The role of *renqing* in mediating customer relationship investment and relationship commitment in China

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ABSTRACT

There is a growing research interest in *guanxi* marketing, which has been considered the Chinese version of relationship marketing. However, very little empirical research has investigated the implicit nature of *renqing*, the underlying mechanism that explains the cultivation and maintenance of *guanxi*. This study examines the role of *renqing* in mediating customer relationship investment and relationship commitment in the insurance industry. The authors surveyed 245 car insurance policyholders in China. The findings confirm the mediating role of *renqing* in such relationships and show that *renqing* explains a very high proportion of the variance in levels of customer relationship commitment. This result offers valuable insights and suggestions as to how to increase levels of customer relationship commitment in China.

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1. Introduction

Relationship marketing, in managerial practice and academic research, has experienced "explosive growth" in the past decades (Palmatier, 2008; Shi, Shi, Chan, & Wang, 2009; Srinivasan & Moorman, 2005). Morgan and Hunt (1994) defined relationship marketing as "all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges." Most researchers and practitioners assume that relationship marketing enhances sales performance outcomes, including sales growth, market share, and profits, by generating stronger customer relationships (Crosby, Evans, & Cowles, 1990; Morgan & Hunt, 1994; Palmatier, Dant, Grewal, & Evans, 2006).

In contrast to this paradigm, which is founded in the context of individualist cultures with established legal and professional institutions, scholars in sociology (Walder, 1995), psychology (Bond, 1996), economics (Scott, 1995), and management (Wang, Siu, & Barnes, 2008) have noted variations in the systems of relational exchange across cultures. For example, there is a growing research interest in *guanxi* marketing, which has been considered the Chinese version of relationship marketing (Davies, Leung, Luk, & Wong, 1995; Lovett, Simmons, & Kali, 1999). Nonetheless, while some of the principles of relationship marketing can be found in China, the uniqueness of Chinese culture makes the direct transfer of Western relationship marketing principles into China or other Asian societies questionable (Wang, 2007). For example, Western relationship marketing is typically impersonal and mostly at the organizational level (Morgan & Hunt, 1994). Exchanging parties in Western societies tend to have economic and impersonal involvement in business, and relational networking is mainly associated with commercial goals. *Guanxi* marketing, however, goes beyond impersonal commercial involvement, as members of *guanxi* networks also exchange favors and affection. At times, the affective value of an exchange is more important than its economic value in social interactions (Wang, 2007). Therefore, "*there is … a need for more fundamental research in international marketing in order to adapt established marketing concepts to the realities of the international marketplace … This is essentially a question of external validity and research should be encouraged to determine which marketing principles can be universally applied and which are basically ethnocentric*" (Cunningham & Green, 1984).

Relationship commitment and trust are regarded as fundamental building blocks of the relationship marketing model (Garbarino & Johnson, 1999; Morgan & Hunt, 1994). In their seminal work, Morgan and Hunt (1994) theorize that trust is central to all relationship exchanges. In the relationship marketing literature, the trust construct is believed to involve two essential elements, the credibility and the benevolence of the partners (Ganesan, 1994; Kumar, Scheer, & Steenkamp, 1995). However, credibility and benevolence do not have an equivalent construct in Chinese culture (Wang, 2007). Instead of trust, some researchers argue that mutual dependence and a sense

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of obligation and indebtedness are the keys to building *guanxi* (Yang, 1994). '*Renqing*,' which refers to one's obligation to repay favors and show empathy in business relationships (Wang, 2007), plays the role of building *guanxi* by creating a sense of obligation and indebtedness among the relationship partners. Therefore, as important as trust is in a Western context, '*renqing*' is one of the key building blocks in the Chinese *guanxi* context.

