observation, informal and structured interviews, questionnaires, and focus groups. In this research, qualitative approach was used since the nature of guanxi is such that it cannot be quantified or measured quantitatively. In addition, the research was conducted by using semi-structured and in-depth interviews with ten Relationship Managers of the CFBs in Shanghai. Semi-structured interviews provide flexibility to interviewees when expressing their opinions since open-ended questions fit into the topic of guanxi which is a very complex issue. In-depth interviews are needed as the complications of questions do not allow interviewers to respond with a simple “yes” or “no” answer. The research is a typical example of ethnographic method as endorsed by the discipline of business anthropology.

**Guanxi in Corporate Culture and Cross-cultural Context**

Gwynne (2003, cited in Tian, 2010, p. 72-73; Tian et al., 2013, p. 37) stated that “any cultural anthropologist who is going to unknot and make explicable the culture of a small-scale society will have several different models to follow” and “each of these models provides a different means for conceiving
and investigating the culture of a group of people who are bonded together by the same shared common values. In China, guanxi is a Chinese concept that stemmed from Confucius’ social hierarchical theory which is referred to as the Chinese “Wu Lun” meaning five relationship hierarchies in the traditional Chinese society: ruler-subject, father-son, husband-wife, brother-brother and friend-friend (Su et al., 2003). The conception of guanxi comes from Confucianism emphasizing personal relationship, loyalty, harmony, order and authority (Zhang and Zhang, 2006). Guanxi is deeply tied to the Confucian heritage of the Chinese people and is entrenched in the way of life of the Chinese. As mentioned in the Section of “Guanxi and Its Roles in Business”, guanxi is a complex issue involving social, behavioural and human elements existing in China’s banking industry. Tian (2013b) claimed “self-ownership”, “renqing”, “mianzi” and “guanxi” as values in China’s society with association of business anthropology. Such concepts are also discussed in his book titled “Chinese-Canadians, Canadian-Chinese: Coping and Adapting in North America” (Tian, 1999).

On the other hand, RM, which is very similar to guanxi, is a Western concept. Foreign companies including the CFBs are practicing RM in China and thus creating a cross-cultural problem in respect of cultural differences between companies domiciled in Western countries but operating in China. To help smoothly practice guanxi in CFBs, business anthropologists should be employed. They should have the ability to “penetrate” corporate cultures and to elicit not only formal but also informal knowledge from them. The CFBs may also consider employing cultural anthropologists who know both the Chinese concept of guanxi and the Western concept of RM to help integrate the two different concepts for use by CFBs. On the other hand, the Relationship Managers of CFBs may draw support from the global model of Geert Hofstede who is the best known cross-cultural communications specialist. His work has given rise to the “four-dimensions of culture model” comprising of power distance, individualism-collectivism, uncertainty avoidance, and masculinity (Hofstede, 1980, 1991). To help minimize cross-cultural problems in integrating the Chinese concept of guanxi into the Western concept of RM, CFBs may consider “adding one more dimension into the Hofstede model, called Confucian dynamism with the special intention for differentiating Chinese from Western cultural values” (Fmery and Tian, 2003).

Business Performance of CFBs versus Business Anthropology

Business anthropologists can help companies to improve business performance by reviewing their corporate cultures, product design and development, marketing and consumer behaviour. Business anthropologists can also make contributions to other areas such as international business, human resources management and operations. In short, contributions that business anthropologists can make in the real world are unlimited. Besides, ethnographies have been increasingly used in the business world. Together with the areas mentioned above, business anthropologists can help companies to improve business performance and profitability.

Going back to the research findings, it is hard to draw conclusion whether the DCBs have outperformed the CFBs because of greater reliance on guanxi with their customers and the Chinese government. However, findings have confirmed that guanxi is still important for doing business in China despite its role having been eroded by reforms of economy and banking/finance systems in which competitive advantages and competencies of a bank override guanxi. Integration of guanxi into the RM activities of CFBs is considered an effective way to assist CFBs to improve their business performance in China. As this integration involves changes or modifications of the operations, marketing, management and corporate culture, business anthropologists can work together with cultural anthropologists by lending the CFBs a helping hand with the integration of guanxi into the RM practices of the CFBs.

RECOMMENDATION FOR FURTHER RESEARCH

The first issue identified for further research is the relationship between guanxi and business performance of banks in China. Some elements of the literature have indicated “no consensus” on the relationship. The second issue relating to the impact of guanxi on the CFBs could not be definitely confirmed, and it is still unknown whether the DCBs with high guanxi outperform the CFBs with low
guanxi, or whether a lack of guanxi undermines business performance of the CFBs. The third issue is the relationship between guanxi and Western theories. Research on their interrelationships and interactions is very limited and there has been no study on impact of such relationships on the CFBs. In addition, given the importance of business anthropology, it is recommended for the CFBs to conduct research in relation to the impact of business anthropology on the integration of guanxi into their RM activities.

CONCLUSION
This research aimed at studying guanxi in RM activities of the CFBs. It is mainly of an exploratory nature, and has determined that there should be more in-depth discoveries concerning guanxi in marketing and operations of the CFBs. So far as the findings are concerned, there is no consensus on important implications of guanxi in China’s banking sector but, without guanxi, Relationship Managers would find it difficult to solicit business and maintain rapport with customers. There are still many unanswered questions in respect of application of guanxi to RM activities of the CFBs. Specifically, the CFBs need to (1) study the effect of guanxi on their businesses and operations; and (2) understand the relationship between guanxi and business performance. These issues are more complex than indicated in the literature, thus setting a foundation for further research by managements and Relationship Managers together with business anthropologists and/or cultural anthropologists.

REFERENCES


ACKNOWLEDGEMENT

The authors thank the editors and reviewers for their valuable comments. We also thank Dr. Robert G. Tian, scholar and anthropologist, who supported and encouraged the authors to write this paper. For correspondence, please send email to adfwan@hotmail.com or yywan@hksyu.edu.
A Brief History of American Indian Business

Charles Harrington
University of South Carolina Upstate

There is a need to recognize the history and unique and valued contributions to American economic and business history of American Indian business. Indigenous people in the U.S. operate nearly 250,000 businesses, generating in excess of $40 billion dollars annually. Their contribution to local, regional, and national economies are considerable, however very little attention has been given to the history of American Indian business, leaving a considerable void in the business education and anthropology literature. This paper provides a cursory overview of the history of native business in the United States, including the challenges, context, and opportunities for further continued development.

INTRODUCTION

As is necessary for survival and social order, early Native Americans, individually and collectively, were required to provide daily for the needs of their families and their tribes. This responsibility manifest itself in constant effort in areas of agriculture, tool production, assemblage of clothing, creation of appropriate shelter, and other domestic activities. Native people also routinely engaged in trade with other individuals and groups, from both near and far, in order to survive and to make life more comfortable (Weinberg, 2002). Most, if not all, of this trade activity was undertaken in free market situations where individuals came together voluntarily to buy, sell, and trade items that they had manufactured for such purpose.

Anthropological evidence suggests that Native people inhabited and civilized the western hemisphere long before the arrival of European “settlers”, and perhaps even to be considered the first to traverse and inhabit North America. With no other “civilized” peoples to serve as examples, the welfare and survival of early Native Americans depended entirely on their own resourcefulness, ingenuity, and persistence. Without the aid of comparative examples, they created and sustained their own culture and societies, technologies and means of production, habitats, and both land and water-based transportation routes. None who have followed their examples and efforts have endured such hardships or challenges.

From the origin of principle contact, Europeans experienced significant difficulties in productive interaction with the indigenous population. Considering native people as “savage” and “uncivilized”, these early settlers found themselves with little option but to attempt to engage these indigenous people. Short on supplies and grossly outnumbered, the Pilgrims opted to embrace the opportunity to establish beneficial and productive contact, eventually able to gain substantially from trade and barter with the Native Americans (Driver, 1961).
New trade goods represented another big change that European explorers and colonists brought to American Indians (Weinberg, 2002). Soon after meeting their European visitors, Indians became very interested in things that the colonists could provide. In a short time, the Indians began using these new materials and products in their everyday lives. Native hunters were eager to trade prepared deer hides and other pelts for lengths of colored cloth. Metal tools such as axes, hoes, and knives became valuable new resources. Soon American Indian men put aside their bows and arrows for European firearms, powder, and lead shot. Trade items like metal pots often were cut up and remade into new tools or weapons. The desire to obtain European goods changed ancient trading patterns. The tradition of simple hunting for food began to become less important than getting animal hides to trade. Soon American Indians became increasingly dependent on European items for daily needs.

Regrettably, formal governments intervened in the attempt to formally establish this “New World”, asserting itself, aggressively, on Native people. In particular, the British attempted to keep local colonies from negotiating with Indians, tried to avoid conflict by recognizing Indian land claims, and formed alliances with tribes against other colonizing nations.

For Native people, “ownership” of the necessities of everyday survival (food, fuel) and the rights inherent therein, resided in groups rather than in individuals. With clear divisions of labor, tribal members worked and specialized in common tasks. Each had an equivalent claim on the tribe’s collective supply of goods. A cultural principle of sharing, rather than sole individual possession, was fundamental to social order. Communal rights superseded those of the individual, as kinship assigned equally, life’s goods as well as its burdens (Sainsbury, 1973).

