

Herrmann-Pillath, Carsten

Working Paper

Social capital, Chinese style: individualism, relational collectivism and the cultural embeddedness of the institutions-performance link

Frankfurt School - Working Paper Series, No. 132

Provided in Cooperation with:

Frankfurt School of Finance and Management

Suggested Citation: Herrmann-Pillath, Carsten (2009) : Social capital, Chinese style: individualism, relational collectivism and the cultural embeddedness of the institutions-performance link, Frankfurt School - Working Paper Series, No. 132, Frankfurt School of Finance & Management, Frankfurt a. M., <https://nbn-resolving.de/urn:nbn:de:101:1-20091023793>

This Version is available at:

<https://hdl.handle.net/10419/30168>

Standard-Nutzungsbedingungen:

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

Terms of use:

Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

Frankfurt School – Working Paper Series

No. 132

Social Capital, Chinese Style: Individualism, Relational Collectivism and the Cultural Embeddedness of the Institutions-Performance Link

by Carsten Herrmann-Pillath

October 2009



**Frankfurt School of
Finance & Management**
Bankakademie | HfB

Sonnemannstr. 9–11 60314 Frankfurt am Main, Germany

Phone: +49(0)69 1540080 Fax: +49(0)69 154008 728

Internet: www.frankfurt-school.de

Abstract

China is the odd man out in the research on social capital and economic performance. A brief survey of recent World Values Survey data depicts China to be a high-trust, achievement oriented society, which does not fit into popular pictures of rampant corruption and abuses of power. I argue that one difficulty results from methodological issues in research on social capital, where a universally accepted theory of social capital is lacking, including theoretically grounded methods of measurement. These resulting applications often generalize a Western notion of civil society as a benchmark, implicitly. I propose that social capital has to be conceived as a context-bound intermediate level theoretical term, putting methodological arguments by Durlauf (economics) and Little (Chinese studies) together. The resulting empirical method is that of triangulation across different disciplines, combining emic and etic approaches. I present an application on the notorious phenomenon of *guanxi* in China, which results into their re-conceptualization as Ego-centric networking and relational collectivism, based on a culturally specific framing of affectual aspects of social relations. With this notion of culturally specific social capital, we can better understand the relation between institutions and economic performance in China.

Key words: Social capital; China; *guanxi*; collectivism and individualism; culture and emotions

JEL classification: A12, O43, P39, Z13

ISSN: 14369753

Contact:

Prof. Dr. Carsten Herrmann-Pillath
Academic Director, East-West Center for Business
Studies and Cultural Science
Frankfurt School of Finance and Management
Sonnemannstraße 9-11
60314 Frankfurt am Main, Germany

Email c.herrmann-pillath@frankfurt-school.de

Content

1	The awkward role of culture in economic explanations of economic performance	4
2	China: A trust-based, achievement-oriented society?.....	7
3	The cultural specificity of networks in China: A triangulation approach.....	13
3.1	The triangulation method.....	14
3.2	From emics to etics: Translating <i>guanxi</i>	15
3.3	Differentiating collectivism: Ego-centered relationalism.....	18
3.4	Field-dependence of cognition	21
3.5	A Chinese form of social capital?.....	23
4	Conclusion: <i>Guanxi</i> and the institutions-performance link	24
	References	26

1 The awkward role of culture in economic explanations of economic performance

In explanations of the Chinese miracle of transition and development, the institutional factor poses considerable difficulties for economists (Fan and Woo 2009). This is because China adopted a gradual transition approach, and because it continues to manifest many vestiges of the old system, reflecting the stability and perseverance of her political system. Even though this state of analytical limbo seems to be resolved in favour of what some observers call the “Beijing consensus,” (Ramo 2004) mirroring the decline of the “Washington consensus”, this notion is fuzzy and more polemical than helpful.

One solution to the puzzle of how to link institutions with economic performance is culture. In the recent two decades, economists increasingly have paid attention to culture as an inter-mediating, if not causally dominant variable in explaining the differential performance of countries. This is true for both historical research, where the standard question about the origins of the Industrial Revolution and its failure in China looms large (Landes 2006), and for research into contemporary economies (Guiso et al. 2006). And it applies for both for a broad notion of culture and a more specific one, namely social capital.

