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Reassessing Guanxi as Social Capital: Boundary Conditions for Service Innovation and Productivity Growth

Li Jia, Kay Hooi Keoy*

UCSI Graduate Business School, UCSI University, Kuala Lumpur, Malaysia. *Email: alankeoy@gmail.com

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ABSTRACT

Guanxi is widely regarded as a strategic form of social capital in emerging markets; however, its effectiveness in supporting internal capability development and sustaining productivity-oriented service innovation remains debatable. This study examines the boundary conditions under which guanxi influences service innovation implementation (SII) and organizational performance. Using partial least squares structural equation modeling (PLS-SEM) on survey data collected from 546 practitioners, the findings reveal a significance–relevance paradox. While Guanxi demonstrates a statistically significant moderating role in the relationship between organizational drivers and SII, its practical relevance diminishes within institutionalized and standardized operational contexts. Moreover, Guanxi does not significantly enhance individual service consciousness, indicating limited influence on employee-level cognitive and behavioral foundations essential for productive work practices. The results suggest that although Guanxi remains effective in facilitating external resource coordination, it serves as a weak complementary mechanism for managing internal service processes critical to sustained productivity growth. By clarifying the limits of guanxi as social capital, this study contributes to the management and marketing literature by advancing understanding of relational mechanisms in service innovation. The findings offer practical implications for managers in emerging economies seeking to balance relational strategies with formal organizational systems to promote service innovation, decent work, and long-term economic performance in line with Sustainable Development Goal 8.

Keywords: Guanxi, Service Innovation Implementation, Efficacy Boundary, Significance-Relevance Paradox, Capability Development, Sustainable Economic Performance
JEL Classifications: M10, M16, Z13

1. INTRODUCTION

Within the strategic management discourse regarding emerging markets, particularly China, guanxi has long been underscored as a distinct and pivotal asset (Luo et al., 2012; O'Neil et al., 2024). In contexts characterized by imperfect institutional environments, guanxi is frequently delineated as an institutional compensatory mechanism and a catalyst for organizational operations, empowering firms to access scarce information, mitigate environmental uncertainty, and enhance organizational performance (Barbalet, 2021; Rong et al., 2021). This stream of research implies a linear trajectory, suggesting that robust guanxi engenders superior resource acquisition capabilities, which in turn bolster organizational performance. Wang et al. (2023) further corroborated this perspective within supply chain contexts, highlighting relationships as critical conduits for channeling external resources that spark innovation.

However, China's progressive march toward standardization is rapidly filling historical institutional voids, causing the locus of competitive advantage to pivot from relationship-based resource acquisition toward capability-based professional operations (Ji and Yi, 2022). This transformation is particularly salient in knowledge-intensive sectors. For Small and Medium International Publishers (SMIPs), reliance on social ties alone no longer guarantees survival; rather, viability is now contingent upon

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service innovation implementation (SII). SII represents a value-creation process anchored in standardized workflows, digitized peer review systems, and consistent author services (Singh et al., 2020). By simultaneously depending on deep-seated relational networks and professionalized protocols, SMIPs embody a unique paradoxical carrier, rendering them an ideal empirical setting to examine the specific efficacy boundaries of guanxi.

A synthesis of extant literature illuminates a fundamental dichotomy: the essence of guanxi lies in informal governance rooted in particularism and reciprocal favors, whereas the nature of SII necessitates the universalism and standardization of formal governance. This raises a critical question regarding the interplay between these forces: when informal, fragmented social networks attempt to intervene in formal, standardized innovation implementation systems, does guanxi function as a facilitating lubricant or merely as ineffectual redundancy? Indeed, recent scholarships have begun to unveil the "dark side" of Guanxi. Liu et al. (2024) observe that excessively intimate supervisor-subordinate relationships can engender a sense of psychological entitlement among employees, subsequently triggering counterproductive behaviors. Similarly, Li et al. (2024) posits that tight-knit connections based on guanxi may devolve into insider collusion, leading to regulatory laxity and heightened operational risks.

To disentangle this complexity, this study leverages a sample of 546 employees from Chinese SMIPs, employing PLS-SEM for empirical validation. We contend that extant guanxi research may be entrapped in a "significance illusion." In large-sample studies, an over-reliance on the statistical significance of p-values frequently obscures a substantive scrutiny of effect sizes. Our analysis corroborates the driving role of formal factors, spanning organizational, market, and employee capabilities, on SII. However, further scrutiny reveals that when Guanxi attempts to moderate highly formalized systems such as communication management (CM) and internal branding management (IBM), its practical effect size is negligible. Concurrently, we find that guanxi completely fails to moderate service consciousness (SC), an intrinsic cognitive trait. This suggests that as a behavioral mechanism rooted in reciprocal obligation, guanxi struggles to penetrate and reshape cognitive schemas based on empathic capacity.

Our theoretical contribution lies in challenging the entrenched axiom that guanxi serves as a potent substitute for formal institutional mechanisms. We reveal that within the trajectory of building dynamic capability-based service innovation implementation (SII), guanxi exhibits pronounced efficacy boundaries. While remaining robust in orchestrating external resource acquisition, such as academic relations management (ARM), its influence recedes into a marginal, supplementary role when organizations navigate internal standardization or attempt to reshape deep cognitive structures. These findings rigorously demarcate the limits of informal governance in the digital economy era, offering a novel theoretical lens to understand how emerging market firms might equilibrate the tension between relational networks and core competencies.

2. THEORETICAL BACKGROUND AND HYPOTHESIS DEVELOPMENT

2.1. The Capability-Based View: SII as Dynamic Orchestration

Our theoretical framework is anchored in a rigorous synthesis of the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT). RBV posits that competitive advantage emanates from firm-specific, scarce resources. For resource-constrained SMIPs, such endowments extend beyond tangible assets to encompass tacit knowledge and relational networks embedded within organizational processes. However, within a publishing marketplace characterized by rapid technological iteration and volatile consumer preferences, the mere possession of static resources is insufficient to secure sustained competitiveness. DCT extends this perspective by underscoring the imperative for firms to possess the ability to "integrate, build, and reconfigure internal and external competencies to address rapidly changing environments". Through this lens, dynamic capabilities serve as a pivotal transformation mechanism, converting static resource endowments into effective instruments for performance enhancement.

Within the knowledge-intensive publishing sector, we conceptualize SII as a cardinal dynamic capability. Transcending mere ideation, SII represents the process of operationalizing new or significantly improved services. Rather than a discrete activity, it manifests as a formalized, systematic execution capability. This capability necessitates the dynamic orchestration of diverse organizational assets, enforcing rigorous digital workflows, standardized peer reviews, and systematic author support. Consequently, deciphering the driving mechanisms of SII requires scrutinizing the micro-foundations of dynamic capabilities, specifically how formal organizational, market, and employee factors are systematically mobilized to underpin this implementation trajectory.