The concepts of economic power and wealth were essentially unknown to native tribes. The activities of daily living and the basic economic necessities required therein did not manifest themselves in differential or individual holdings or wealth that would lead to control of supply, markets, or socio-political “power”. Conversely, prior to the arrival of Europeans in 1492, many Native societies were familiar with social inequality, rank, and in some limited cases, slavery. (Weinberg, 2002)

Commencing with the arrival of Europeans in the 15th century, North America’s economy was based on the conquest and plunder of native people. By intentionally separating Native Americans from their ancestral land, settlers established land into a central means of production for America’s future “civilized” Bourgeois society. A new rule of unequal private property and property rights displaced communal enjoyment and purpose. It was at this point that social inequality entered into American life, never to depart.

THE HISTORY OF TRADE

Indian trade has historically been characterized as the web of economic relationships between Europeans and their successors (Euro-Americans and Euro-Canadians) with Native people. Exchange was established between Indians and whites of goods with material and cultural significance as part of diplomatic and economic interactions by two or more parties to secure goods, establish and maintain political treaties, and ensure cohabitation of lands. By this same convention, the Indian trader has been portrayed as a Euro-American or Euro-Canadian male engaged in supplying Native Americans (male and female) with goods and services in exchange for Indian-made or-processed commodities such as furs, pelts, hides, and foodstuffs; geographic information; and, at times, political and social alliances (Sturdevant, 1988).

A more accurate view of Indian trade would be to describe an existing and well established trade practice that was firmly in place long before European contact and colonization. Connecting tribes and regions, pre-Colonial Indian trade involved individual traders as well as trader cultures that served as conduits between tribes separated by considerable distances. Indian traders—female as well as male—met at trading centers located strategically along major river systems and at locales where several tribes seasonally passed en route to hunting, gathering, or fishing grounds. Examples include Cahokia in present-day Illinois, the Mandan-Hidatsa-Arikara villages (often called Middle Missouri Indian towns) in the present-day states of North Dakota and South Dakota, Zuni Pueblo in contemporary New Mexico, and
confluences intersecting important waterways such as Sault Sainte Marie and Niagara Falls in the Great Lakes region and the Dalles on the Columbia River. In addition to foodstuffs, fiberware and clayware, hides, and exotics ranging from obsidian and flint to seashells and pearls to precious gems and minerals passed hands in Indian lodges and at native trade fairs before A.D. 1500 (Chittenden, 1902).

EARLY EUROPEAN-INDIAN TRADE

After 1600, these same trails, watercourses, and meeting grounds became routes of European traffic and footprints for forts, factories, and towns placed at strategic points such as Albany, Augusta, Chicago, Detroit, Kodiak, Michilimackinac, Mobile, Natchitoches, Portland (Oregon), San Antonio, and St. Louis. Colonists introduced European mercantile ideas of inventories and profits based upon dynamics of supply and demand, often compromising Native systems, which operated on principles of barter exchange, gift-giving, and reciprocity. Whites who adhered to norms of Native trade did better than those who ignored or bypassed Indian protocol. The French succeeded best in the Indian trade business, becoming social as well as economic partners across North America. Up to the fall of New France in 1760 and beyond, French-Indian relations along the Saint Lawrence and Mississippi Rivers and in the Great Lakes region remained cordial, tied by kinship as well as economic partnerships (Studenvant, 1988).

Spanish, Dutch, English, Russian, and Swedish traders were less successful because of their more rigid expectations: they insisted that Indians conform to European trading standards. All colonists sought furs and hides, including deerskins, for a lucrative European and Cantonese fur market, making the occupation of the white or mixed-blood (French-Indian and Spanish-Indian) trader a common occupational type on all national and ethnic frontiers in North America. Each had government-licensed trading companies with wide powers to expand the respective nation's interests in addition to authority to trade, trap, hunt, and settle. Also, each country had independents, known in French parlance as coureur de bois (runners of the woods). From the Saint Lawrence to the Rio Grande and on to the Pacific Ocean, these "free" trappers and traders trekked and traded, earning reputations for adventure and exploration, and often compromising national interests for personal gain. Across every fur trade frontier, small concerns were absorbed by medium-and large-sized companies, whose workforces were under contract for specific terms of engagement and for set annual salaries (Ewers, 1997).

Many major cities benefitted from this burgeoning Indian trade, including Albany and New York City (Dutch); Detroit, Mobile, Natchez, and Montreal (French); Charleston, Philadelphia, and Savannah (English); Pensacola, Santa Fe, and St. Louis (Spanish); Wilmington, Delaware (Swedish); and Kodiak, Alaska, and Fort Ross, California (Russian).

Native economic dependency did not rest solely upon trade of guns, blankets, kettles, knives, and other utilitarian items with Whites. Nearly all native tribes engaged in European based trade to a certain degree with some tribes prospering and others suffering hardship and economic loss. Throughout the eighteenth century, most tribes of eastern and southeastern North America were locked into the Indian trade as way of life and expected French, British, and Spanish traders to protect their respective trade spheres from outside aggressors and internal rebellion (Ewers, 1997).

TRADE AFTER THE AMERICAN REVOLUTION

In the aftermath of the American Revolution, Indian trade continued under different national alignments and more restrictive rules. Congress regulated Indian trade under a series of Trade and Intercourse Acts beginning in 1790, establishing government "factories" in the heart of Indian territories in 1796 with the intent of keeping settlers and alcohol out of Indian country. This segregationist approach was abandoned in 1822, allowing large and small companies to compete for Indian furs and favors in the western territories. In both Canada and the United States, independent traders and smaller firms were historically leveraged out of business by oligarchies such as the Montreal-based North West Company; the Philadelphia firm of Baynton, Wharton, and Morgan; and Spanish, Indian, and English traders working for the British firm Panton, Leslie, and Company, based in Florida (Washburn, 1998).
As smaller, fur-bearing habitats were trapped out or settled, a new economic Indian trade prevailed from 1840 to 1890 on the western plains and prairies. This buffalo-hide trade supplied water-and steam-powered factories' demand for leather belts as well as military overcoats, rugs, and blankets. Once the buffalo were hunted near extinction, economic dependency on reservations in Canada and the United States gripped Indian communities, now reliant on annuities and the need to become herders and farmers.

Still, the Indian trade and the Indian trader, part of an international fur industry, continued in Alaska and in Canada's remote Yukon and Northwest Territories, where it remains important, as well as in the eastern Arctic. Across North America, Indians themselves have continued to function as Indian traders, many dealing in arts and crafts, others in horse breeding and trading; others in restoring buffalo, trading calves for other livestock and goods from one reserve to another; and still others in mitigating violations of treaties by swapping further litigation for restoration of tribal lands or monetary compensation (Hanner, 1981).

Deprived of their historic land holdings, Indians also lost control of their traditional livelihood. Agriculture, hunting, and gathering all required land, the principal means of production. They could continue to fashion various productive implements such as spades for digging but these could not be employed without access to land. The same held true for animal traps and other technology. Thus, if they were to remain in their traditional areas of the country, their only alternative was to work for the new owners of the land.

After the Revolutionary War, the new national government had to develop its own Indian policy with respect to Indians. Chief Justice John Marshall set the stage for present Indian policy by asserting that tribes were sovereign nations. In 1831 he wrote in his famous Cherokee Nation v. Georgia opinion that Indian tribes were “nations within a nation,” but he went on to call them “domestic dependent nations” implying that they had alienated their power to negotiate with foreign nations by virtue of treaties with the federal government (Anderson & Parker, 2006). While implying that the tribes had retained their internal powers to govern themselves, Marshall described the relationship between tribes and the United States as “that of a ward to his guardian.” Under this interpretation, the federal government attempted to monopolize treaty negotiations with tribes in order to reduce conflicts over land and forced the tribes into a subservient position by declaring them “wards.” (Miller, 1988). The federal government eventually took control of tribal assets by holding them in trust. Tribal sovereignty might have allowed Indians to devise their own property rights and governance structures had the federal government not established the trust relationship with Indians and had it truthfully been willing to grant broad autonomy to Indians over providence and control of their property. The Dawes Act enacted in 1887 had the potential to release Indians from trusteeship by allotting reservation lands to individual Indians in fee simple ownership (Carlson, 1992). However, in 1934 the possibility of fee simple ownership ended with the passage of the Indian Reorganization Act. Since then, the Department of Interior has struggled to programmatically fulfill its trust responsibility and eliminate corruption. Not only does the trust authority raise the cost of managing Indian lands, timber, minerals, and wildlife, it provides opportunities for corruption in the use of those resources and the funds generated therefrom. Because the federal government controls tribal assets, it is not surprising that corruption prevails (McChesney, 1992).

**AMERICAN INDIANS AND WAGE LABOR**

Before the European occupation, wage labor did not exist among the Indians. Economic relations were guided primarily by kinship and group solidarity. The fur trade rested on a vast expenditure of Indian labor power but the European traders did not pay much for it. Indian women performed most of the preliminary processing of the skins which were then transported for sale by Indian men. Traders avoided paying for anything by precise wages. The labor force of the fur industry numbered some 160,000 persons but only 2,000 or 1.25 percent were wage or salary workers (Rothney, 1975). Nearly all the rest were Indian people legally regarded as independent contractors. In this way, the company traders could minimize their outlay on labor services. Occasionally, Indians would be hired to serve as porters.
Few Indian workers received any cash wages from their employers. When goods were used as payment, workers were charged some 600 percent over cost (Chittenden, 1977). This led to large debt burdens which often eventuated in debt peonage. The relationship, observes Rhoda Gilman, "became far more like employment at piece work than independent barter." (Gilman, 1974). Food, guns, and ammunition were doled out in minimal amounts—on the one hand to minimize further financial risk and on the other, to reduce an ever-growing indebtedness. Prices assigned to the goods were known to have been marked up by as much as 2,000 percent.