Numerous conceptual and empirical studies have investigated the role of trust as a relational mediator in the Western context (Palmatier et al., 2006). However, very little empirical work has been undertaken on the mediation role of *renqing* in Chinese context, although the concept of *renqing* is often mentioned in studies of Chinese buying behavior and *guanxi* marketing (Gu, Hung, & Tse, 2008; Lee & Dawes, 2005; Leung, Heung, & Wong, 2008). Wang et al. (2008) conducted the first empirical study of the mediating role of *renqing* in relation to trust and long-term trends in business to business relationships in China. However, their research did not address the main antecedents to a business relationship, such as relationship investment, relationship value or termination cost (Morgan & Hunt, 1994; Wulf, Odekerken-Schröder, & Iacobucci, 2001). Because trust is usually considered to be a relational mediator in the Western context, researchers understand its role in mediating the antecedents (e.g. relationship investment) and consequences (e.g. relationship commitment) of trust relationships in Western society, as numerous research findings have shown (Palmatier et al., 2006). As *renqing* is considered to be a similarly important relational mediator in the Chinese *guanxi* context, a natural research question is: what role does *renqing* play in mediating the antecedents and consequences of trust in Chinese relationship marketing?

In response to the foregoing research question, the main objective of this paper is to examine the role of *renqing* in mediating one of the main antecedents of trust, customer relationship investment, and one of the main consequences of trust, relationship commitment, in Chinese business practice. Customer relationship investment has been chosen as the antecedent to trust, as it is the most important in terms of managerial implications and has been the sole antecedent used in several similar studies (Liang, Chen, & Wang, 2008; Wulf et al., 2001; Yoon, Choi, & Sohn, 2008). Similarly, relationship commitment is one of most important constructs in relationship marketing and is easier to measure than other consequences, such as behavioral loyalty and long-term orientation (Kumar et al., 1995; Morgan & Hunt, 1994). Accordingly, the conceptual framework for this study is constructed on the basis of relationship investment, *renqing*, and relationship commitment, and will include relationship value and termination cost as control variables. Furthermore, we derive a scale to measure the level of *renqing* in the relationship between salespersons and customers from our literature review.

2. Background and hypotheses

2.1. Relationship commitment and relationship investment

Relationship commitment is one of the most commonly studied constructs in relationship marketing (Palmatier et al., 2006). Dwyer, Schurr, and Oh (1987) used commitment as one of the five processes of relationship development and defined commitment as "an implicit or explicit pledge of relational continuity between exchange partners." Morgan and Hunt (1994) argued that "the presence of relationship commitment and trust is central to successful relationship marketing, not power and its ability to 'condition others'" and they defined relationship commitment "as an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it." This study adopts a simple definition of relationship commitment: "a party's intention to continue the relationship" (Kumar et al., 1995).

Relationship investment refers to a customer's perception of the extent to which a salesperson devotes resources, effort, and attention to maintain or enhance relationships that do not have outside value and cannot be recovered if these relationships are terminated (Palmatier et al., 2006; Wulf et al., 2001). Generally speaking, the purpose of investing time, effort, and other irrecoverable resources in a business relationship is to create psychological bonds to retain valuable customers (Smith & Barclay, 1997). When a salesperson makes a relationship investment using bonding tactics of any kind, the customer is likely to be favorably impressed (Hart & Johnson, 1999). Several studies of relationship marketing have indicated the effects a company's investment in relationship building can have on consumers' general perceptions of the company. Baker, Simpson, and Siguaw (1999), for instance, reported that consumers were more satisfied with sellers who made extra efforts toward their customers. Similarly, Ganesan (1994) found a positive relationship between a manufacturer's relationship investment and their customer's trust in the manufacturer. In another study, customers' perceptions of a seller's relationship building efforts were found to result in the customers' being strongly committed to the company (Bennett, 1996). Thus, it is hypothesized that:

H1. *Relationship investment is positively associated with relationship commitment.*

2.2. Guanxi and renqing

Guanxi is of fundamental importance in China. It dominates business activities throughout the country, and affects firm performance across industries and regions (Lovett et al., 1999). In terms of phraseology, Lee and Dawes (2005) explained, "the character '*guan*' means a gate or a hurdle, and '*xi*' refers to a tie, a relationship, or a connection. So *guanxi* literally means pass the gate and get connected." In a business context, *guanxi* refers to personal relationships or social connections based on mutual interests and benefits (Yang, 1994). *Guanxi* is a special kind of relationship, but not all relationships are *guanxi*. Hwang (1987) compared three types of relationship. The first is the expressive tie within one's immediate or extended family. Based on *qinqing* (affection between blood relatives), this form of relationship is very personal and stable. The second is the instrumental tie that represents a temporary and impersonal relationship (e.g. the transactional relationship between a seller and a buyer) with people outside one's immediate or extended family. The third is a mixed tie, which has components of both the expressive tie driven by affect and the utilitarian-oriented instrumental tie. *Guanxi* is a mixed tie relationship, in which the bond between the exchanging parties is not as close as with blood relations, but it does contain emotional attachment.