2.2. The Micro-Foundations of Service Innovation Implementation

Prior to scrutinizing the boundary effects of guanxi as an informal social mechanism, it is imperative to firmly establish the micro-foundations that drive service innovation implementation (SII). The genesis of organizational capability relies on the systematic orchestration of organizational routines, market sensing, and employee competencies. As underscored by Teece et al. (2007), irrespective of how volatile the external institutional environment may be, the formal capabilities constructed within the firm remain the bedrock for navigating uncertainty and realizing innovative transformation.

At the organizational stratum, firms must institute formal structures for resource acquisition and coordination. Academic relations management (ARM) functions as a conduit for open innovation, enabling SMIPs to span organizational boundaries and access the external frontier knowledge and legitimacy required to sustain competitiveness (Wirsich et al., 2016). To efficiently transmute this heterogeneous knowledge into internal operational capabilities, however, communication management (CM) becomes pivotal. Research by Yue et al. (2021) illuminates that symmetric internal communication architectures can surmount cognitive

resistance to change by fostering a positive emotional culture. This top-down strategic dissemination ensures the alignment of innovative objectives throughout the organization. In parallel, effective resource management (RM) ensures that finite financial and technological assets are allocated to the most promising developmental trajectories, thereby achieving dynamic resource optimization (Boeing et al., 2022).

At the market interface, firms must bridge the chasm between internal operations and external demands. Customer engagement management (CEM), grounded in the logic of value co-creation, encourages scholars to participate directly in service design, ensuring that innovation outcomes are precisely calibrated to user pain points (Ostrom et al., 2021; Sashi, 2021). Internal branding management (IBM) pivots this focus inward. By engaging internal stakeholders in co-creation, firms can translate brand promises into normative employee behaviors, thus guaranteeing consistency in service delivery (Merrilees et al., 2021). Furthermore, marketing innovation (MI) empowers firms with acute market sensing capabilities, enabling the utilization of data analytics and digital tools to capture fleeting competitive opportunities (Randhawa et al., 2021).

Descending to the employee level, individual attributes constitute the micro-foundation of execution. Service consciousness (SC) provides an intrinsic cognitive orientation, allowing employees to identify customer needs and proactively detect areas for improvement within service workflows (Briggs et al., 2020). Career aspiration (CA) serves as an intrinsic propellant, driving employees to undertake high-risk innovation tasks even in the absence of external incentives (Hirschi and Spurk, 2021). Meanwhile, individual absorptive capability (IAC) furnishes the requisite cognitive toolkit for assimilating new knowledge. Liu and Zhu (2021) emphasize that the application and integration of tacit knowledge are heavily contingent upon individual cognition, acting as the essential converter that transforms external academic resources into internal service capabilities. It is only through the synergistic interplay of these formal constituents that SII can be effectively operationalized. Consequently, we posit the following hypotheses:

- H_{1a}: Organizational factors (ARM, CM, RM) positively drive service innovation implementation.
- H_{1b}: Market factors (IBM, CEM, MI) positively drive service innovation implementation.
- H_{1c}: Employee factors (SC, CA, IAC) positively drive service innovation implementation.

2.3. The Bright Side: Guanxi as a Strategic Asset for Resource Acquisition and Motivation

Within the RBV framework, guanxi is conceptually elevated as an idiosyncratic asset capable of engendering sustained competitive advantage. For resource-constrained SMIPs, guanxi functions not merely as an investment in future collaboration, but as a strategic buffer against environmental volatility. Guided by this logic, we delineate the positive efficacy of guanxi across three distinct strata.

First, relational ties serve to bridge the chasm in external resource acquisition. Within the domains of academic relations management (ARM) and resource management (RM), the paramount challenge lies in the capture and integration of tacit knowledge. Guanxi effectively ameliorates structural holes within complex inter-organizational networks, establishing a buffer grounded in high-trust relationships. Within this protected enclave, affect-based trust attenuates defensive psychological barriers, thereby facilitating the fluid transmission of hard-to-codify tacit knowledge, such as frontier academic trends and reviewer predilections. Furthermore, functioning as an embedded governance mechanism, Guanxi fosters long-term reciprocity, ensuring that firms secure preferential support from partners even amidst resource scarcity.

Second, amidst the rigors of market competition, Guanxi acts as a filter for effective information, mitigating the uncertainties inherent in customer engagement management (CEM) and marketing innovation (MI). Wang et al. (2023), in their examination of supply chain innovation, corroborate that guanxi networks significantly curtail transaction costs and catalyze information sharing, thereby bolstering organizational innovative capacity. Nuancing this further, Khan et al. (2016) decompose Renqing into favors and opportunities. In market interactions, guanxi frequently manifests by providing opportunities for visibility; this not only fortifies customer stickiness but also furnishes a valuable practice arena for marketing innovation.

Third, at the employee level, relational ties provide a robust scaffolding of support. Career aspiration (CA) and individual absorptive capability (IAC) represent the micro-engines driving innovation. Drawing on Conservation of Resources theory, Gao and Liu (2021) posit that high-quality supervisor-subordinate guanxi endows employees with psychological safety and job satisfaction, which subsequently ignites innovative behaviors. Concurrently, the opportunity exchange mechanism embedded within Guanxi networks opens unique conduits for professional advancement. Such social support, predicated on reciprocal expectations, directly transmutes into the intrinsic motivation required for employees to enhance their absorptive capabilities and pursue career aspirations. Based on this logic, we propose the following hypothesis 2:

- H_2: Guanxi positively moderates the relationships between ARM, RM, CEM, MI, CA, IAC and service innovation implementation.

2.4. The Dark Side: Guanxi as a Liability in Formalized Systems and Cognitive Domains

Notwithstanding the prowess of guanxi in external resource acquisition, its efficacy boundaries become starkly apparent, or indeed invert into negative externalities, when its scope extends into the domains of internal governance and deep-seated cognition.

Within the realm of institutionalized governance, guanxi risks engendering collusion and exclusion. The bedrock of communication management (CM) and internal branding management (IBM) is the establishment of consistent values and transparent information flows. Yue et al. (2021) underscore that symmetric internal communication and a shared emotional culture are pivotal for fostering organizational identification. Conversely, Guanxi networks are intrinsically anchored in a "differential

mode of association." As warned by Li et al. (2024), tight-knit ties predicated on Guanxi can easily devolve into "unethical pro-relational behavior," where external regulations are compromised to shield the vested interests of the inner circle. When firms rely on such relational mechanisms here, they risk manufacturing information monopolies for insiders while systematically locking out others. This privatization severely corrodes the credibility and coverage of formal institutional systems.