During the colonial period, European thinkers and philosophers chattered on endlessly about the reputed inability of Native Americans to think rationally. Sometimes they meant the refusal of Natives to join in enriching themselves at the expense of their fellows. At other times they referred to the Native tendency to trap only as many fur animals as they needed instead of building up vast reserves for future trading purposes. Still another meaning was the Natives' willingness to exchange valuable furs for goods that were relatively cheap on European markets.

Aside from the fur trade, Indians could look forward only to occasional day-labor work. In 18th-century Rhode Island, Indians "provided cheap labor at a degraded status." After the third quarter of the 17th century in New England, "the Indians continued their descent to the position of a sub-proletariat. …" During the 19th century, Indian labor continued its decline (Salisbury, 1974).

Largely eliminated from east of the Mississippi by the time of the Civil War (1861-1865), Indian laborers found work in some capitalistic industries that arose in the West. Railroad building and maintenance was one such source. In 1880, the Laguna Pueblo signed an agreement with the Atchison, Topeka and Santa Fe Railroad which assured the Pueblo continued employment on railroad lines. Apparently, the agreement was in force for some years. When railroad workers went out on strike in 1922, Laguna workers were shipped to company yards in Richmond, California where they served as strikebreakers while living in boxcars. The building of transcontinental railroads in 1869 and afterwards opened up new mining areas in the West. In southern Arizona, Papagos Indians worked in newly-opened copper mines. Apaches in the same general area worked on farm and mining infrastructure (Knack and Littlefield, 1996).

Indian possession of land was perhaps the single greatest barrier to the formation of a wage-earning working class among Indians. By the 19th century most of that land had been alienated by whites. One principal protection for the Indians still remained: the treaty system. Ever since earliest colonial times, such documents had been negotiated between Indians and whites. With few exceptions, colonists regarded such negotiations as, at best, necessary evils.

In 1831, the U.S. Supreme Court ruled that while Indian tribes were not nations like others, they could be dealt with as "domestic dependent nations," and so the treaty system continued. It lasted, however, for only another forty years. In the meantime, open warfare was waged by the U.S. Army against the "domestic dependent nations". Contrary to the letter and spirit of the Northwest Ordinance of 1787, the federal government expropriated Indian land prodigally. In 1871, Congress resolved "that hereafter no Indian nation or tribe within the territory of the United States shall be acknowledged or recognized as an independent nation, tribe, or power with whom the United States may contract by treaty." (Wunder, 1985). The measure was not retroactive and so existing treaties remained in force.

Federal authorities were increasingly hostile to Indians exercising independent economic action that would counter external pressures brought by the federal government. In the absence of tax revenues, federal land acquisition, and bureaucratic control of natural resources, Indians would be all the more pressed to seek livelihoods as wage workers. As the mirage of Indian sovereignty faded, the reality of proletarianization took more definite shape. At the same time, however, Indians fought to retain the remnants of the treaty system and the special consideration of Indian interests contained within it (Biolosi, 1992).

MODERN AMERICAN INDIAN BUSINESS

The history of American Indian and Alaska Native business development, up until the last three decades, can be reduced to a general scenario: the overriding focus was on what the federal government
could do to “help” Native nations, most of whom had been forced into abject poverty. This approach tended toward grant-making for projects and programs designed by non-Natives and a development agenda that was almost wholly federal government-driven. Tribal nations were often caught up in what was essentially a transfer economy, where tribes were left to manage federal monies, if they were able to secure these grants at all. This “projects and grants” mentality, where tribal ventures were often dictated by the federal government’s funding priorities rather than their own talents and opportunities, failed to create or support business development in any meaningful way because it did not address the overriding characteristic of Indian Country: its vast heterogeneity. Additionally, this federal grant making approach sparked a grant seeking behavior in many tribes, and ultimately undermined many of the Native nations’ own plans since precious tribal resources had to be invested in applying for federal grants in the first place.

A shift in federal policies toward tribal self-determination means that business development in Indian Country today is less dependent on federal government prerogatives. However, business development in Indian Country continues to rely upon numerous important factors ranging from a tribe’s access to (or lack of) markets, their development strategy and the institutions in place to support their strategy. This paper will provide an overview of the opportunities and challenges of business development in Indian Country today, with an emphasis on the ways that tribal governments (and individual tribal members) can—and do—leverage their competitive advantages and core competencies both on and off the reservation.

At the most basic level, an economy is the way a society is organized to meet the needs of its people. There are local, regional, national and international economies. Because Native economies are intimately linked with tribal governments and tribal cultures, business development in Indian Country in the United States often depends on the creation of new tribal government institutions, ranging from regulatory commissions to tribal economic development corporations. The structure and effectiveness of these institutions depends upon a range of factors, including cultural appropriateness and political stability.

One of the most common and effective strategies employed by tribal governments in the United States has been the creation of tribal development corporations to manage the business research and development arm of the tribal government, strengthen management and streamline business decision-making. For some tribes, creating a triangular approach works to most efficiently generate, protect and invest tribal capital and assets. Harvard research into nation building supports the general premise that separation of powers can increase accountability and support more efficient governmental functions. However, it is critical that these institutions are also culturally appropriate and tribally generated so they best reflect the goals of the tribe.

While it is difficult to generalize about business development in Indian Country, there is an identifiable pattern of business development among many tribes in the United States. For example, in order to exploit core competencies in hospitality and gaming, many tribal governments have begun business development in gaming-related ventures like hotels, restaurants, spas, RV parks, convention centers and gas stations. These amenities directly enhance the gaming experience while creating additional (and often significant) employment opportunities and revenue streams for the tribal government.

Another business development trend in Indian Country is tourism development more generally, with many tribal governments building and managing golf courses, museums, outlet malls, water parks, convention centers and other businesses that attract visitors to the reservation for gaming and non-gaming purposes.

As had been thoroughly documented, Native nations and peoples have supported, engaged in, and enriched themselves with entrepreneurial private and family oriented economic activities throughout history (Miller, 2008). American Indian cultures and traditions have historically demonstrated the principles of entrepreneurship and do not oppose them as some believe. It is necessary to clarify that Indian cultures have always fostered, encouraged, and supported their tribal people in private economic endeavors, argued for and protected their property rights, and allowed individuals to pursue their own ways (Miller, 2001). Since Indian history and culture encourages and supports entrepreneurship, it
underscores the potential benefits and successes that modern American Indian entrepreneurs have achieved.

The majority of revenue-generating enterprises in Native American communities are tribally owned. However, recently, small individually owned enterprises have also become an increasingly important economic base for these communities. Reports from the Community Development Financial Institutions (CDFI) Fund of the U.S. Department of Treasury characterize Native American communities as America’s “domestic emerging market.” The CDFI Fund cites the sales growth rates of Native American-owned business as double the U.S. average and business creation rates as seven times the U.S. average (Johnson Strategy Group, 2002). Data from the 2007 census shows that since 1997 the number of Native American-owned businesses has risen by 84% to 197,300 and that their gross incomes have increased by 179% to $34.3 billion.(Minority Business Development Agency, 2008). The Native American Entrepreneurship Project Report, written by First Nations Development Institute (FNDI), estimates that 170,083 of these businesses are microenterprises—businesses that are owned and operated by one person or family, have fewer than five employees, and are usually financed with loans of less than $50,000. (National American Indian Housing Council, 2010).

Tribal governments with a limited land base or a remote location are pursuing business development that does not rely on the local market or attracting tourists to the reservation. In many cases, these businesses include development of the tribe’s natural resources for export to national or international markets. Examples of these businesses include water bottling plants, farms, orchards, ranches or energy development. Additionally, many tribal governments have purchased or created banks, developed restaurants or hotels and pursued franchising off the reservation, building on their hospitality experience and taking advantage of larger national and international markets.

Finally, there now exist a significant number of agencies, organizations, and entities whose primary existence is to support native entrepreneurs. These organizations include, but are not limited to the National Center for American Indian Enterprise Development, American Indian Business Leaders, American Indian Chamber of Commerce, Harvard Project on American Indian Economic Development, U.S. Department of Commerce Minority Business Development Agency, and the National Congress of American Indians.

CURRENT STATE OF AMERICAN INDIAN/ALASKAN OWNED BUSINESS

The Survey of Business Owners defines American Indian- and Alaska Native-owned businesses as firms in which American Indians and Alaska Natives own 51 percent or more of the equity, interest or stock of the business. Additional reports from the survey highlighting other minority- and veteran-owned businesses will be issued this year. Subsequently, separate publications will be issued highlighting additional characteristics of all businesses and their owners.

According to the U.S. Census Bureau (2007), there were 236,967 American Indian- and Alaska Native-owned businesses in 2007, an increase of 17.7 percent from 2002. The total number of U.S. businesses increased by 17.9 percent. American Indian- and Alaska Native-owned businesses generated $34.4 billion in receipts in 2007, a 28.0 percent increase from 2002.