To understand *guanxi*, it is essential to understand the unique meanings of *ganqing* and *renqing* in Chinese culture. *Ganqing* refers to feelings of emotional attachment among members of networks (Liang, 1988), and is often an indicator of the closeness of *guanxi*. The most intimate form of *ganqing* is *qinqing*, which is the blood-based emotional attachment that only exists among family members (Wang, 2007). In a business relationship where no *qinqing* exists, *ganqing* is usually built through a socialization process in which *guanxi* members share their feelings towards common topics, such as experiences, beliefs, judgments, opinions and thoughts (Chen, Chen, & Xin, 2004).

Renqing refers to emotional responses to the various situations of daily life that are guided by sets of social norms for getting along with others (Guo, 2001). The most important social norms of *renqing* are to show empathy to others in need and that there is an obligation to repay favors (Wang, 2007). In this respect, depending on the role of the participant as a benefactor or recipient in the *guanxi*, *renqing* can be understood in terms of two basic rules, empathy and reciprocity. The principle of empathy relates primarily to a benefactor's behavior

in offering financial or emotional support to others when in need (Hwang, 1987). Empathy is the ability to see a situation from another person's perspective. Accordingly, a person is viewed as having *renqing* if he or she is empathetic towards the emotions and feelings of others and is ready to help others in need (Wang et al., 2008). The principle of reciprocity mainly refers to the behavior of a recipient. As a social norm, it can be expressed as "if you have received a drop of beneficence from other people, you should return to them a fountain of beneficence" (Hwang, 1987; Wang, 2007). If a person receives a favor, he or she owes *renqing* to the benefactor and should be ready to return the support once circumstances permit (Hwang, 1987). The obligation to reciprocate is highly valued by Chinese people in maintaining healthy interpersonal relationships.

However, the Chinese idea of reciprocity and the timing of when a favor should be repaid differs from that conceived in the West (Wang, 2007). Whereas Western societies emphasize short term, symmetrical reciprocity in balanced exchange relationships, Chinese people perceive *renqing* as something that can be paid back in the long run, with the expectation that the relationship will last into the unforeseeable future (Yum, 1988). There is an understanding that *renqing* need not be returned immediately, as it can be stored and returned at the right time, when the other party needs it (Wang, 2007). This aspect of *renqing* is especially important for customer relationship investment, in which long-term relationship building is expected rather than immediate reciprocation.

According to the reciprocal principle of *renqing*, if an exchange partner has a higher degree of *renqing*, he or she owes *renqing* to the counter partner and has a moral obligation to pay it back in the future. As such, his or her commitment to the exchange relationship should be higher. Thus, it is hypothesized that:

H2. *Renqing is positively associated with relationship commitment in Chinese business relationships.*

2.3. The mediating role of renqing

According to the principle of *renqing*, if a personal relationship partner gets into difficulty, the other partner should help him or her and, after the recipient has received the favor, he or she should return it as soon as the opportunity arises (Guo, 2001; Hwang, 1987). Reciprocal favor is a strong, morally binding, social norm for Chinese people, and those who do not repay favors are considered to have "no credibility," "no conscience," and to be "mean." As a result, they lose face, reputation, and ultimately personal relationships and their peers' trust (Lee & Dawes, 2005). Therefore, if a salesperson invests time and effort to help a customer, the customer who receives the investment, and enjoys extra services or preferential treatment, would feel that he or she owes the salesperson a *renqing* and is obligated to reciprocate a favor in the future. Thus, it is hypothesized that:

H3. *Relationship investment is positively associated with renqing in Chinese business relationships.*