In the cognitive domain, guanxi may incubate a sense of psychological entitlement. Service consciousness (SC) necessitates a high degree of empathy and altruism. Tracing the genealogy of guanxi, Barbalet (2021) distinguishes between shu and renqing, positing that only the former provides the cognitive foundation for genuine moral care, whereas the latter functions more as an instrumental exchange strategy. More critically, Liu et al. (2024) observe that high-quality supervisor-subordinate relationships can operate as a double-edged sword. While facilitating resource access, they concurrently breed a sense of privilege among favored employees. Such a mindset leads them to take privileges for granted, thereby diminishing compliance with standardized protocols. Consequently, in service innovation contexts requiring high empathy and normativity, guanxi may not merely be ineffectual but may transform into a negative asset that impedes cognitive alignment. Thus, we propose hypothesis 3:

- H_3: Guanxi negatively moderates the relationships between CM, IBM, SC and service innovation implementation.

3. RESEARCH DESIGN

3.1. Methodology

Situated at the nexus of deep embeddedness in indigenous guanxi networks for resource acquisition and the intensifying pressures of global competition and digital transformation, SMIPs present an optimal empirical setting. Here, we can rigorously scrutinize the efficacy boundaries of informal guanxi within the domain of standardized SII. Given the paucity of publicly available, large-scale survey data within this niche sector, this study adopted a non-probability sampling strategy, orchestrating data collection through a strategic partnership with a specialized consulting firm dedicated to the academic publishing industry.

To guarantee sample representativeness and data validity, stringent inclusion criteria were embedded within the survey design. Respondents were required to be employed by international publishing entities operating in China or indigenous firms engaged in international operations, with team sizes strictly aligning with SME standards. Data collection was completed in a 3-month period, yielding a total of 586 returned questionnaires. Adhering to rigorous quantitative data purification protocols, we excluded samples that failed screening questions (n=13) and those exhibiting abnormal response patterns (n=15). Furthermore, employing Mahalanobis distance, we identified and eliminated 12 multivariate outliers. Consequently, a final set of 546 valid responses was retained for subsequent analysis, resulting in an effective response rate of 93.2%.

Table 1 delineates the detailed demographic profile of the sample. Within the cohort of 546 respondents, the gender distribution is relatively balanced, with males accounting for 51.28% and females for 48.72%, a composition that helps mitigate potential gender-based biases. Regarding age structure, the sample is predominantly anchored in the young-to-middle-aged bracket, with 67.03% of respondents aged between 30 and 49. This distribution resonates strongly with the attributes of academic publishing as a knowledge-intensive sector, suggesting that the core workforce possesses a mature comprehension of business operations.

Table 1: Respondent profile

Characteristics	Counts	Percentage
Gender		
Male	280	51.28
Female	266	48.72
Age		
20–29 years old	142	26.01
30–39 years old	195	35.71
40–49 years old	171	31.32
50–59 years old	35	6.41
60+years old	3	0.55
Highest degree or level of education		
High School or below	0	0.00
Diploma/Advanced Diploma	0	0.00
Bachelor's degree/Professional Qualification	107	19.60
Postgraduate Degree	439	80.40
Years of working in the academic publishing industry		
<3 years	88	16.12
3–5 years	184	33.70
6–10 years	252	46.15
More than 10 years	22	4.03
Number of employees in the company		
1–10 employees	173	31.68
11–30 employees	367	67.22
31–60 employees	5	0.09
60+employees	1	0.02

A salient characteristic of this cohort is its high educational attainment. Specifically, 80.40% of respondents hold a master's degree or higher, while only 19.60% hold a bachelor's degree. This elevated educational composition guarantees that respondents possess the requisite cognitive capacity to accurately interpret complex constructs, such as service innovation and service consciousness. In terms of industry tenure, over 50% of respondents boast more than 6 years of experience. This implies that the findings of this study are derived from seasoned practitioners' profound grasp of industry dynamics, organizational workflows, and relational networks, rather than the superficial cognition of novices.

Regarding team magnitude, 98.90% of respondents operate within teams of fewer than 30 individuals, with 31.68% in teams of 1-10 and 67.22% in teams of 11-30. This distribution empirically corroborates that our sample is strictly derived from resource-constrained, flat-structured SMIPs rather than large publishing conglomerates, thereby ensuring the contextual applicability and specificity of our research conclusions.

3.2. Measurement of Key Constructs

To guarantee rigorous construct and content validity, we meticulously adapted established scales from authoritative

literature, contextualizing them within the idiosyncratic landscape of academic publishing. Each item was scored on a 7-point Likert scale ranging from 1 (strongly disagree) to 7 (strongly agree).

Service innovation implementation (SII) was operationalized using a seven-item scale adapted from Baradarani and Kilic (2018). This measure assesses the firm firm firmtionalized using a seven-item scale adapted from rom authoritative literature, contextualizing them within the idiosyncratic landscape of academic publctional interaction, and managerial collaboration.

At the organizational stratum, the measurement of academic relations management (ARM) synthesizes scales from Bstieler et al. (2017) and Chatterjee et al. (2023), scrutinizing the firm's capacity to cultivate trust and anticipate partner needs. Communication management (CM), adapted from proven instruments (Ayrom and Tumer, 2021; Prajogo and Ahmed, 2006), centers on management's dissemination of a change culture and consensus building. Resource management (RM) draws upon Mennens et al. (2018) and Vuorio et al. (2020) to evaluate responsiveness to market shifts and allocative efficiency.

Regarding market dynamics, internal branding management (IBM) utilizes Ayrom and Tumer (2021) scale to gauge the degree to which employees internalize the brand mission. Customer engagement management (CEM), based on Thambusamy and Palvia (2020), assesses the flexibility and responsiveness of customer feedback systems. Marketing innovation (MI), adapted from Afriyie et al. (2019), examines the firm's inventiveness in marketing schemes and business models.

Descending to the employee level, service consciousness (SC) and individual absorptive capability (IAC) are primarily grounded in Baradarani and Kilic (2018), measuring employee commitment to service innovation and the capacity to generate new ideas, respectively. Career aspiration (CA) incorporates Schaarschmidt's (2016) scale to assess the intrinsic motivation aligning personal performance with innovation objectives.

We model the moderator, guanxi, as a dual-dimensional construct coalescing instrumental and affective facets. By integrating scales on business investment and dependence from Zhou et al. (2020) with measures of interpersonal trust and reciprocity from Zhang et al. (2024), we comprehensively capture the dual nature of Guanxi as "particularistic" social capital intertwined with both business utility and human sentiment.