These data come from the Survey of Business Owners: American Indian- and Alaska Native-Owned Businesses: 2007. The survey provides detailed information every five years for American Indian- and Alaska Native-owned businesses, including the number of firms, sales and receipts, number of paid employees and annual payroll.

Data are presented by geographic area (nation, state, county, city and metro area), industry and size of business. Preliminary national and state data were released in July 2010. Among states, in 2007, California had the largest number of American Indian- and Alaska Native-owned businesses with 45,629, accounting for 19.3 percent of the nation's American Indian- and Alaska Native-owned businesses. California was followed by Oklahoma, with 21,194 American Indian- and Alaska Native-owned businesses (8.9 percent) and Texas, with 19,057 (8.0 percent).
Among counties, Los Angeles, Calif., had the largest number of American Indian- and Alaska Native-owned businesses with 14,195, accounting for 6.0 percent of all the nation’s American Indian- and Alaska Native-owned businesses.

Among metropolitan areas, Los Angeles-Long Beach-Santa Ana, Calif., had the largest number of American Indian- and Alaska Native-owned businesses with 17,634 (7.4 percent), followed by New York-Northern New Jersey-Long Island, N.Y.-N.J.-Pa., with 13,188 (5.6 percent).

Other highlights:

- Of the 236,967 American Indian- and Alaska Native-owned businesses in 2007, 23,704 had paid employees, a decrease of 3.2 percent from 2002. These businesses employed 184,416 people, a decrease of 3.6 percent from 2002. Their payrolls totaled $5.9 billion, an increase of 15.4 percent. Receipts from these employer businesses totaled $27.5 billion, an increase of 25.1 percent.
- In 2007, 213,263 American Indian- and Alaska Native-owned businesses had no paid employees, an increase of 20.6 percent from 2002. These non-employer businesses generated $6.9 billion in receipts, an increase of 40.7 percent from 2002.
- The number of American Indian- and Alaska Native-owned businesses with receipts of $1 million or more increased 26.7 percent from 3,631 in 2002 to 4,599 in 2007.
- The number of American Indian- and Alaska Native-owned businesses with 100 employees or more decreased by 9.0 percent from 178 to 162.
- In 2007, 30.5 percent of American Indian- and Alaska Native-owned businesses operated in construction; and repair, maintenance, personal, and laundry services.
- In 2007, construction, retail trade and wholesale trade accounted for 52.9 percent of American Indian- and Alaska Native-owned business receipts.

CONCLUSION

American Indians have a long and proud history of productive trade, commerce, and entrepreneurship. Existing long before European colonialism, native people created and sustained numerous and complex trade and barter alliances that provided for their various needs. Despite horrendous injustices inflicted upon American Indians at the hands of white settlers and colonial and federal governments, native business and entrepreneurship have thrived. American Indian businesses contribute significantly to the welfare of tribes, play a role in tribal sovereignty and self-determination, and play an important role in the national economy. Although their history and contributions have been largely overlooked by business anthropologists, historians, and scholars of business history and education, American Indian business and business owners have an important and unique place in the fabric of the American economy.

REFERENCES


Performance Indicators for Training Module Curriculum of Long Term Care

Hsiang-Ping Wang
Hungkuang University

Liang-Ju Chen
Hungkuang University

Due to the wide service scopes of elderly in need of care, including medical care, personal caring, social care, and others, the inputs of different professional knowledge are necessary in order to provide the integration of case evaluation and resource management. The training of these professional care givers should be extended to formal educational, including in professional course model and further assist those interested in active integration of theories and practices. This paper uses courses analysis and resource management as core competence to structure the work contents of long term care services, then using this information to design cross professional course contents.

INTRODUCTION

In respond to the aging of population, healthcare education has implemented relating courses, such as geriatric medicine, gerontological care, and rehabilitation for advantaged age. In addition, there are more and more programs on long-term care, gerontological services, senior citizen welfare, and geriatric care to develop necessary professionals in the field (Wang, 2012). In the area of geriatric care, due to their degeneration and weakening, elderly are different from those of other ages in that they are generally limited in self-expressing. Therefore, within technical and vocational education, different levels of educational programs have established core or selective courses in multiple geriatric care or services (Draganidis & Mentzas, 2006). These include: gerontology, senior living risk assessment, healthcare promotion for elderly, aging population and health care, physiology for elderly, introduction to geriatric medicine, geriatric care services, geriatric nursing, introduction to geriatric healthcare, and long-term care.

Long-term care is a variety of services and supports meet health or personal care needs over an extended period of time for people with disabilities in daily function. The Executive Yuan and subordinate organizations (Minister of the Interior, 2008) have planned and executed many long term care related projects over the near 10 years in response to the increasing aging population of Taiwan. Long-term care is a labor intensive industry. To provide sufficient and high quality care for the individuals needing long term care, it is necessary that educational programs be planned and implemented for professional personnel.
The professional backgrounds required by the current long-term care and the future long-term care insurance system include social workers, nurses, physical therapists, occupational therapists, medical doctors, nutritionists, pharmacists, public health workers and other medical or social specialists. These different professionals were trained to develop specific professional knowledge and skills during their school education. However, the goal of long-term care is to solve problems of those in need of care, which include: evaluating needs, formulating care plans, coordinating resources, and care management. Therefore, specific professional training is no longer sufficient for providing efficient long-term care. Hence, it is critical for professional school education to include cross professional care training programs (Kolter, 2000).

LITERATURE REVIEW

Manpower Training

Population aging will impact a larger percentage of the population creating a greater demand for nursing care facilities and living arrangement (Wang, 2013). Ageing in placing, elders are expected to adjust their daily patterns in home. Long-term care covers home services, day care, home care, and at-home rehabilitation (physical and occupational therapy), as well as services that enable disabled people to move freely at home, aging in place, such purchasing and leasing of supplementary equipment and home improvement for easy-access environment and respite support for care givers (Minister of the Interior, 2008).

The need of long-term care from the aging of population in Taiwan has brought recent active promotion of community care in the execution of the aging in place policy. Needs assessment, care plan development and resource management are not only important keys to long-term care, but also the core of care management. In order to improve the quality and equality of services of the manpower in Taiwan, the experiences developed from implementing six years of “Long-term Care Ten Years Project”, the current on-job training courses are focusing on fulfilling job competency. However, these courses cannot set up different levels of on-job trainings with different learning objectives and course contents for those with different professional backgrounds. Hence, the job exchanges of these professionals have been frequent.

China should improve professionals and technicians, import capital-intensive and high-tech equipment because of population aging (Hou, 2011). It is imperative for the Chinese government to improve the current health care system to meet the challenges of the long-term health care of the aging population. Managers must be also create personal development plans for associates, pushing courses to individual users as they progress throughout their professional.

The recent experience of the long term care system in Asia, however, considers that a stronger safety net may load financial pressure on the government. Policy maker alike to evaluate the extent to which the private market and the government can substitute family networks in providing the requisite support for the older population in coming years.

Modular Curriculum of Long-term Care

Due to the wide service scopes of those in need of care, including medical care, personal caring, social care, and others, the inputs of different professional knowledge are necessary in order to provide the integration of case evaluation and resource management. Therefore, different care givers could provide cares needed by different cases. The training of these professional care givers should not only be on-job. If this education could be extended to formal education, including in professional course and further assist those interested students in active integration of practices (Finch & Crunkilton, 1999).

Implementing cross professional programs that integrating professionals relating to long-term care could provide fast human resource development, however, it is important to systematically discussing course development in competency indicators and course contents, in order to provide immediate practices of professional knowledge and skills. The important issue here is how each professional programs integrating long-term care into its own course structure, teaching objectives and professional
competencies that related to course designs and resource allocations. The focus should be on how professional programs develop course modules, and how the course contents keep the specific professional knowledge and skills, while integrate other long-term care relating professional knowledge and skills (Vescio, Ross, & Adams, 2008). With this focus, professional programs would develop students’ comprehensive competency in long-term care, such as community resource management, service quality, and case management.

Therefore, this paper uses course analysis and resource management as core competence to structure the work contents of care and services management, then using this information to design cross professional course contents. It aims at discussing cross professional modular curriculums in programs relating to long-term care, follow by skill indicators, and course contents, to provide suggestions for course and performance development.

ANALYSIS OF RESEARCH ISSUES

Modular Curriculum in Practical Course Development

Modular curriculum has been implemented in Taiwan’s training organizations around 1990’s. Since then, it has been widely implemented in educational systems for course design. The major reason for this wide implementation of modular curriculum has been the effectiveness in assisting learning achieving educational objectives (Finch & Crunkilton, 1999). The idea of modular curriculum is to integrate related courses in accordance with educational objectives, hence providing flexible education, while supplementing courses that could not be provided under limited course requirements. In 2007, the Executive Yuan of Taiwan implemented “Taiwan's ten-year plan long-term care” (Minister of the Interior, 2008), where the Department of Health set up guidelines for professional training in long-term care service management, especially for cross-professional training. Because of the lack of official education in this area, that the current process is to hire relating professionals and to provide concentrated on-job training, in order to improve the competencies in care coordination, management and problem solving.

There are two general used terms: “modular curriculum” and “course module”. The course module mainly involves two important concepts: certification guidance; and cross-field, hence, focusing on how certifications guide the planning of cross-field course modules.