While relationship investment is hypothesized to be positively associated with relationship commitment, such a relationship is incumbent upon whether one follows the principles of *renqing*. When a salesperson invests time, effort, and attention in maintaining or enhancing a relationship with his or her customer, the customer who receives the investment does not have a legal obligation to maintain the business relationship because there is no contractual agreement binding them to do so. However, in some business relationships, especially in Chinese business relationships, the customer would have a moral obligation to continue the business relationship if he or she follows the principle of *renqing* (Leung et al., 2008). Yang (1994) rightly pointed out that when a Chinese person says "I owe him a *renqing*," he or she actually accepts the fact that it is very difficult to decline a request for help or fail

to repay a debt of *renqing* in the future. Wang (2007) also indicated that the relationship between trustworthy parties is more likely to have a long-term orientation, although such a relationship is operated through, or mediated by, an unspoken code of *renqing*. Thus, it is hypothesized that:

H4. *Renqing plays a positive mediating role between relationship investment and relationship commitment in Chinese business relationships.*

2.4. Control variables

We also include two control variables in our model, namely relationship value and termination cost, as these have been consistently identified as affecting relationship commitment in the relevant literature. The conceptual framework (Fig. 1), along with hypotheses H1 to H4, is presented below.

Relationship value may be best defined as a trade-off between the benefits (get) and sacrifices (give) in an exchange relationship (Slater, 1997; Woodruff, 1997). If the relationship value is high, the customer can get high rewards from the relationship, which increases the customer's intention to continue the relationship, so that the relationship commitment will be high. Many researchers adopt relationship value, or similar a construct as one of the main antecedents of relationship commitment. For example, Storbacka, Strandvik, and Gronroos (1994) used perceived relationship value as a predictor of relationship commitment. Morgan and Hunt (1994) adopted relationship benefits as one of the antecedents of relationship commitment.

Termination cost refers to the losses from ending a relationship and results from the perceived lack of comparable potential alternative partners, relationship dissolution expenses, and/or substantial switching costs (Morgan & Hunt, 1994). According to field theory, two types of psychological force (a driving force and a restraining force) keep a person in a relationship. The restraining forces affect behavior only if one party wishes to leave the relationship (Levinger, 1965; Lewin, 1951). In this respect, relationship value can be considered a driving force and termination cost a restraining force in business relationships. If customers perceive high termination costs, their intention to continue the relationship will increase. Many researchers consider termination cost, or one of its equivalents to be one of the major antecedents of relationship commitment. For example, Dwyer et al. (1987) proposed that "the buyer's anticipation of high switching costs gives rise to the buyer's interest in maintaining a quality relationship." Morgan and Hunt (1994) argued "expected termination costs lead to an ongoing relationship being viewed as important, thus generating commitment to the relationship." Hence, given the above reasons, we are confident that relationship value and termination cost are relevant control variables in our proposed model, as shown in Fig. 1.

3. Research method

3.1. Research context

The agent-policyholder relationship in the Chinese car insurance industry was chosen as the research context for this empirical study. The agent-policyholder relationship in the insurance industry is a typical context for research on the salesperson to customer relationship in services selling (Crosby et al., 1990). Zeithaml (1981) suggests that relationship marketing would be most effective in a dynamic environment which is uncertain in ways that will affect the future needs and offerings in services selling. The car insurance industry in China fulfills these condition as the industry is relatively new in China. Moreover, the industry is becoming increasingly competitive, given the arrival of new domestic and multi-national insurance companies vying for a share of the insurance market. In addition, car insurance
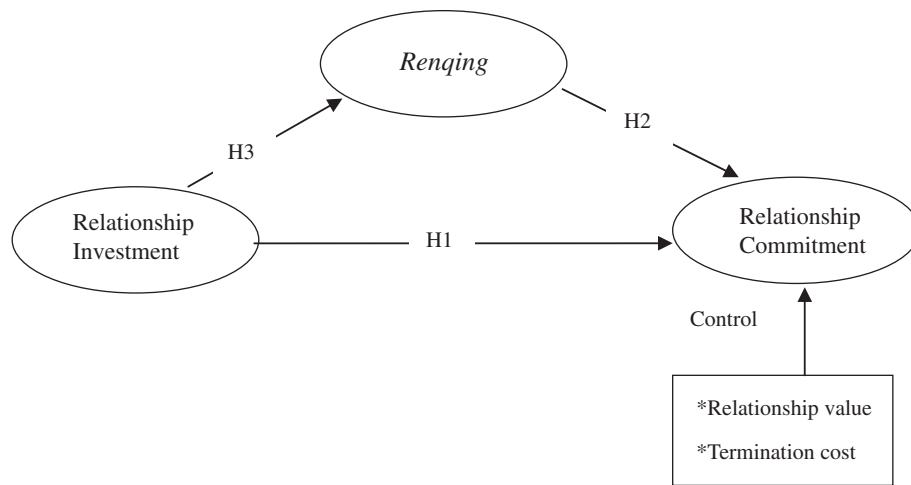
Fig. 1. Conceptual framework.