With regard to the former, culture is mostly seen as a set of mental or cognitive models which would intermediate the causal effects of observable institutions on economic performance (North 2005). However, this notion of culture seems problematic because it might turn the very category of culture redundant, since the concept of cognitive model may be sufficient in order to explain what, for instance, are the ubiquitous framing effects in human behavior (Gintis 2006). In particular, cognitive models do not need to be shared in a population of economic agents in order to stabilize institutions (Aoki 2001). It is sufficient that in evolutionary equilibria of institutions, the incentives which determine behavioral choices in different, but interacting subgroups of the population, work to confirm mutual expectations and hence, undergird the reproduction of institutions. Correspondingly, “culture” may in fact need to be disaggregated to become an empirically meaningful category. An interesting example is British society in the 20th century, which was marked by the large cultural differences across elite strata and working class people in terms of values and behavioral standards. It is from this fact that an entirely new research paradigm emerged, namely British cultural studies, which concentrated on these differences, thus turning the term “culture” into a group-specific notion linked up with structural characteristics of societies (Hartley 2003). This movement went hand in hand with the simultaneous critique and even partial abandonment of the term in anthropology (Brumann 1999).

So the cognitive turn in institutional economics actually corresponds to the deconstructionist approach to culture that took place in the humanities decades earlier, if only economists do not yet draw the consequences. Therefore, the uses of the term culture in economics seems to be rather naïve, especially in the context of globalization (Hannerz 1992). They refer to an analytically diffuse notion of shared cognitive schemes which are supposed to have a common historical root in some distant past, with the scope of sharing normally defined according to national or ethnic criteria.

Interestingly, this mixture of advanced cognitive approaches and naïve notions of culture is bolstered by the dominance of quantitative analysis in current economic research. This is almost paradoxical, because the use of most sophisticated econometric tools may in fact entail the adoption of the less sophisticated concepts of culture. The reason is simple: Culture is difficult to measure, and quantitative techniques require measurable variables. So, the straightforward approach is to identify culture with simple observables, such as language, religion or nationality (e.g. in the analysis of international trade, see Rauch 2001). Even though the success in doing this kind of work supported the renaissance of culture in economics, one cannot really feel happy about this.

With social capital, the story is similar, yet more complex. This is because right from the beginning, social capital was interpreted in two different ways, which are also explicitly distinguished in the economics literature, e.g. as “bridging“ and “bonding“ type of social capital (e.g. Routledge and von Amsberg 2003). One interpretation focuses on the public goods aspects of social capital, following earlier definitions by Coleman (1990) and Putnam (2000), and investigate into the relation between social capital, civic action and trust. The other view concentrates on the appropriability of social network relations for individual benefit, hence following the Burt (199?) line of thinking. Both conceptions differ fundamentally, although they can be based on the same abstract model of enduring features of embedded social action (Granovetter 2002). The difference is evident from the fact that, for example, social capital in the second sense may be central to explain entrepreneurship, but social capital in the first sense may turn out to be detrimental to entrepreneurship (Portes and Sensenbrenner 1993). There is even the Putnam (2000) dilemma hypothesis: Social capital may cause growth and development, but growth also destroys social capital, thus finally undermining its very foundations.

This ambiguity shows that the notion of social capital is theoretically underdetermined and fuzzy. Yet, the same thing happens as with culture: Economists launch a battery of econometrics to explore the relation between social capital and growth (beginning with contributions such as Knack and Keefer 1997; for a survey, see Sobel 2002). But the record is dismal. This is not because the results are not able to claim to be empirically valid. To the contrary, limited empirical success actually invigorates a whole tradition of research in the field, as long as the programme appears to be progressive. The problem is that we have a case of testing without theory, and this in two senses (Durlauf 2002). The first sense is evident from the previous discussion. The empirical research does not test a well-defined causal theory about social capital, as even its most fundamental structural features are still open to discussion (e.g. Chamlee-Wright 2008). A causal theory seems to be at hand for the micro-structural aspects, such as in the explanation of entrepreneurship (Lin 2001). But we do not have a theory for the complex interactions on the systems level (for a seminal attempt, see Woolcock 1998). This problem can be identified precisely as the problem of externalities in creating and maintaining social capital, which seems to be the ultimate source of its economic value (i.e. positive externalities in social networks), but also potentially negative effects (i.e. negative externalities via discrimination between in-group and out-group people) (Glaeser et al. 2002; Dasgupta 2005).