Course modularization is the idea course set moving from set menus to buffet, where clients have the maximum selection and deployment of dishes (Warwick, 1988). But, what is a module? Module is a short but comprehensive unit, which could be connected with other units to complete a larger job or longer objectives (Warwick, 1988). Therefore, course modularization is similar to course buffet, where courses could be selected depending on individual interests. In addition to the above unit course modularization, (Finch & Crunkilton, 1999) proposed program course modularization, where related courses are designed into program for specific professional competencies (Table 1). The purpose of this modularization is to individualize education that fit specific learner’s educational objectives.

The method of this cross-professional course module design includes review of performance evaluation and course contents offered in the long-term care personnel within Taiwan. Focus group discussion of experts, experienced teachers, and policy maker in the field of geriatric and long term care, and lastly, three working group discussions to review and summarize the key findings. Base on design of education cross professional course module, they overview the concepts, care skills, and community issues of case management in a variety of settings serving older persons.

A. Considering problems at the analysis stage:
   1. What are the students’ needs?
   2. What are the trends of healthcare development and needs of the field?
   3. What are educational visions and objectives of the school?
   4. What are the core competencies of the professional?

B. Focusing points at the designing stage:
1. Map up required and elective courses that match up with core competencies. (When those maps up courses have been cross fields, then it would be cross field modular courses.)
2. Examine the selected core and elective courses for the logistic of course taking. (I.e.: When the selected courses have been cross fields, different academic departments could have different timing for the courses, that it could be overloaded or under loaded for a single semester.)
3. Implementing the course modules after approvals from college and professional experts that in accordance with the regulations.
4. Inviting field experts to examine the properness of the certification guidance course modules.

<table>
<thead>
<tr>
<th>TABLE 1</th>
<th>ANALYSIS OF CORE COMPETENCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>occupation</td>
<td>Core Competence</td>
</tr>
<tr>
<td>Long-term care</td>
<td>.1. Role and responsibilities of long-term care services</td>
</tr>
<tr>
<td></td>
<td>.2. Identification of needs of long-term care cases</td>
</tr>
<tr>
<td></td>
<td>.3. Explanation of common practices for long-term care</td>
</tr>
<tr>
<td>1. Home care, Home service, Day care</td>
<td>.1. Explanation of service items in long-term care</td>
</tr>
<tr>
<td></td>
<td>.2. Identification of home care needs of long-term care cases</td>
</tr>
<tr>
<td></td>
<td>.3. Can connect home care resources to satisfy the needs of long-term care cases</td>
</tr>
<tr>
<td>2. Care management</td>
<td>.1. Can explain the targets of care services</td>
</tr>
<tr>
<td></td>
<td>.2. Can explain service areas of care</td>
</tr>
<tr>
<td></td>
<td>.3. Can explain the service funding requirements and standards</td>
</tr>
<tr>
<td></td>
<td>.4. Can explain the procedures of care management</td>
</tr>
<tr>
<td></td>
<td>.5. Can correctly complete case selection</td>
</tr>
<tr>
<td></td>
<td>.6. Can correctly complete care evaluation</td>
</tr>
<tr>
<td></td>
<td>.7. Can correctly complete case settlement system</td>
</tr>
<tr>
<td></td>
<td>.8. Can correctly complete case follow-ups, close-ups and evaluations</td>
</tr>
</tbody>
</table>

According above, the core competence for professional programs in geriatric and long term care should include understand long-term care relating regulations, understand concepts of care management, understand long-term care related issues, understand practical skills in social work, understand service models, familiarized with analysis tools, strive for care service funding, complete working contents of care management, and evaluate and monitor service quality. The recommended courses in geriatric and long term care for each of core competence whenever social work, nursing, physical therapy and occupational therapy programs have been listed in table 2.

Following performance evaluation, it could recommended that the contents of course. This will ensure that manpower in the nursing, social work services, physical therapy and occupational therapy professionals are exposed to this content knowledge. Nursing, social work, physical therapy and
occupational therapy schools are also encouraged to expand the knowledge contents and develop specialized courses, such as geriatric nursing, geriatric physical therapy, case management, care management, geriatric social work, geriatric sociology, geriatric social welfare, geriatric occupational therapy, health education and training. In Table 2, the performance and contents in the course module were explored in concerning of the professional and faculty members’ opinions through the approach of interviewing. Secondly, some recommendations about how should we adjust the goals and curriculum planning were developed according to the results of interviewing. Finally, five educational goals and the curriculum planning that can accomplish these seven core competence were proposed by us in this paper. They can be used as the foundation of educational goals and curriculum planning for the future development in performance evaluation for course, and other related course in the field of long term care and education can also reframe their educational goals and curriculum planning according to our research.

### Table 2

**Long Term Care Core Field Course Module**

<table>
<thead>
<tr>
<th>Core Competence</th>
<th>Course Titles</th>
<th>Performance Evaluation for Course</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Understand long-terms care relating regulations</td>
<td>Senior Citizens Welfare Act and Relating Regulations</td>
<td>Understanding important regulations in long-term care within social and governmental systems.</td>
</tr>
</tbody>
</table>
|                                          | Public Assistance Act                                           | 1. Understand the targets of public assistance  
2. Service contents and items                  |
|                                          | Introduction to Health Care Regulations                        | Service contents and items                                                                       |
| B. Understand concepts of care management | Introduction to Care Management                                | 1. Understand the development and the trends of long-term care systems in developed countries  
2. Understand long-term care management models  
3. Understand the current state, planning, and execution of long-term care in Taiwan |
| C. Understand long-term care related issues | Issues in Healthcare                                          | 1. Identify common diseases in long-term care cases  
2. Understand health problems of long-terms care cases  
3. Understand and evaluation dysfunctions of long-term care cases |
|                                          | Issues in Nursing                                              | 1. Can speak up roles and responsibilities of long-term care nursing personnel  
2. Can identify nursing needs of long-term care cases  
3. Can speak up common nursing practices of long-term care |
2. Have the social work professional skills |
| Issues in drug use | 1. Understand roles and responsibilities of pharmacists in long-term care  
2. Can clearly identify common medication usage problems  
3. Understand common medication considerations for elderly |
|---|---|
| Issues in home environment | 1. Can understand contents and services of barrier-free facilities, rental and purchases of assisting instruments  
2. Can analyze needs of long-term care cases in functional assisting instruments and environment reconstruction  
3. Can connect social resources with the needs of the long-term care cases |
| D. Understand practical skills in social work | Practical skills in social work | 1. Can sympathize with long-term care cases and possess service passion  
2. Can clearly recognize social work case skills and methods in long-term care  
3. Can dependently evaluate and provide effective services to those in needs |
| E. Understand service models, familiarized with analysis tools, strive for care service funding | Care Service | 1. Care service contents  
2. Can speak up care service regulations and funding of the long-term care ten years plan  
3. Can explain relating care service execution of the long-term care ten years plan |
| Purchase and rental of the assisting instruments and the household barrier-free environments. | 1. Can understand the importance and the functions of assisting instruments and home barrier-free environment facilities  
2. Can assess the needs of cases’ home environment  
3. Can assist in the writing and execution of construction of renting/purchasing plan |
| Nutritional Meal Services for Senior Citizens | 1. Understand geriatric nutritional and health problems  
2. Understand geriatric diseases and methods of diet  
3. Understand geriatric nutritional and diet services and funding of long-term care ten years plan |
| Transportation pickups | 1. Can understand the evaluation methods and standards for transportation pickups for care cases  
2. Can assist care cases to plan the best transportation pickup methods |
| Institution-base services of long-term care | 1. Can understand care service differences among long-term care institutes  
2. Can search for assistance from long-term care institutes |
| Home nursing care | 1. Can speak up serving elements of long-term home nursing care  
2. Can identify needs of home nursing in long-term care cases  
3. Can connect the needs of long-term care cases with home nursing care resources |
|-------------------|--------------------------------------------------------------------------------------------------|
| Community and home rehabilitation | 1. Can understand the model of rehabilitation therapy in long-term care  
2. Can understand serving elements of rehabilitation therapy in community and home care  
3. Can identify the needs of long-term care cases in community and home rehabilitation  
4. Can connect the needs of long-term care cases with rehabilitation resources |
| Emergency service | 1. Can understand the application models of emergency service  
2. Can identify the needs of long-term care cases in emergency service  
3. Can connect the needs long-term care cases with relating resources |
| Respite care | 1. Can speak up the role and contents of care givers of dysfunction subject  
2. Can identify caring problems faced by care givers  
3. Can speak up the needs of major care givers and the assistances for these care givers |
| F. Complete working contents of care management | 1. Can understand the connection and cooperation among different service models  
2. Can execute multiple connections of resources, depending on the needs of the cases |
| Multiple service and resource connection | 1. Can explain the procedures of case management  
2. Can speak up the objectives of case evaluation  
3. Can explain how to correctly evaluate cases  
4. Can speak up the importance of case evaluation  
5. Can correctly complete case analysis and evaluation  
6. Can identify problems according to |
### Evaluation Results