policies are typically renewed on an annual basis in China, which means that policy holders have the chance to consider whether they should change their insurance agents each year. Therefore, car insurance agents have to work hard at relationship marketing to keep their policy holders.

3.2. Research design

A two-stage research design was adopted in this study to generate richer information from the respondents (Todd, 1979). First, qualitative exploratory research was undertaken to clarify the key ideas, ensure the appropriateness of the conceptual framework and obtain items for new measures. This was achieved by reviewing the relevant literature and conducting two focus group interviews. The first group comprised 8 insurance agents and the second group 8 policyholders. Following the qualitative study, a quantitative survey of insurance policyholders was undertaken to validate the scales and to test the hypotheses. Because insurance agents normally want to continue their relationship with their insurance policyholders, it is sufficient to use the data from policyholders to test the hypotheses.

3.3. Measures

3.3.1. Measuring renqing

3.3.1.1. Item generation. A deductive approach was used to generate the initial items. *Renqing* was operationalized based on the aforementioned conceptualization of reciprocity and empathy (Wang, 2007). An initial pool of twenty-five items was generated from the two focus group interviews and the review of prior research. In the two focus group interviews, the definition of *renqing* was explained to the respondents and each respondent was then asked to list three statements that best describe *renqing*. Nineteen frequently mentioned statements by the respondents were included in the initial item pool. In addition, six items of *renqing* scale in relation to business to business relationships (Wang et al., 2008) were added to the pool. Throughout the study, materials were either developed in Chinese or translated from English using the standard translation and back-translation procedure (Brislin, 1980).

3.3.1.2. Content validity. Two marketing professors, two graduate students with marketing majors and two sales managers of a local insurance company were asked to judge the content validity of the initial pool of twenty-five items. These expert judges were asked to rate how well each of the items reflects the meaning of *renqing* in the

agent-policyholder relationship in the car insurance industry in China, using the following scale: 1 = clearly representative, 2 = somewhat representative, and 3 = not representative at all (Zaichkowsky, 1985). Only items rated (on average) at least somewhat representative were retained. This process reduced the number of items to ten from the original twenty-five.

3.3.1.3. Pilot study. To further validate the scale, a pilot study was later conducted with fifty-three local car insurance policy-holders who agreed to take part in the research. One of the responses was incomplete and discarded, leaving fifty-two in total. The pilot proved useful for refining the scale and a further four items were deleted due to their low factor loading. Table 1 shows the factor loading and reliability of the final six-items included for the *renqing* construct that were eventually used in the study. The Cronbach's α for the scale was 0.87.

3.3.2. Measuring other constructs

Similar to the procedure for developing a measure of *renqing*, an initial pool of items for other constructs, relationship investment, relationship commitment, relationship value and termination cost, were generated from the review of the relevant literature and the pre-study focus group interviews. Most of the items addressing the related concepts were adapted from measures used by Doney and Cannon (1997), Morgan and Hunt (1994), Shi et al. (2009), and Wulf et al. (2001). The final measures for the other four constructs are shown in Appendix A. All of these measures demonstrated good reliability (Cronbach's alpha ranging from 0.74 to 0.88).

Table 1
Measurement items for *renqing*.