The problem of identifying the externalities in social capital is related to the second sense of testing without theory. Lacking a universally accepted concept of social capital, we cannot fix

an equally recognized theory of measurement, ending up with a haphazard collection of indicators which, at closer scrutiny, actually point to different theoretical concepts of social capital (Bjørnskov 2006). Social capital is approximated by highly problematic indirect indicators, such as the number of civic associations (for a discussion, see Beugelsdijk 2006a, b). There are attempts at discriminating between different kinds of civic associations, especially with reference to the distinction between the public goods and the private goods version of social capital. But all this leaves open the question whether data about those associations can be compared cross-nationally, once we consider the embeddedness of practice into different cultural, political and societal contexts. After all, trade unions are very different things in Germany, the United States, China, Sweden and Brazil.

In fact, the problems with social capital and culture reinforce each other. On the one hand, social capital may offer interesting approaches to make sense of culture in terms of cognitive models, as far as the effects of culture on performance are concerned. At the same time, however, the empirical specification of social capital depends on culture. For example, Xiao and Tsui (2007) show that the Burt kind of social capital, based on the exploitation of structural holes and bridges in social networks, works differently in different cultural settings, which imply different valuations of assertive and acquisitive behavior. In other words, if we put the two together, we face an holistic conundrum which cannot be solved by relying on the delusion that mere quantification may help to get the feet on firm ground. This conundrum, I argue, can be also taken as a strong hint at the need to reconsider social capital as a theoretical term.

All the econometric literature implicitly assumes that behind the empirical social capital indicators there is something, a social entity, which can be identified across cultures as a unified phenomenon, in a similar way as more or less savings are commensurable, in principle. Instead, if we treat social capital as a culturally embedded phenomenon, it turns out to be an intermediate level theoretical term (Little 1992). This is a theoretical term which is always specific to particular contexts in space and time, so that commensurability of measures is not possible. Yet, there are generic causal hypotheses that can be maintained for that entity. I posit that this phenomenon is behind the fact that the most elaborate and comprehensive tests of theories of growth and economic performance end up with giving unexplained regional heterogeneity an important role in explaining differences in the growth rate, beyond the conventional factors of capital accumulation or macroeconomic policies, and much more than to factors such as institutions or religion (Durlauf et al. 2008). This sort of heterogeneity cannot be further detailed empirically by any kind of aggregate indicators, but requires in-depth socio-structural and cultural analysis.

Subsequently, I wish to present some observations on social capital in China, based on such kind of in-depth approach. I offer an analysis of a particular aspect of Chinese social behavior which has been regarded as a potential conceptual core of a Chinese notion of social capital by many observers, i.e. the notion of *guanxi* (e.g. Li 2007). I use this familiar, if not infamous term because there is a broad literature, and because there is a number of interesting open issues. I am going to show how we can construct an intermediate theoretical concept of social capital in China by means of methodological triangulation across Chinese studies, social psychology and anthropology, and cognitive sciences. I put forward the hypothesis, which is not

new as such, that this culturally specific form of social capital is a major factor in understanding the causal link between institutions and economic performance in China. As a point of entry, I start with a brief glance on some interesting results of the recent wave of the World Value Survey, in which China seems to be an odd man out, if we take the folklore about Chinese culture as a frame of reference (compare Chan 2008).