<table>
<thead>
<tr>
<th>Category</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Care plan design</strong></td>
<td>1. Can explain the principals of approvals of care plan</td>
</tr>
<tr>
<td></td>
<td>2. Can explain major skills in care plan design</td>
</tr>
<tr>
<td></td>
<td>3. Can explain considerations of care plan designing</td>
</tr>
<tr>
<td></td>
<td>4. Can correctly complete care plan design</td>
</tr>
<tr>
<td></td>
<td>5. Can actively advocate the rights of cases</td>
</tr>
<tr>
<td><strong>Referring and Coordinating services</strong></td>
<td>1. Can explain principals of referring and coordinating services for cases</td>
</tr>
<tr>
<td></td>
<td>2. Can explain mechanism and principals of referral</td>
</tr>
<tr>
<td></td>
<td>3. Can explain considerations of referral</td>
</tr>
<tr>
<td></td>
<td>4. Can correctly complete case settlement serving system</td>
</tr>
<tr>
<td><strong>Case follow-up, close-up and evaluation</strong></td>
<td>1. Can speak up follow-up/monitoring/reevaluation mechanism</td>
</tr>
<tr>
<td></td>
<td>2. Can speak up conditions and preparations of case close-up</td>
</tr>
<tr>
<td></td>
<td>3. Can explain evaluation index</td>
</tr>
</tbody>
</table>

### G. Evaluate and monitor service quality

| Quality evaluation and monitoring in Social and Public Institutional Service | 1. Understand objectives of service quality management                    |
| Quality evaluation and monitoring in Healthcare Institutional Service       | 2. Understand quality monitoring index (long-term care service evaluation contents and index) |
| Quality evaluation and monitoring in Community and home Service            | 3. Organizations and applications of quality monitoring                   |
|                               | 4. Understand common quality management problems                         |

### CONCLUSION

Not only elderly, response to Hou (2011) a person who loses their functional will require more services to perform activities of daily living than others will require. These activities would include bathing, using the toilet, eating, and ambulation. Apart from activities of daily living they may also need assistance with instrumental activities of daily living. Needs assessment, care plan development and resource management are not only important keys to long-term care, but also the core of care management.

Changes in demographic structure have led to a rapid increase in the need for long-term care professionals in the senior-care industry. Professional training and human resource needs are topics of concern for government policy makers while planning long-term care systems. A study of human resource training and development trends in the six emerging industries in Taiwan reports that jobs in the field of care management have increased in the long term care and elderly services. The need of long-term care from the aging of population in Taiwan has brought recent active promotion of community care in
the execution of the aging in place policy. Needs assessment, care plan development and resource management are not only important keys to long-term care, but also the core of care management.

According performance evaluation, healthcare education has implemented relating courses, such as geriatric medicine, geriatric care, and rehabilitation for advantaged age. In addition, there are more and more programs on long-term care, geriatric services, senior citizen welfare, and geriatric care to develop necessary professionals in the field. In the area of geriatric care, due to their degeneration and weakening, elderly are different from those of other ages in that they are generally limited in self-expressing. Therefore, within technical and vocational education, different levels of educational programs have established core or selective courses in multiple geriatric care or services. These include: gerontology, care management, healthcare promotion for elderly, aging population and health care, physiology for elderly, introduction to geriatric medicine, geriatric care services, geriatric nursing, introduction to geriatric healthcare, and long-term care.

Despite of having elderly as the common subject, the designs and developments of these courses should collaborative core foundations. Through the analysis of this paper, the formation of modular courses could be categorized as “program course module”. Based on seven core competencies of care management were identified. Table 2 will provide the suggestions for application and evaluation of manpower training cross professional course modules.

Following the course module will examine the various ways the elderly are supported and meted the need of practical training. As well, the module will familiarize students and professionals with possible careers in the field of applied geriatric policy. It also would develop second specialty, and to meet the need of practical training.

In recent years, long term care has become more common and important, and family stress importance on services quality. Accordingly, the author conducted a reflective study of long term care and education module curriculum at the Health Care and Education Department where he had been teaching, so as to better cultivate excellent professionals of long term care and education. In order to achieve this goal, the author first reflected on its planning reasons and then obtained necessary data via curriculum and practicum meetings, interviews, discussions, investigating contents of other schools’ long term care and education module curriculum, and collecting relevant literature. Through comparing and contrasting these data, the author disclosed the problems hidden in the module curriculum and developed improvement programs on the aspects of both “skill indicator” and “curriculum content.” Further, through communicative interviews of the professionals in the department and the approval of curriculum review committee, the improvement programs can be implemented. Professionals who are interested in long term care and education can reference these programs and this paper’s exploration content and indicators to develop suitable module curriculum for geriatric services and health organizations, in order to increase quality care and competitiveness.

Especially, China has undergone tremendous economic and social change since it launched economic reform. It gradually abandoned its closed centralized economic planning system and bringing China into a world market-oriented economy (Tian, 2013a). Long term care and geriatric services are the most important. According to the results of this paper, it is suggested quality monitoring indicators be developed, the job proficiency of the geriatric workers be evaluated regularly, on-job training for the long term care workers be held periodically, the proportion of case number to salary be reasonable and bilingual health care record sheets be developed.

REFERENCES


Acknowledgement: Author gratefully acknowledges support for this project from Taiwan’s National Science Council (NSC102-2410-H-241-006).
Teddy Bear: The Dearest, Nearest, and Scariest

Qing He
University of Wisconsin-Madison

The teddy bear, as one of the world’s most favorite stuffed toy, is distinct from real animals. In this paper, the author applies anthropological, philosophical and psychological theories to mainly explore two questions: 1. Why has the teddy bear achieved such incomparable commercial and cultural success around the world? 2. Is it accidental or inevitable that a cruel monster, instead of other adorable animals, has become the prototype of a popular toy? The paper discussed the dialectic relations between human beings and the nature and argued that perpetuation, tameness and nearness are three main characteristics that offer grounds for the teddy bear’s existence and popularity.

INTRODUCTION

Bears may be the cruelest and the most dangerous wild animals in North America. Encountering a bear could be an exciting experience for tourists in the wild, as well as a horrible one. However, the teddy bear, as a form of the world’s most favorite stuffed toy, presents an image distinct from real animals. The teddy bear is benign, soft, adorable and docile. Throughout the world, the teddy bear has become an icon of children’s companion and representative of affection, innocence, comfort and family-centered values.

Why has the teddy bear achieved such an incomparable commercial and cultural success across the world? If we look at the history of the teddy bear and how a dangerous kind of monster has become an enduring form of toy, we may find the birth of the first teddy bear and its later success purely accidental. I hypothesize, however, that other than effective marketing and historical fortuity, something innate in both the real bear and the teddy bear has played an important role in forming and perpetuating the teddy bear craze that began at the beginning of the 20th century.

In order to examine whether the popularity of the teddy bear is accidental or inevitable, I first apply anthropological theories of objects to discuss the characteristics of the teddy bear as a commodity and gift. Same as other emotion-exchange gifts, the value of a teddy bear is closely tied with the biography of the bear, the owner and the producer. Secondly, by focusing on the dialectic relationships among the human, the object and the nature, I propose that perpetuation, tameness and nearness are the three main reasons why it is a bear, rather than a dog or cat, that became the prototype of a popular toy. The process of domesticating and caricaturing a real bear as a teddy bear reflects human beings’ complex desires toward the nature. At last, I discussed the agency and the imaginary uncanniest image of the teddy bear.

There are many works from Child and Youth Studies or Medical and Psychological Anthropology analyzing the cultural, medical and psychological implications of the teddy bear. However, few works of the literature have tried to explore why the teddy bear has gained huge success as both an economic and a cultural phenomenon. Even though the success of the teddy bear is often regarded as a then-product of
political environment and historical fortuity, and irreproducible, this paper aims to explore more fundamental grounds for the teddy bear’s existence and popularity. When we scrutinize the commercial success of a product, we look at not only its use-value, exchange-value and marketing strategies, but also the receiving end—the culture of the market. This paper synthesizes anthropological, cultural and psychological theories, and tries to reach deeper into the dialectic relations among the human, the nature and the object, which is sometimes beyond cultural boundaries. Taking the teddy bear as a case, this paper offers new perspectives for economic anthropologists and business theorists to consider why certain commodities could be easily and smoothly received by the market while some could not.

THE ORIGIN OF THE TEDDY BEAR

The teddy bear in the United States was initially inspired by the popular cartoon “Drawing the Line in Mississippi” in *The Washington Post* in 1902. According to the cartoon, President Theodore Roosevelt, nicknamed Teddy, traveled to Mississippi to help settle a border dispute between two states, and attended a hunting competition. His hosts, hoping to please this avid hunter, invited him to shoot a captive baby black bear. Roosevelt refused to fire at such a helpless target because it was unsportsmanlike (Greco, 2014). In honor of the president’s humanitarianism, The Michtoms in Brooklyn handmade a stuffed bear based on the image of the bear in the cartoon and got the permission from the president to name their toy bear “Teddy’s Bear” (Anastasia, 1998). The first bear was immediately sold out and finally gave rise to the mass production of Teddy’s bears.

The name “teddy bear”, without the apostrophe and the “s”, first appeared in print in the October issue of the *Playthings* magazine in 1906, and later became a widely accepted term for this plush toy. This little grammatical change reflects a subtle transition in people’s perception of this toy. From “Teddy’s bear” to “teddy bear”, the name of the compassionate and humanitarian hunter became the name of the innocent prey. At first, people expressed their love for T. Roosevelt through caring his baby bear. Later, they perceived that the bear per se symbolized T. Roosevelt. Their tender affection for the bear and admiration for the president were both represented in the plush toy.

By 1906, the teddy bear craze had been in full swing in the United States. Society ladies carried their teddies to various occasions while children had their pictures taken with teddy bears. There were also numerous popular stories and songs written about the teddy bear. T. Roosevelt, after using the teddy bear as a mascot, succeeded in his re-election bid and started to serve his second term.