Items	Factor loading	Item-to-total correlation
I feel I owe him/her something since he/she helps me a lot.	.774	.569
I feel I would lose face if I do not continue the insurance.	.787	.761
I am afraid he/she would be disappointed if I discontinue the insurance.	.584	.709
Considering his/her help to me, I would feel embarrassed if I discontinue the insurance.	.651	.729
Repaying favor to him/her is a major reason that I continue the insurance.	.833	.627
I would feel sorry in view of *renqing*, if I discontinue the insurance.	.607	.670
Cronbach's alpha = 0.87		

3.4. Data collection

A private car is still a luxury to most Chinese residents. Furthermore, most private car owners/insurance policyholders (owners thereafter) are very busy people and would most likely avoid being interviewed or completing a questionnaire. To increase the response rate and improve the data quality, this study adopted a cost consuming face to face interview data collection approach, instead of the commonly used mail survey. Most car owners in China drive to carwash sites and wait about 15 min for their cars to be washed. During their wait time, these car owners are relatively willing to be interviewed. To conduct the interviews, we identified three carwash sites in one of the special economic zones, named Zhuhai. Because most of the population of Zhuhai have migrated from all over China following the "open-door" that policy started in 1983, the car owners from Zhuhai are a good sample of those in China. Three masters students were dispatched to these sites to do face to face interviews during business hours for each day in a week. To increase the response rate, every respondent was given a souvenir after he or she completed the interview. In total, three interviewers approached 300 car owners and 252 questionnaires were collected. After deleting uncompleted questionnaires, as some respondents terminated their interviews once their car had been washed, a total of 245 questionnaires remained, representing an 81.7% response rate, and these constituted the sample for the main study.

3.5. Sample demographics

Of the 245 usable responses, 163 respondents (64.2%) were male, and the remaining 91 (35.8%) female. In terms of age, 130 respondents (51%) were middle aged (36–50 years), 109 (42.9%) were young (18–35) and the remaining 15 (5.9%) were older (more than 51 years). In terms of education level, 103 respondents (40.6%) held a bachelor degree, and 88 respondents (34.6%) had an associate degree. In terms of income, 108 respondents (40.6%) had an upper middle income (RMB5001 to 10,000 a month), and 69 respondents (27.2%) had a high income (more than RMB10,000 a month). Table 2 shows the demographics in detail.

4. Results

The three hypotheses relating to the relationship between relationship investment, renqing and relationship commitment were tested following the multiple regression procedures suggested by Baron and Kenny (1986). Table 3 provides a summary of the analysis results. The relationship between the predictor variable, relationship investment, and the dependant variable, relationship commitment,

Table 2
Demographic information of respondents.

1.	Gender		
	Male	163	64.2%
	Female	91	35.8%
2.	Age		
	18–35 years	109	42.9%
	36–50 years	130	51.2%
	51–65 years	14	5.5%
	Over 65 years	1	0.4%
3.	Education level		
	Secondary school or below	48	18.9%
	Associate degree	88	34.6%
	Bachelor degree	103	40.6%
	Master degree or above	15	5.9%
4.	Income		
	Less than RMB5000	82	32.3%
	RMB5001–10,000	108	40.6%
	RMB10,001–50,000	63	24.8%
	More than RMB50,000	6	2.4%

Table 3
Regression analysis coefficients (Beta).

	Relationship commitment (H1)	Relationship commitment (H2)	Renqing (H3)	Relationship commitment (H4)
Relationship investment	0.28***		0.52***	0.14*
Renqing		0.42***		0.37***
Relationship value	0.41***	0.29***		0.29***
Termination cost	0.19**	0.21***		0.15**
R square	0.40	0.48	0.27	0.49
F-value	56.59***	77.01***	90.94***	60.12***

* $p < 0.05$.
** $p < 0.01$.
*** $p < 0.001$.

was first verified and the relationship tested significant, ($\beta = 0.28$, R square $= 0.40$, $p < 0.001$), leading to the acceptance of H1. Second, the research examined whether the mediating variable of renqing was a useful predictor for relationship commitment. The result suggests a significant effect ($\beta = 0.42$, R square $= 0.48$, $p < 0.001$), thus confirming the acceptance of H2 that renqing is positively associated with relationship commitment. It was also found that relationship investment and renqing were positively associated ($\beta = 0.52$, R square $= 0.27$, $p < 0.001$), leading to the acceptance of H3.