Prior to full-scale deployment, a six-member expert panel comprising three senior executives and three scholars subjected the instrument to rigorous validation. Through iterative exchanges with these experts, we fine-tuned specific phrasing to ensure semantic precision within the SMIP context. Appendix 1 details the final questionnaire.

3.3. Analytical Strategy and Data Quality Controls

Our research focuses on theoretical prediction, combined with a model involving complex moderating paths, warranted the use of Partial Least Squares Structural Equation Modeling (PLS-SEM). We conducted all analyses via SmartPLS 4.0.

Before hypothesis testing, we rigorously scrutinized the data for common method variance (CMV). While procedural safeguards like anonymity and item randomization helped during design, statistical verification remained crucial as our data came from single respondents. The results are reassuring. First, Harman's single-factor test (Table 2) reveals that the unrotated first principal component captures only 10.129% of the variance. This figure sits well below the critical 40% threshold.

To address the limitations of Harman's test, this study further performed a VIF analysis. As Table 3 details, variance inflation factor (VIF) values for all latent variables range between 1.078 and 1.168. These fall significantly under the conservative 3.3 limit. Such evidence confirms that CMV does not distort the structural relationships mapped in this study.

3.4. Measurement Model Assessment

Adhering to the assessment paradigm recommended by Hair et al. (2020), we leveraged SmartPLS 4.0 to systematically scrutinize the measurement model. The measurement model, which is also recognized as an outer model, is structural correlations among

Table 2: Common method factor analysis

Component	Rotation - Total	Rotation - Percentage of variance	Rotation - Cumulative %
1	5.470	10.129	10.129
2	5.039	9.331	19.460
3	4.106	7.604	27.065
4	4.031	7.464	34.529
5	4.014	7.434	41.963
6	4.002	7.411	49.374
7	3.925	7.268	56.642
8	3.343	6.190	62.832
9	3.321	6.150	68.982
10	3.289	6.091	75.072
11	3.211	5.947	81.019

Table 3: Variance inflation factor (VIF)

Paths	VIF
ARM -> SII	1.084
CA -> SII	1.114
CEM -> SII	1.078
CM -> SII	1.079
IAC -> SII	1.084
IBM -> SII	1.119
MI -> SII	1.115
RM -> SII	1.150
SC -> SII	1.155
Guanxi -> SII	1.120
Guanxi x ARM -> SII	1.154
Guanxi x CA -> SII	1.142
Guanxi x CEM -> SII	1.147
Guanxi x CM -> SII	1.142
Guanxi x IAC -> SII	1.082
Guanxi x IBM -> SII	1.126
Guanxi x MI -> SII	1.141
Guanxi x RM -> SII	1.168
Guanxi x SC -> SII	1.150

latent variables and their indicators (Hair et al., 2012 cited in Fareed et al., 2020). The metrics exhibit exceptional robustness across reliability, convergent validity, and discriminant validity.

To counter the tendency of Cronbach's alpha to underestimate reliability, we triangulated it with composite reliability (rho_c) and rho_a for a comprehensive view. Table 4 displays the results. Cronbach's alpha spans 0.912 to 0.951, while rho_c lands between 0.942 and 0.969. With rho_a values also topping 0.912, all indicators vault over the critical 0.70 threshold. This confirms that the items for each construct possess high internal consistency.

We gauged convergent validity through outer loadings and average variance extracted (AVE). During model refinement, we pruned items with loadings below 0.708 to ensure evidence purity. The final retained loadings range from 0.835 to 0.936. Moreover, AVE values sit between 0.772 and 0.858, clearing the 0.50 benchmark with ease. This confirms that the latent variables hold high explanatory power over their indicators (Appendix 2 for full details). Discriminant validity reflects the degree to which one construct can differentiate from another (Aman-Ullah et al., 2023). For discriminant validity, we applied a dual-pronged strategy: the Fornell-Larcker criterion and the heterotrait-monotrait ratio (HTMT). First, Fornell-Larcker tests confirm that the square root of each construct's AVE outstrips its Pearson correlations with any other construct, satisfying statistical distinction. Second, acknowledging the superior sensitivity of HTMT (Henseler et al., 2015), we calculated these ratios. Values fall between 0.188 and 0.815, staying strictly under the conservative 0.90 cap. This provides strong empirical proof that organizational, market, employee factors, and guanxi are conceptual and statistically distinct entities (Appendix 3 for full details).

Table 4: Reliability of constructs

Constructs	Cronbach's a	rho_a	rho_c
ARM	0.936	0.942	0.951
CA	0.929	0.937	0.946
CEM	0.927	0.933	0.948
CM	0.937	0.956	0.951
IAC	0.944	0.951	0.957
IBM	0.917	0.920	0.942
IP	0.938	0.941	0.953
MI	0.912	0.912	0.944
OP	0.931	0.952	0.951
RM	0.937	0.938	0.955
SC	0.937	0.940	0.955
SII	0.961	0.966	0.969
SP	0.951	0.952	0.959
Guanxi	0.917	0.919	0.948

4. RESULTS AND DISCUSSION

4.1. Structural Model and Main Effects

Prior to scrutinizing the moderating dynamics of Guanxi, we first evaluated the predictive capacity of the structural model and the main effect hypotheses to establish a robust baseline for driving service innovation implementation (SII) in SMIPs. Bootstrapping analysis with 5,000 resamples unveils that the structural model possesses strong explanatory power. The R^2 for SII reached 0.521, indicating that the antecedents explain over 50% of its variance. Meanwhile, the Stone-Geisser Q^2 value is 0.466, significantly greater than zero, demonstrating that the model has good predictive relevance.

Table 5 and Figure 1 delineate the detailed results of the main effects. On the one hand, the resource orchestration effect at the organizational stratum is validated (H1a supported). The data reveals that academic relations management (ARM) exerts a significant positive influence on SII. This empirically corroborates the perspective of Wirsich et al. (2016) that for resource-constrained SMIPs, acquiring external legitimacy and knowledge via open innovation constitutes the genesis of innovation. The significant positive coefficient for communication management (CM) aligns with Yue et al. (2020) regarding the construction of a positive emotional culture, confirming that top-down strategic dissemination acts as a core mechanism to surmount resistance and ensure innovation adoption. Furthermore, the positive impact of resource management (RM) underscores dynamic allocation as the material bedrock for innovation execution.