However, the cartoon “Drawing the Line in Mississippi” told merely half of the story or the version that merely catered to the public. According to the other version, which is believed to be closer to the truth, T. Roosevelt himself had planned the bear-hunt as a vacation event after settling the anthracite coal strike, rather than going there for a border dispute, and the bear—more likely an adult female bear—was eventually killed, skinned and eaten at camp meals under his order (Varga, 2009).

The two contradicting versions of the history of the “teddy bear” provide us a basis for further analysis of what the teddy bear is and why it has gained great popularity.

THE TEDDY BEAR AS A COMMODITY AND A GIFT

The teddy bear fever has lasted for more than a century. Nowadays, the teddy bear is still among the most popular and classic gifts for children and adults during different holidays and on various occasions. They are found everywhere—supermarkets, souvenir shops, department stores and even farmer’s markets—waiting for buyers. Understanding the features of the teddy bear as a commodity and a gift is crucial for exploring the grounds of their popularity.

The Value of the Teddy Bear

The teddy bear is an enduring type of commodity. For the commonsensical definition, a commodity is “an item with use value that also has exchange value” (Kopytoff, 1986:64). The use-value of the teddy bear is often beyond satisfying people’s physical needs. Nieuwenhuys told a story about the debate on the
use-value of the teddy bear. After the Indian Ocean tsunami of 2004, plush animals including the teddy bear from a Dutch NGO were stopped by Indian customs, who believed that teddy bear was not part of essential relief goods and wanted to levy import tax on it. NGO staff argued that the huggables travelled all the way from Netherlands to South India just for the purpose of helping child victims to psychologically overcome the trauma and grief—they are of course essential relief goods (Nieuwenhuys, 2011:413).

Does the teddy bear have use-value as a commodity? According to Karl Marx, a commodity is a thing that by its properties satisfies human wants, no matter these wants spring from the stomach or fancy. The teddy bear satisfies human wants from fancy. In most cases, purchasing and giving a teddy bear as a gift often have a purpose of accomplishing affection-communication and emotion-exchange, as opposed to value-exchange. It is a type of gift that often fits the second stage of gift-giving: “when a close relationship or one with much affection is involved… the concern becomes choosing an item that reflects the degree of fondness the giver has for the recipient” rather than reflecting the monetary value in the first stage (Miller, 2001:99). Its use-value—offering comfort, expressing love or alleviating loneliness—has become something iconic and irrefutable.

In addition to the use-value and the exchange-value, each teddy bear also has its personal value. Here is an example of a specific teddy bear. A woman found it on the shelf of a souvenir store and bought it as a birthday gift for her beloved son Jimmy. However, she left Jimmy and her husband to start a new life one year later. Little Jimmy thought that the teddy bear bore so much unwanted memory, hence, dumped it. By that time, the toy was like a piece of rag and worth nothing. Twenty years later, when Jimmy had become an actor, his teddy bear was rediscovered in his former residence and was given to his son and later his granddaughter. The girl cherished the teddy bear very much and named it Jimmy, the name of her grandpa. Every time when the teddy bear switched its owner, the story about Jimmy’s five-year-old birthday party and its following experiences were retold. One day, Jimmy, the famous movie star, passed away. His teddy bear somehow ended up at an auction. A collector, also a movie fan, paid five-thousand US dollars for it. Now the teddy bear became a part of his collection. The life of the teddy bear and the story continued.

This is a fictional story but also could be viewed as a micro-ethnography of the teddy bear, which involves both the biography of an object and the biography of its owner. Nicholas Thomas explains the personal value of an object as follows:

Artifacts can have peculiarly personal value arising from some association with an individual’s biography…this kind of value, is not a principle of exchange but a principle that is excluded by, or is incompatible with, exchange;…this identification of this form of value could lead to a kind of micro-ethnography, like the history of a ring, that would specify why certain garments or books mean so much (Thomas, 1991:30-31).

Among a series of dichotomies of gift and commodity, the “quantity (price) and quality (rank)” binary is applicable in the case of the teddy bear. While commodities have prices that always fluctuate around the value, gifts have rank (Thomas, 1991:14). The rank is determined by various things: the sociocultural context, the relationship between the giver and the recipient, the biography of the object and so on. The incompatibility between the personal value and the exchange confirms the dichotomy between the rank and the price. The rank or the personal value is made meaningful by the interaction between the teddy bear and the people. If a five-year old boy is not willing to exchange his teddy bear with another teddy bear, it is probably not because of this teddy bear’s greater monetary importance, but of its higher emotional rank—for instance, it is his birthday gift and the carrier of his mother’s love. In a word, as commodities, all the teddy bears from the same assembly line are of no difference; as gifts, each teddy bear is unique.

In the store build-a-bear, you can choose the color and material, and dress the teddy bear like a girl or a boy, like a football player or a ski queen. Most customers dress it like either the giver or the recipient. If it is dressed like a giver, it explicitly symbolizes that the giver wants to send himself or herself as a gift to the recipient. In Jimmy’s case, when he passed the old teddy to his son and granddaughter, he was not only passing his memory, but also his life. This coincides with Marcel Mauss in that giving a gift means
giving a part of oneself (Mauss, 1990[1954]). Similar cases are not rare. For example, Hoskins told a story that a person “used the betel bag as a kind of alter ego, a metaphor for his own self, because it was an object that I suggested his claims to serve both as a container of ancestral memories and a mediator of new alliances” (Hoskins, 1998:26).

Therefore, Hoskins articulated that the anthropological approach to the study of objects should “focus on their relations to the persons who produce and circulate them” (2006:82). From the analysis of Jimmy’s teddy bear, we could see that the biography of objects could not be alienated from the biography of the producer and the owner. Without his Mom’s leaving, without his success as a movie star and without his generous granddaughter who donated the teddy bear, Jimmy’s teddy bear would have been an worn toy that merely cost a couple of dollars at a flea market. A collectible’s value usually deeply relies on the scarcity of the biography of the producer and the owner. That is why the ugly and old underwear worn by Queen Victoria could fetch 10,000 pounds at auction.

**Interminability and Perpetuation**

To think about the teddy bear’s *raison d’etre*, we cannot neglect another important feature of the teddy bear and other plush toys—interminability. “Interminability” does not mean that something will never wear out or be destroyed by time, but that “to be replaced” or “to be used up” is by no means its pre-designed destiny. As we know, most consumer goods “are destined to be terminal—or so, at least, it is hoped by the manufacturer” (Kopytoff, 1986:75). Different from consumables, the teddy bear is purchased by people without this kind of intention or anticipation. Once the emotional connection is built between the owner and the teddy bear, the latter becomes unique and incomparable. Is a good teddy bear worthy of being kept, tendered and loved? The answer does not depend on the function, the degree of depreciation, the fashion trends, or the price, but on the biography of the teddy bear and the emotional experience of the owner with it. If you were no longer interested in it, you probably would buy a second one to expand the teddy bear family, or might just keep it in a closet before it would be discovered again. The teddy bear is not the same as a jacket or a computer which has practical use-value and can be legitimately replaced when you have a newer and more advanced one. Therefore, the teddy bear as a toy is not destined to be terminal as other consumables are.

It is widely known that the first teddy bear was based on the real bear that the president “refused” to kill. However, as I mentioned before, the bear was nonetheless killed and eaten. Even if it was not, as a living organism it would have perished sooner or later, like the president himself.

The first teddy bear was made with a motivation of perpetuating the love and respect toward T. Roosevelt. Many objects, such as statues, photos and paintings, are serving the same function. Even though the intention of having a teddy bear is seldom related to the president nowadays—the property of the teddy bear, namely, “perpetuation”, is still there.

When Kopytoff talked about terminality of most commodities, he did not neglect an exception: “There is an area of our economy in which the selling strategy rests on stressing that the commoditization of goods bought for consumption need not to be terminal” (Kopytoff, 1986:75). The teddy bear is definitely one of them. On the website of Vermont Teddy Bear, the largest maker of hand-crafted, American-made teddy bears, there is an advertising slogan: Send a gift they will love forever. The teddy bear will accompany its owner through different stages of life and even many generations of a family. Not many gifts deserve this slogan. People will not love a jacket, a coffeemaker or a car forever, because anything born to serve practical functions is designed to be terminal. Only those objects made to serve emotional functions can escape from doom. The slogan of Vermont Teddy Bear in fact represents people’s wish to perpetuate their affective relations between the recipients and givers.

**WHY IS IT TEDDY BEAR?**

I recalled an essay that described the eyes of animals in the zoo. The author concluded that the expressions in the eyes of a grizzly bear were the sliest, cruelest and fiercest among all the beasts. The bear is one of the most dangerous wild animals in North America. Deaths and serious injuries caused by
bears occur in the United States and other countries every year. However, the teddy bear sitting on my bed presents an image distinct from the real animal—it is innocent, naïve, adorable and docile. I started to ask why a flush toy based on a bear, rather than a dog or an elephant, has gained such popularity.

Some economic analyses look for the answers in the sociocultural context. For example, the huge market of animated movies results in people more easily appreciating toys based on the images of main characters in the movies. However, the teddy bear is not one of them. Someone may argue that the success of the teddy bear owes to the political environment at that time. However, the global teddy bear craze has existed longer and farther than T. Roosevelt’s influence and beyond the political stance.