2 China: A trust-based, achievement-oriented society?

The World Value Survey is one of the most elaborate sources of data about cultural values and societal trends in the social sciences. There is a group of questions that receives a lot of attention in social capital research, namely those related to trust. The WVS is also the basis for a special classification of cultures in a very condensed and parsimonious conceptual framework of just two polar dimensions, i.e. traditional values vs. secular-rational values on the one hand, and on the other hand survival vs. self expression values.

In this conceptual frame, China appears to be much stronger in the secular-rational dimension than many industrial countries, especially the United States, revealing a very low significance of the standard sources of cultural inertia, in particular religious conservatism. On the other hand, China is still relatively strong in the dimension of survival values, thus revealing a certain distance to the post-materialistic transition that seems to have been completed in countries such as the Scandinavian countries or the United States. If one were to regard the transition to the secular-traditional dimension and to the self-expression dimension as a general indicator of modernization, it seems interesting to notice that China may be the most advanced country in the comparison with all other post-socialist transition countries. As earlier research (Inkeles et al. 1997, using a different set of indicators) has shown, this might not be related to the level of development even within China, as in the mid-1990s rural workers appeared to be more advanced than urban workers in the modernization scale, which reflected a stronger drive towards autonomy and entrepreneurial action. Since at the same time, rural China also manifested a stronger presence of traditional cultural patterns e.g. in popular religion, this is a first hint at a cultural impact on Chinese transition which is different from standard conceptions about Chinese culture.

Turning to the specific constituents of those indices, I only wish to highlight a few selected ones. The first is the crucial question on trust, and I compare two Western European countries typically seen as polar opposites, Sweden and Italy, with the three continental countries of particular interest, China, Russia and the United States. The data are from the most recent wave in WVS surveys, that is, of 2005-2008, and directly retrieved and processed on the WVS website (<http://www.worldvaluessurvey.org/>). In figure 1, we immediately see that China is the country with the highest level of general trust right after Sweden. Russia and Brazil are far below China. Within Europe, Sweden and Italy confirm the standard perceptions. The United States show the typical industrialized country pattern. Thus, indeed, China emerges as the odd man out, for two reasons. Firstly, we would expect that a society with high levels of corruption and other perceived social dysfunctions continuously emphasized in the Western literature would manifest low levels of trust. Clearly, China is not Russia in that regard. Secondly, the folklore (including the scholarly one) normally emphasizes a cultural fea-

ture of the Chinese that implies strong levels of trust into relatives, but endemic mistrust towards the society at large, implying a deep gap between the “own people“ and the others (e.g. Redding 1990; Gabrenya and Hwang 1996). The WVS results do not fit into that picture. This is confirmed by the companion question (not shown here) whether most people will take advantage of you. Sweden and China are far ahead of the pack in believing that most people will treat you fair. In comparison, all countries converge with small variations in responding affirmatively to the question whether people trust their families (not shown here).

It is interesting to notice, however, that the standard conceptions about Chinese culture are better confirmed by the more specific question how far people trust others whom they meet for the first time (fig. 2). In this case, China and Sweden just sit on the opposite side of the fence, revealing precisely the rupture between acquaintance and strangeness in the Chinese case. More than 50 percent of Swedes trust a little, more than fifty percent of Chinese do not trust very much. But on the other hand, China’s share of people who do not trust at all is still below Brazil, Italy and Russia. This more differentiated pattern is also salient from the question whether people put trust in their neighborhood, where, again, Sweden and China are on top, but the US lead in the “a little category” (not shown here). In this category, all countries are relatively strong, so that the significant observation about China is the more that 25 percent share of people who “trust completely”. A final observation reveals another very interesting aspect, this is trust on a global scale (fig. 3). Here, an entirely different picture emerges. Sweden and the United States show the highest levels of trust, whereas China is the country with the highest aggregate share of people who do not trust foreigners.

What can we do of these data? Xenophobia and mistrust against strangers in China seems to be strongly related to cultural homogeneity, if we interpret different nationality as such (in fact, in Chinese the modern term “nationality” means also “ethnicity” within China, i.e. ethnic minorities are different nationalities). At the same time, the Chinese manifest very high levels of trust in general, but seem to make a relatively neat distinction between closer and more distant acquaintances. This distinction, however, does not imply that the general, i.e. average level of trust is very low, but just the opposite.