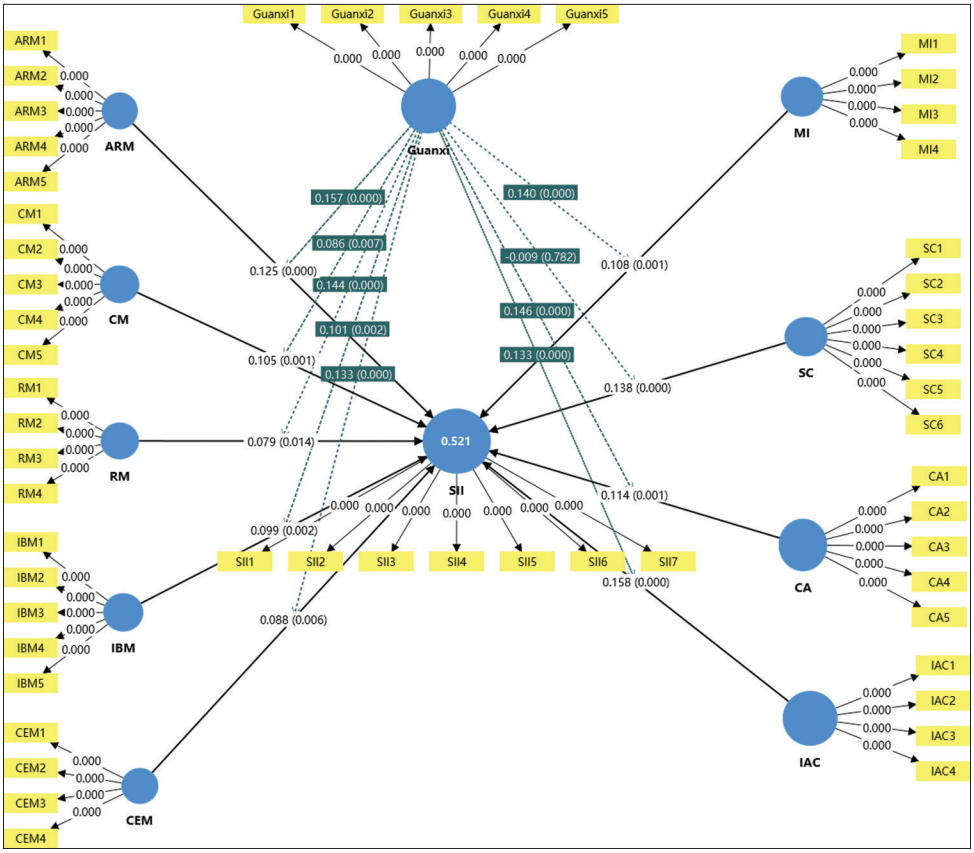
On the other hand, the connecting mechanisms at the market interface are confirmed (H1b supported). The significance of marketing innovation (MI) and customer engagement management (CEM) validates the theory of market orientation as a constituent of dynamic capabilities. The salient role of internal branding management (IBM) also aligns with Merrilees et al. (2021). By engaging employees in brand co-creation, firms can translate abstract brand promises into concrete service behaviors, thereby guaranteeing the standardized delivery of SII.

In addition, the micro-foundations at the employee level prove most potent (H1c supported). Among all antecedents, individual absorptive capability (IAC) exerts the most significant driving

Table 5: Outcome of the structural model examination

Paths	Original sample (O)	Standard deviation(STDEV)	T statistics|O/STDEV|	P values	5.0%	95.0%
ARM -> SII	0.125	0.031	4.014	0.000	0.073	0.175
CA -> SII	0.114	0.034	3.344	0.001	0.061	0.173
CEM -> SII	0.088	0.032	2.730	0.006	0.036	0.141
CM -> SII	0.105	0.031	3.417	0.001	0.056	0.157
IAC -> SII	0.158	0.032	4.886	0.000	0.104	0.210
IBM -> SII	0.099	0.032	3.126	0.002	0.046	0.150
MI -> SII	0.108	0.033	3.277	0.001	0.056	0.164
RM -> SII	0.079	0.032	2.452	0.014	0.025	0.131
SC -> SII	0.138	0.033	4.137	0.000	0.085	0.193

Figure 1: Path analysis



force on SII. This strongly supports Liu and Zhu (2021). In knowledge-intensive services, the individual's capacity to digest and integrate tacit knowledge functions as the converter transforming external resources into internal capabilities. Concurrently, the significance of service consciousness (SC) and career aspiration (CA) constitutes a dual engine of cognition and motivation, confirming that high-caliber talent is fundamental for SMIPs to breakthrough in the Chinese market.

H1a-H1c are validated, reaffirming that organizational, market, and employee factors serve as the bedrock for realizing service innovation in SMIPs. This establishes a comparative baseline for our subsequent exploration of the boundary effects of Guanxi.

4.2. The Moderating Role of Guanxi

To test the moderating effects of guanxi on the relationships between organizational, market, and employee factors and SII, this study adopted the product indicator approach to construct interaction terms and executed 5,000 bootstrapping resamples to assess the significance of path coefficients. Furthermore, Large samples inevitably inflate P-values. To counter this, we prioritized effect size (ize (study adopted the product t of these moderating effects. Table 6 unveils a nuanced duality, exposing both the hierarchy and the rigid boundaries defining the role of guanxi.

At the level of statistical significance, guanxi displays extensive moderating potential. Among the nine proposed moderating hypotheses, eight received statistical support, indicating that guanxi indeed extensively intervenes in the innovation resource orchestration process of SMIPs. At the organizational and market levels, Guanxi significantly and positively moderates the impact of academic relations management (ARM), resource management (RM), customer engagement management (CEM), and marketing innovation (MI) on SII. At the employee level, Guanxi similarly significantly enhances the driving roles of career aspiration (CA) and individual absorptive capability (IAC).

To mitigate the potential inflation of p-values inherent in large-sample designs, our assessment of the structural model transcends mere significance testing of path coefficients. Instead, we integrate effect size (f^2) as the cardinal criterion for adjudicating the substantive import of moderation effects. Adhering to the classical benchmarks established by Cohen (1988), where f^2 values of 0.02, 0.15, and 0.35 denote small, medium, and large effects respectively, values falling below 0.02 are deemed negligible. Table 7 delineates the detailed results of this rigorous examination. Specifically, the effect sizes for guanxi's moderation on the six pathways concerning academic relations management (ARM), resource management (RM), customer engagement management (CEM), marketing innovation (MI), career aspiration (CA), and individual absorptive capability (IAC) range from 0.034 to 0.048. Surpassing the 0.02 threshold for small effects, these metrics empirically validate the tangible efficacy of guanxi in facilitating cross-boundary resource fluidity and individual empowerment.