I believe that there are more cultural and psychological grounds universally for the teddy bear craze. For example, many people noticed that the teddy bear is more like an innocent child than a wild animal. It has become an icon of affection, innocence, comfort and family-centered values. It even seems to have “sacramental powers to heal, protect, and commemorate children and adults” (Varga, 2009:98). That is why we often see the scene that whenever a child feels lonely, he or she holds tightly a teddy bear. But since when and how has the teddy bear achieved such an iconic status?

Two important transitions are indispensable in forming its iconic status—the one of T. Roosevelt from an ambitious hunter to a humanitarian protector and the one of the bear from a battered and slaughtered victim to an amiable friend. The modified version of T. Roosevelt’s hunting story facilitated these transitions. But Varga also pointed out that these transitions are only possible in the context of “discursive merging of wilderness ideologies and human developmental theory” (Varga, 2009:98).

At first, the wilderness was viewed as frightening and threatening to human lives and civilization. Killing, torture and brutal control over bears were parts of the achievements in conquering the wild. Under the influence of this dominant ideology, T. Roosevelt also saw bears as noxious and deserving to be killed. He did not shoot the unconscious bear in person not out of compassion, but because he concerned himself about the reputation of fair chase (Varga, 2009). However, during the latter half of the nineteenth century emerged a new ideology that human should live in harmony with the nature, which was “capable of rejuvenating the human spirit blighted by urban life” (Varga, 2009: 101). The wild animals now were regarded not inherently evil, but governed by a moral order like the human beings. In the context of this ideological transition, the teddy bear was no longer a miserable victim or a malicious enemy. It became representative of “childhood innocent” that can redeem adult life.

What distinctions between a real bear and a teddy bear are responsible for the commercial and cultural success of the teddy bear? In addition to the “perpetuation” I discussed above, there are also two major properties the living creature lacks: “tameness” and “nearness”.

Compared to its prototype, a teddy bear has not only been significantly reduced in size, but also loses all aggressive elements: claws, teeth and sexual organs (Putnam, n.d.). A castrated and modified teddy bear has no attacking weapons and even tempers. Putnam believed that “these transformations correspond to a larger practice of domestication that characterizes the 19th-century social evolution from a rural, agrarian world to an urban, industrial one” (Putnam, n.d.). The process of caricaturing a bear as teddy bear is a process of domesticating and taming the wild life and the nature. It is also a process of pulling the farthest one in reach and turning it into the tamest and the nearest one. Therefore, nowadays the teddy bear can sit on the bed or sofa, or in any corners of the house. You need not to be afraid of or escape from it. Everyone, even a child, can hug, caress or even punch it.

The teddy bear reveals the human beings’ two ambiguous desires: on the one hand, they want to conquer and control the wildness and transfer it into civilization; on the other hand, they have an “urban nostalgia for a pre-industrial state of nature” and want to co-exist with the nature harmoniously. As to the question of why a toy dog or a toy elephant has not achieved such prevalence as the teddy bear, I believe that because an elephant is not as dangerous as a bear and a puppy is already close to urban life, it is thus not imperative to “domesticate” them. Along with the forceful exportation of the Euro-American lifestyle and values to other parts of the world, the teddy bear and its implications have been accepted by the world as an essential part of the middle-class Euro-American culture.
Thing-Power: Personifying and Animating the Teddy Bear

The teddy bear went through the transition from a wild animal to a stuffed toy, and finally became our siblings, friends, lovers, children and even grandparents. Decades ago, on television, the British actor Peter Bull openly expressed his love for the teddy bear and his belief in its importance in the emotional life of adults. He received 2,000 letters in response to his public confession. In 1969, inspired by these responses, he wrote a book about his lifelong affection for the teddy bear: *The Teddy Bear Book*, which struck an emotional chord in thousands. Why is the teddy bear so important in people’s emotional life? In addition to its special form and history, I also want to discuss its agency.

The movie *Ted* seems to have fulfilled many children’s dream that their teddy bears suddenly become alive and have their own wills. Ted is the name of John’s teddy bear. No matter how mischievous Ted is, to have Ted as company is still the most important for John and even overweighs John’s fiancée. In reality, our teddy bears, although cannot talk or kiss back, also work on our sentiments in some ways.

Jane Bennett proposed the concept of *Thing-Power*, that is, the curious ability of inanimate things to animate, to act, to produce effects dramatic and subtle (Bennett, 2010:6). She believed that objects, though inanimate, could provoke affects in you. One may surmise that the agency of the teddy bear only works through or relies on people’s fantasy; however, I will argue that either the concrete power or the fantasy indeed roots in the things per se. The teddy bear, an assemblage of cotton, fur and plastic, is indispensable not only in carrying the emotion and materializing the fantasy, but also in creating and arousing sentiments.

Sarah Ahmed argued that objects and others can leave “their impressions on the skin surface” (Ahmed, 2006:54). Husserl also conveyed that proximity or nearness could make things leave impressions on the skin, such as soft, warm and smooth. Through holding and hugging a teddy bear, and through the supernatural power-like psychological suggestions, one gain comfort, power, company and love from the stuffed animal.

In addition to the emotional communication, there is another implicit role the teddy bear plays in our life. I will use another story to further illustrate *Thing-Power*. A few years ago, a teenage Finnish boy saved up 200 euros by picking berries and selling 400 bottles of homemade berry juice, and donated them to a zoo in Helsinki, hoping that the zoo would buy the lethargic bears a new climbing tree. I hypothesize that the boy’s great tender feeling toward the bear is created by the teddy bear. I come up with the following formula:

Animal ← Toy ← Human = Bear ← Teddy Bear → President

The teddy bear is the catalytic agent working on people’s feelings towards the animal. Prior to the existence of this agent, people’s impression about the bears was directly and literally from the bears per se. It was not the fantasy that endowed the teddy bear with power; on the contrary, it was the teddy bear per se that created this collective fantasy. Influenced by their own teddy bears in the childhood, people changed their impression about the real animal and even started to love this scary, stinky and distant monster as the Finland boy did.

The materialized and commoditized bear, that is, the teddy bear, is indeed independent from human control and has its own power and agency to influence people’s perception of the real animal and the world.

The Uncanny

When I asked people what would be the uncanny experience with the teddy bear, almost all of them answered that an uncanny feeling might be aroused when the teddy bear suddenly became alive and turned fierce. One of my friends even had a nightmare that his teddy bear suddenly turned alive and terrified him with its bloody teeth and roars. German psychiatrist Ernst Jentsch believed that “a particularly favorable condition for awakening uncanny feelings is created when there is intellectual uncertainty whether an object is alive or not, and when an inanimate object becomes too much like an animate one” (Freud, 2003:208). But as what Freud pointed out in *The Uncanny*, people in reality often
treat toys as live people. The teddy bear’s animation may be even desirable. What people are afraid of is that it becomes a real bear.

According to Freud, “[u]ncanny is in reality nothing new or alien, but something which is familiar and old-established in the mind and which has become alienated from it only through the process of repression” (Freud, 2003:195). Fierceness and cruelty are the natures of a bear, but now become the most unacceptable properties of the teddy bear. The supposedly most familiar thing becomes the most surprising and strangest one.

Schelling defined the uncanny as something that ought to remain hidden but has come to light (Freud, 2003[1919]:199). In the case of the teddy bear, what is repressed is not the cruelty of a bear, but the fear and cowardice of human beings per se. The proximity and intimacy between the teddy bear and us hinges on safety. Imagine that we are in our pajamas and holding a teddy bear, no weapon or bear defense spray at hand, and the toy turns to a real baby bear, even tone like T. Roosevelt’s helpless black bear. Still how weak we are in the face of it! Therefore, I surmise that the real thing we have tried hard to hide and repress since the primitive society is human inferiority and weakness in front of the nature.

CONCLUSION

In 1999, in just the United States, collectors purchased $441 million worth of teddy bears. In the 21st century, the teddy bear fever continues. It is the nearest and dearest one in our life, but also has the potential to become the scariest one.

The birth of the first teddy bear is more of a historical accident. However, the prevalence of teddy bears today seems inevitable. It signifies human beings’ emotional complex: the lust for conquest, the fear of death, the desire for love and so on and so forth. As long as those emotional desires exist, the creation of a toy bear will eventually find an opportunity to take place.

I dissected the teddy bear’s properties as a commodity and a gift. The teddy bear is a special commodity, first because it only serves the emotional function, and secondly because it is not destined to be terminal. The teddy bear is thus a perfect gift for someone close to you, to reflect your relatively deeper fondness. As a gift, the teddy bear’s value is incompatible with the exchange value. Its value is affected not only by its own biography, but also by the biography of the producer and the owner.

I proposed three major properties of the teddy bear that may be responsible for its cultural and commercial success, that is, perpetuation, tameness and nearness. Perpetuation means immortality on the one hand and preserving transient love on the other. Through turning the farthest and cruelest animal into the tamest and nearest companion, human beings actually satisfy their lust for conquest and desire for love.

I used Bennett’s concept of thing-power to analyze the teddy bear’s agency. It is not a toy carrying unconditional acceptance, love and reassurance, but an active agent affecting people’s sentiments and creating fantasy. At last, I applied Freud’s uncanny theory to the teddy bear. The repressed and hidden thing that finally arouses the uncanny feeling is human beings’ unconscious negation of their inferiority and weakness in front of the nature.

REFERENCES