Finally, to verify the mediating role of renqing between the predictor variable of relationship investment and the dependent variable of relationship commitment (to test H4), both relationship investment and relationship commitment were entered into the regression equation as predictor variables. If the effect of relationship investment was mediated by renqing (confirming H4), the relationship between renqing and the predictor, relationship commitment, should remain significant, while the relationship between relationship investment and relationship commitment should be less or non-significant. The findings suggest that, by adding the second predictor to the regression equation, the previously highly significant effect ($\beta = 0.28$, R square $= 0.40$, $p < 0.001$) of relationship investment on relationship commitment was found to be much less significant, ($\beta = 0.14$, R square $= 0.49$, $p < 0.05$), indicating that renqing, still remained a strong predictor of relationship commitment, ($\beta = 0.37$, R square $= 0.49$, $p < 0.001$). This result supports the fourth hypothesis that renqing plays a positive mediating role between relationship investment and relationship commitment.

5. Discussion

The principles of relationship marketing in China are somewhat distinctive, and differ from those that carried out in the West (Simmons & Munch, 1996). For Western firms wishing to do business in China, it is essential to understand the implicit nature of renqing and the significant role it plays in forming behavioral norms associated with successful relationship marketing (Wang et al., 2008). This study has examined the mechanism that explains the relationship between relationship investment and relationship commitment in the context of the agent-policyholder relationship in the car insurance industry in China and has confirmed the mediating role of renqing in such a relationship.

At the theoretical level, the findings of this study contribute to enhancing our understanding of relationship marketing in China by answering the research question, what role does renqing play in mediating relationship investment and relationship commitment? This study indicated that renqing does play a mediating role between relationship investment and relationship commitment in the salesperson–customer relationship in China. That is, a salesperson's relationship investment causes their customers to feel that they owe renqing to the salesperson and have a moral obligation to continue the business relationship. As shown in Table 3, renqing is a dominant determinant of relationship commitment (regression coefficient $\beta = 0.39$). Moreover, it

provides empirical evidence that *guanxi* marketing in China is more personal than the relationship marketing in Western societies (Wang, 2007), as *renqing* is an emotional feeling of the customer. *Renqing* is especially important in the customer relationships in industries such as insurance, because companies in this industry provide similar products and the roles of the salespersons are also indistinguishable. Hence, to win over their customers, successful companies should train their salespersons to understand the importance of *renqing* in maintaining relationships with customers. In comparison to the West, Chinese people have a strong tendency to divide people into different levels of categories and to treat them accordingly, in terms of ingroup–outgroup boundaries (Triandis, 1989), and they tend to do business with ingroup people. If a salesperson is able and willing to invest his time and effort in relationships with his or her customers and, specifically, to be sympathetic and helpful to his or her customers in times of need, the customer is more likely to view the salesperson as a person who possesses *renqing*. Consequently, the customer will be more willing to accept the salesperson as a member of his or her ingroup, because *renqing* is an essential trait for a person to become a member of someone else's ingroup in China.

At the managerial level, the findings of this study have implications for practitioners in the personal sales industries, such as car and life insurance. A traditional way of increasing customer relationship commitment is by providing better value to the customer. However, due to intense competition and increasing transparency in the insurance industry, the products provided by different insurance companies are more or less the same. Under such circumstances, relationship investments to increase the commitment of clients through *renqing* are becoming more important in the Chinese context. As our findings show, *renqing* explains a very large proportion of the variations in levels of customer relationship commitment. Therefore, how to use *renqing* to strengthen relationships with customers becomes a critical issue. Generally speaking, *renqing* is a complicated and sensitive social norm that involves gift giving, and the provision of information, advice, help, services, and empathy. Although developing *renqing* will help enhance relationship commitment, *renqing* has to be built carefully and in appropriate ways. For example, gifts cannot be given without justifiable reasons, or the value of the gift cannot deviate from the implicit standards stipulated by social norms. Otherwise, the recipients may simply refuse the gift because they do not wish to owe a '*renqing*' they know has to be repaid later. On the contrary, a gift with special meanings, such as a birthday gift given by an old friend rather than an outsider, will definitely lead to a good *renqing*.