It is noteworthy, however, that while the moderating influence of Guanxi on communication management (CM) and internal branding management (IBM) appears statistically significant,

Table 6: Significance testing of Guanxi Moderating effects

Paths	Original sample (O)	Standard deviation (STDEV)	T statistics|O/STDEV|	P values	5.0%	95.0%
Guanxi -> SII	0.118	0.038	3.123	0.002	0.056	0.179
Guanxi * ARM -> SII	0.157	0.035	4.422	0.000	0.099	0.215
Guanxi * CA -> SII	0.146	0.033	4.428	0.000	0.091	0.198
Guanxi * CEM -> SII	0.133	0.031	4.296	0.000	0.081	0.183
Guanxi * CM -> SII	0.086	0.032	2.695	0.007	0.032	0.136
Guanxi * IAC -> SII	0.133	0.031	4.240	0.000	0.083	0.186
Guanxi * IBM -> SII	0.101	0.033	3.088	0.002	0.051	0.160
Guanxi * MI -> SII	0.140	0.031	4.547	0.000	0.088	0.191
Guanxi * RM -> SII	0.144	0.030	4.800	0.000	0.092	0.190
Guanxi * SC -> SII	−0.009	0.032	0.276	0.782	−0.060	0.046

Table 7: Effect size (f^2)

Paths	f^2
Guanxi -> SII	0.026
Guanxi * ARM -> SII	0.045
Guanxi * CA -> SII	0.042
Guanxi * CEM -> SII	0.034
Guanxi * CM -> SII	0.016
Guanxi * IAC -> SII	0.034
Guanxi * IBM -> SII	0.019
Guanxi * MI -> SII	0.036
Guanxi * RM -> SII	0.040
Guanxi * SC -> SII	0.000

their respective f^2 values of 0.016 and 0.019 fall below the substantive threshold of 0.02. This signals that when informal guanxi attempts to intervene in standardized internal governance workflows, its practical yield is minimal, rendering it a negligible factor. Furthermore, the moderating effect size of guanxi on service consciousness (SC) precipitates to 0.000. This null effect starkly illuminates the cognitive boundary of guanxi. Regardless of the tie strength, relational networks remain incapable of altering the impact path of deep-seated individual cognitive traits on innovation implementation.

4.3. The Efficacy Boundary of Guanxi

Our empirical results illuminate pronounced structural heterogeneity regarding the moderating efficacy of guanxi across different domains. Its utility is dually contingent upon, and constrained by, cognitive attributes and institutional logics.

Guanxi retains robust potency in the realms of cross-boundary resource acquisition and individual motivational triggering. Empirical data indicate that guanxi significantly amplifies the positive impact of academic relations management (ARM), resource management (RM), customer engagement management (CEM), marketing innovation (MI), career aspiration (CA), and individual absorptive capability (IAC) on service innovation implementation (SII). This corroborates the perspective of Wang et al. (2023), confirming that guanxi functions as an efficient facilitating mechanism when traversing organizational boundaries, thereby fostering the fluidity and integration of heterogeneous resources. For SMIPs, whether for garnering scarce external academic and market resources or for igniting internal employee aspirations and skill absorption, establishing high-trust relational networks remains an effective strategic asset for mitigating transaction costs and navigating environmental uncertainty.

However, when the scope of guanxi extends into highly formalized and standardized governance systems, its efficacy encounters a state of "institutional inefficacy." We observe that although the moderating effects of guanxi on communication management (CM) and internal branding management (IBM) are statistically significant, their effect sizes fall below the substantive threshold of 0.02. This delineates the second boundary of Guanxi: it faces a structural misalignment under universalistic governance architectures. The SII of modern enterprises relies heavily on consistent brand identity and transparent, standardized communication workflows. Yet, guanxi networks intrinsically adhere to a particularistic "differential mode of association." Li et al. (2024) warn that tight ties based on guanxi can easily devolve into insider collusion, leading to the privatization of information and the softening of regulation. When firms attempt to leverage distinctively close guanxi to drive internal branding and communication, a structural mismatch occurs. The "inner circle" trust engendered by guanxi may paradoxically impede consensus, resulting in information cocoons. Ungureanu et al. (2021) further point out that cross-functional innovation coordination requires materialized boundary objects like collaboration spaces rather than pure interpersonal relationships. Consequently, in domains necessitating organizational standardization and transparency, the efficacy of guanxi is eroded by the logic of formal institutions, rendering it an ineffectual redundancy.

Furthermore, Guanxi reaches its absolute efficacy limit within the deep cognitive domain. Our research reveals that guanxi completely fails to moderate the impact of service consciousness (SC) on SII. This null effect signals that while it can drive behavior, it is incapable of reshaping deep-seated cognition. From an ontological vantage point, service consciousness is anchored in the Confucian ethic of shu, representing an empathetic capacity and intrinsic moral cultivation. In contrast, the operational core of Guanxi is renqing, an instrumental exchange mechanism based on reciprocal obligation. External transactional logic struggles to transmute into internal affective logic. Moreover, as warned by Liu et al. (2024), excessively intimate supervisor-subordinate guanxi may induce psychological entitlement and self-serving attributions among employees. Within SMIPs, employees who are overly reliant on relational networks may view accessed resources as a deserved privilege. This sense of entitlement intrinsically rejects the humble service spirit centered on the customer, thereby psychologically blocking the empowering effect of guanxi on service consciousness.

Therefore, the efficacy boundary of Guanxi is starkly demarcated between resource acquisition and internal orchestration. It remains a potent instrument for traversing organizational boundaries to access heterogeneous resources; yet, in the internal innovation implementation phase requiring deep cognitive transformation and process standardization, its specific utility is markedly constrained by cognitive attributes and institutional logics.

5. CONCLUSION

By subjecting 546 questionnaires from Chinese SMIPs to rigorous empirical scrutiny, this study aims to deconstruct the efficacy boundaries of guanxi within the trajectory of internal capability building in the digital era. Beyond merely substantiating the significant positive impact of organizational factors (ARM, CM, RM), market factors (IBM, CEM, MI), and employee factors (SC, CA, IAC) on SII, our analysis illuminates the nuanced boundary conditions of guanxi as a moderator.

Our inquiry unearths a striking "significance-relevance" paradox. On one hand, Guanxi demonstrates robust efficacy in resource acquisition domains such as academic relations management and marketing innovation, as well as in opportunity allocation arenas like career aspiration (CA), thereby crystallizing its status as an external acquisition-oriented asset. On the other hand, within highly standardized and formalized governance domains like communication management (CM) and internal branding management (IBM), its substantive influence evaporates to negligible levels. More critically, guanxi completely fails to drive individual service consciousness (SC), rigorously demarcating a psychological boundary where informal ties cannot penetrate deep-seated cognition. This double-edged effect signals that guanxi is not a universal strategic panacea; while it serves as capital and insurance against external environmental uncertainty, it risks devolving into ineffectual redundancy due to institutional misalignment and cognitive imbalance when displaying internal process standardization and cognitive transformation.

Consequently, this study proffers a strategic roadmap for emerging market enterprises and policymakers striving to breakthrough in the digital wave. In domains concerning external resource acquisition, managers should judiciously leverage the lubricating function of guanxi, utilizing it as social capital to mitigate transaction costs and capture scarce opportunities. Conversely, in domains involving the construction of internal core capabilities, managers must accelerate the institutionalization of formal communication mechanisms and brand management models. Furthermore, they should establish transparent performance evaluation systems that integrate customer-centric behavioral metrics. Concurrently, leveraging technological tools to standardize workflows is imperative to insulate execution standards from the interference of affective factors, thereby preventing the collusive tendencies of internal cliques.

Future research should pivot toward longitudinal designs to explore how this dynamic equilibrium between "relationships and rules" evolves across the organizational lifecycle. In parallel, a deeper examination of whether the efficacy boundaries of guanxi shift under distinct cultural contingencies would offer rich theoretical extensions.

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APPENDIX 1: QUESTIONNAIRE

A Study on Factors Influencing the Performance of Small and Medium-size International Publishers Attracting High-quality Scholarly Content from China

Dear Respondent:

As a doctoral candidate at UCSI University in Malaysia, I am currently engaged in a research project that explores organization research within the context of Chinese small and medium-sized enterprises. This investigation is a key component of fulfilling the academic requirements for my doctoral program.

This study aims to explore the impact of several factors on firm service innovation and performance, particularly in the context of academic publishing. The high-quality academic content can be published in various types, such as academic databases, peer-reviewed journals, and scholarly encyclopedias.

Thank you for agreeing to participate in this research study. Your input is highly valued and will contribute significantly to my research regarding academic publication sectors in China. This questionnaire should take approximately 15-20 min to complete. Your responses will be kept confidential and used only for research purposes.

Does your organization actively seek high-quality scholarly content from Chinese researchers?

☐ Yes ☐ No

Is your work related to academic publications?
☐ Yes ☐ No

(If any of your answers are "No," you are free to discontinue this questionnaire. If all your answers are "Yes," please move forward to the next parts.)

- Section A: Demographic Information

The part is about your fundamental information and personal background.

Please tick ☑ on the appropriate box for each of the questions given below.

1) Please state your gender.
   ☐ Male
   ☐ Female

2) What is your age?
   ☐ 20-29 years old
   ☐ 30-39 years old
   ☐ 40-49 years old
   ☐ 50-59 years old
   ☐ 60+ years old

3) What is the highest degree or level of education that you have completed?
   ☐ High School or below
   ☐ Diploma/Advanced Diploma
   ☐ Bachelor Degree/Professional Qualification
   ☐ Postgraduate Degree

4) How many years have you been working in the academic publishing industry?
   ☐ Less than 3 years
   ☐ 3-5 years
   ☐ 6-10 years
   ☐ More than 10 years

5) What is the number of employees in your company that are engaged in the academic publishing sector based in China?
   ☐ 1-10 employees
   ☐ 11-30 employees
   ☐ 31-60 employees
   ☐ 60+ employees

- Section B: Organizational Factors
  This section contains questions related to diverse organizational capabilities within your organization.
  For each statement below, please indicate your level of agreement or disagreement by circling the number that best reflects your opinion:

		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
Academic Relations Management								
1	We and our Chinese academic institutions were in terms of the time it took to make a decision.	1	2	3	4	5	6	7
2	Our publisher has superior communication between the firm and its partners.	1	2	3	4	5	6	7
3	Our publisher has a good strategy towards retaining partners	1	2	3	4	5	6	7
4	Our publisher needs to anticipate our partners' needs much earlier to provide customized services when required	1	2	3	4	5	6	7
5	Our publisher shares knowledge with partners on a regular basis so that we remain up to date.	1	2	3	4	5	6	7
Communication Management								
1	The senior management share similar beliefs about the future direction of this organization.	1	2	3	4	5	6	7

2	Senior managers actively encourage change and implement a culture of improvement, learning, and innovation towards "excellence"	1	2	3	4	5	6	7
3	Employees have the opportunity to share in and are encouraged to help the organization implement changes.	1	2	3	4	5	6	7
4	There is a high degree of unity of purpose in our company, and we have eliminated barriers between individuals and/or departments.	1	2	3	4	5	6	7
5	Senior managers consider each employee as having different needs, abilities, and aspirations from other members of the company.	1	2	3	4	5	6	7
	Resources Management							
1	Our organization regularly considers the consequences of changing market demands in terms of new products and services.	1	2	3	4	5	6	7
2	Our organization quickly recognizes the usefulness of new external knowledge to existing knowledge.	1	2	3	4	5	6	7
3	In our organization, we periodically meet to discuss the consequences of market trends and new product development.	1	2	3	4	5	6	7
4	We allocate our resources continuously to new promising operation areas.	1	2	3	4	5	6	7

1: Strongly disagree, 2: Disagree, 3: Slightly disagree, 4: Neutral, 5: Slightly agree, 6: Agree, 7: Strongly agree

- Section C: Marketing Factors
  This section contains questions related to diverse marketing capabilities within your organization.
  For each statement below, please indicate your level of agreement or disagreement by circling the number that best reflects your opinion:

		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
	Internal Branding Management							
1	My company informs employees in an excellent way about things that are relevant to them.	1	2	3	4	5	6	7
2	Orientation programme triggers my inspiration to appropriately fulfil the brand promise delivery.	1	2	3	4	5	6	7
3	I like the orientation kit and/or brand manuals of my company's brand.	1	2	3	4	5	6	7
4	I clearly understand my role in relation to the brand mission, after attending the group meeting.	1	2	3	4	5	6	7
5	Briefings contain all essential information for me to provide services according to the brand expectations.	1	2	3	4	5	6	7
	Customer Engagement Management							
1	Our customer engagement systems are convenient to access for employees.	1	2	3	4	5	6	7
2	Our customer engagement systems are flexible to the changing needs of our business environment.	1	2	3	4	5	6	7
3	Our customer engagement systems are integrated with our business processes.	1	2	3	4	5	6	7
4	Our customer engagement systems have very fast response/turnaround times.	1	2	3	4	5	6	7
	Marketing Innovation							
1	Our company adopts innovating marketing programs to stay ahead of the market.	1	2	3	4	5	6	7
2	Our company is finding new ways to build and improve relationships with customers.	1	2	3	4	5	6	7
3	Our company is looking for ways to develop new business models.	1	2	3	4	5	6	7
4	Our company is looking for ways to improve promotion methods and tools.	1	2	3	4	5	6	7

1: Strongly disagree, 2: Disagree, 3: Slightly disagree, 4: Neutral, 5: Slightly agree, 6: Agree, 7: Strongly agree