To better use *renqing* to enhance the relationship commitment of clients, insurance companies should first persist in fostering a sense of clients as family members of the company, through measures such as birthday gifts, holiday greetings, membership and member gatherings with their respective agents. By doing so, clients can be transformed from simply being customers to old friends, and people do not wish to disappoint their old friends. Second, agents have to know the real needs of their clients and carefully explain the pros and cons of different policies given the specific situation of the clients, so that the clients realize that the agents do spend valuable time and make genuine effort to help. Consequently, the clients will feel that they owe *renqing* to the salespersons. Third, in addition to professional advices on insurance policies, insurance salespersons can provide other services and help for their clients. How to properly maintain a car, knowledge about driving and information about car service stations are good examples. These efforts are made to strengthen the personal bonds with clients, so that a kind of *ganqing* can be chronologically developed. Therefore, caring and empathy towards clients are important to develop *renqing* in an ethical way. Finally, developing the *renqing* of clients requires the effort of both the company and the agents. The company should pay special attention towards making clients family members through various schemes, such as CRM and membership clubs. More importantly, in a very competitive market environment, the company should provide sufficient training, support, backup and motivation to its salespersons so they can build and develop

good personal relationship with their clients. Also, when hiring a salesperson, management should pay special attention to the candidates' personality, so that the company may have more salespersons with a strong sense of caring and empathy toward other people. These are the basic qualifications for salespersons to facilitate social interactions with target consumers in developing *renqing*.

6. Conclusion, limitations and future directions

This study has empirically explored the construct of *renqing* and confirmed its role in mediating relationship investment and relationship commitment. However, as with all empirical studies, this study has a number of limitations which can weaken the generalizability of the findings.

The cross-sectional nature of the present study implies that its conclusions should be viewed as tentative. Because the cross-sectional data may not be able to identify causality among variables, researchers have advocated the importance of longitudinal studies. However, if it is theoretically driven, a careful study of cross-sectional relationships is commonly accepted for establishing causal relationships (Churchill & Iacobucci, 2002). As all the relationships in this study are theoretically driven, the limitation imposed by the lack of longitudinal data should not be overstated.

This study was confined to the salesperson–customer relationship in a single industry, which may constrain the generalizability of its findings to other industries. Further research could be extended to the salesperson–customer relationship in other industries or to business to business relationships, which are very much different from salesperson to customer relationships.

Future research may also examine the antecedents to relationship investment and the degree with which they associate with *renqing*. Preferential treatment, tangible rewards and interpersonal communication were studied as antecedents to relationship investment (Wulf et al., 2001; Yoon et al., 2008). The potential findings of further antecedents to relationship investment and their degree of association with *renqing* are likely to make a valid contribution that will be valued by both academic and practitioners alike.

Appendix A. Measurement items for other constructs

Relationship Investment (*Cronbach's alpha* = 0.88)

1. The agent actively provides help for me.
2. He/she takes a lot of time learning my needs.
3. He/she actively seek to improve our relationship
4. He/she is really willing to help me.
5. He/she purposefully manages our relationship.

Relationship Value (*Cronbach's alpha* = 0.74)

1. The policies provided by my agent are just what I want.
2. My agent provides very good policies for me.
3. I am not satisfied with the policies provided by my agent.

Termination Cost (*Cronbach's alpha* = 0.78)

1. Considering all things, I would waste a lot of time if I change agent.
2. If I change the agent, I will have to spend a lot of time explaining my condition to a new agent.
3. If I change the agent, there is a risk the new one won't be as good as the former.

Relationship Commitment (*Cronbach's alpha* = 0.79)

1. The relationship that I have with my agent is something deserves my maximum effort to maintain.
2. I will not change my car insurance agent next year.
3. I am considering change this agent next year.
4. I will definitely change this agent if I find a better one.

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