- Section D: Employee Factors
  This section contains questions related to diverse employees' capabilities within your organization.
  For each statement below, please indicate your level of agreement or disagreement by circling the number that best reflects your opinion:

		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
Service Consciousness								
1	I greatly enjoyed thinking novel and new ideas to attract high-quality content.	1	2	3	4	5	6	7
2	I was very committed to developing a superior product and service to attract high-quality content.	1	2	3	4	5	6	7
3	Exposure to the information and perspectives of other departments helped me to think of new ideas about the publishing service to attract high-quality content.	1	2	3	4	5	6	7
4	I freely challenged the assumptions underlying each others' ideas and perspectives to attract high-quality content.	1	2	3	4	5	6	7
5	I was highly cooperative with each other during the development of the new service to attract high-quality content	1	2	3	4	5	6	7
6	I was willing to take the risk of pursuing very new service ideas to attract high-quality content	1	2	3	4	5	6	7
Career Aspiration								
1	The more innovative I am, the better my job performance.	1	2	3	4	5	6	7
2	Coming up with creative ideas helps me do well in my job.	1	2	3	4	5	6	7
3	My work unit will perform better if I often suggest new ways to achieve objectives.	1	2	3	4	5	6	7
4	I feel that I am good at generating novel ideas	1	2	3	4	5	6	7
5	I am good at finding creative ways to solve problems.	1	2	3	4	5	6	7
Individual Absorptive Capability								
1	At work, I sometimes come up with innovative and creative notions.	1	2	3	4	5	6	7
2	At work, I sometimes propose my creative ideas and try to convince others.	1	2	3	4	5	6	7
3	At work, I provide a suitable plan and workable process for developing new ideas.	1	2	3	4	5	6	7
4	Overall, I consider myself as a creative member of my team.	1	2	3	4	5	6	7

1: Strongly disagree, 2: Disagree, 3: Slightly disagree, 4: Neutral, 5: Slightly agree, 6: Agree, 7: Strongly agree

- Section E: Service Innovation Implementation
  This section contains questions related to the capability of service innovation implementation within your organization.
  For each statement below, please indicate your level of agreement or disagreement by circling the number that best reflects your opinion:

		Strongly disagree	Disagree	Slightly disagree	Neutral	Slightly agree	Agree	Strongly agree
1	Our company provides a suitable environment for developing new services.	1	2	3	4	5	6	7
2	All departments and units interact well to develop new businesses.	1	2	3	4	5	6	7
3	When developing and executing new service projects, managers and frontline personnel collaborate closely.	1	2	3	4	5	6	7
4	Our company always offers incentives or promotions to members involved in the development of new businesses upon the success of their project.	1	2	3	4	5	6	7
5	Our company will dedicate some resources to developing new services.	1	2	3	4	5	6	7
6	This team is professional in developing new services or new products.	1	2	3	4	5	6	7
7	The new services developed by this team are effective with respect to timing, resources and process.	1	2	3	4	5	6	7

1: Strongly disagree, 2: Disagree, 3: Slightly disagree, 4: Neutral, 5: Slightly agree, 6: Agree, 7: Strongly agree

- Section F: Guanxi
  Guanxi, a vital aspect of Chinese culture, refers to the relational connections that individuals and organizations cultivate and maintain. Within organizational contexts, guanxi refers to the network of relationships that organizations build and maintain to facilitate cooperation, enhance trust, and support business operations
  This section contains questions related to the resource of "guanxi" with your organization.

For each statement below, please indicate your level of agreement or disagreement by circling the number that best reflects your opinion:

		Strongly Disagree	Disagree	Slightly Disagree	Neutral	Slightly Agree	Agree	Strongly Agree
1	Our publisher have invested a great deal in building up the joint business in the academic publishing sector.	1	2	3	4	5	6	7
2	If the business relationship were to end, we would lose a lot of the investment made in the present relationship.	1	2	3	4	5	6	7
3	The distributor's representative often spends social time and shares personal affairs with our publisher.	1	2	3	4	5	6	7
4	The distributor's representative and I trust each other.	1	2	3	4	5	6	7
5	The distributor's representative and I always take the other's interest into consideration.	1	2	3	4	5	6	7

1: Strongly disagree, 2: Disagree, 3: Slightly disagree, 4: Neutral, 5: Slightly agree, 6: Agree, 7: Strongly agree

——End of the questionnaire——

Thank you for taking the time to complete this questionnaire.

APPENDIX 2

Appendix 2: Average variance extracted

Constructs	AVE
ARM	0.796
CA	0.777
CEM	0.820
CM	0.796
IAC	0.816
IBM	0.801
MI	0.850
RM	0.841
SC	0.841
SII	0.837
Guanxi	0.858

APPENDIX 3

Appendix 3: Hetero-trait-mono-trait for first-order constructs

Paths	HTMT	Paths	HTMT
CA <-> ARM	0.099	RM <-> ARM	0.147
CEM <-> ARM	0.128	RM <-> CA	0.196
CEM <-> CA	0.130	RM <-> CEM	0.103
CM <-> ARM	0.122	RM <-> CM	0.086
CM <-> CA	0.109	RM <-> Guanxi	0.186
CM <-> CEM	0.082	RM <-> IAC	0.167
Guanxi <-> ARM	0.078	RM <-> IBM	0.073
Guanxi <-> CA	0.124	RM <-> MI	0.170
Guanxi <-> CEM	0.073	SC <-> ARM	0.136
Guanxi <-> CM	0.126	SC <-> CA	0.153
IAC <-> ARM	0.065	SC <-> CEM	0.168
IAC <-> CA	0.080	SC <-> CM	0.188
IAC <-> CEM	0.116	SC <-> Guanxi	0.102
IAC <-> CM	0.045	SC <-> IAC	0.154
IAC <-> Guanxi	0.142	SC <-> IBM	0.174
IBM <-> ARM	0.139	SC <-> MI	0.179
IBM <-> CA	0.075	SC <-> RM	0.215
IBM <-> CEM	0.153	SII <-> ARM	0.262
IBM <-> CM	0.100	SII <-> CA	0.223
IBM <-> Guanxi	0.193	SII <-> CEM	0.219
IBM <-> IAC	0.132	SII <-> CM	0.186
MI <-> ARM	0.102	SII <-> Guanxi	0.230
MI <-> CA	0.227	SII <-> IAC	0.242
MI <-> CEM	0.068	SII <-> IBM	0.232
MI <-> CM	0.095	SII <-> MI	0.234
MI <-> Guanxi	0.143	SII <-> RM	0.274
MI <-> IAC	0.120	SII <-> SC	0.327
MI <-> IBM	0.061		