Fig. 1: Can most people be trusted?

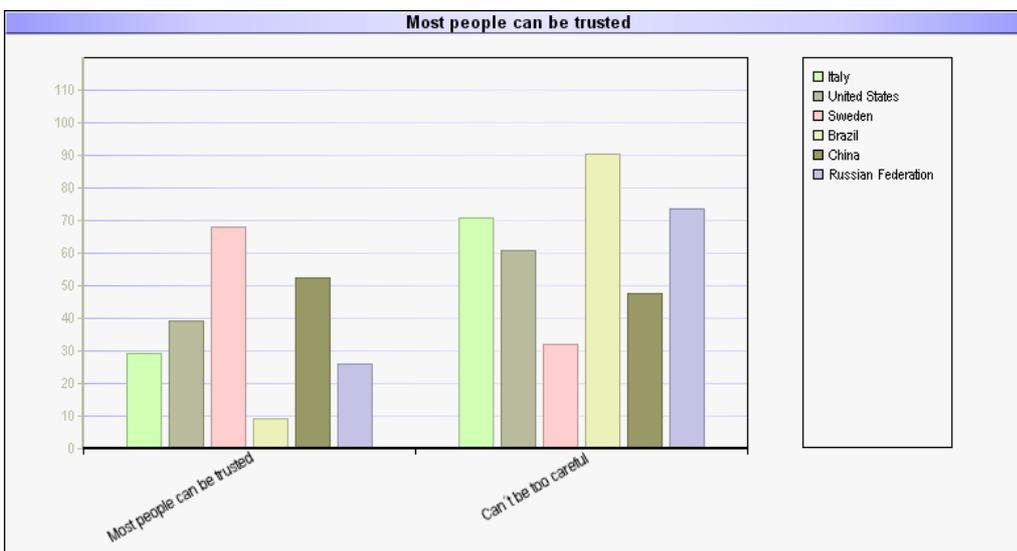


Fig. 2: Do you trust people whom you meet for the first time?

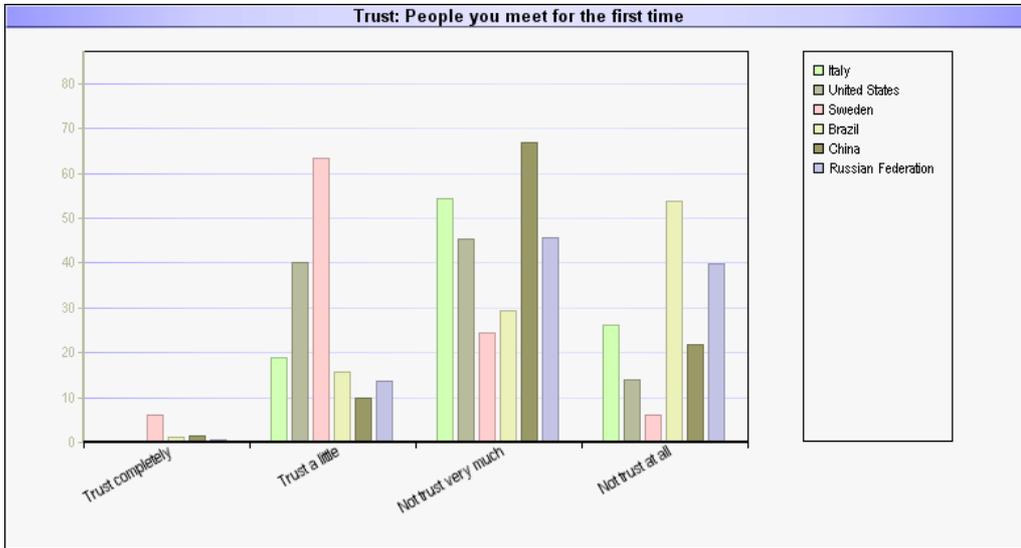
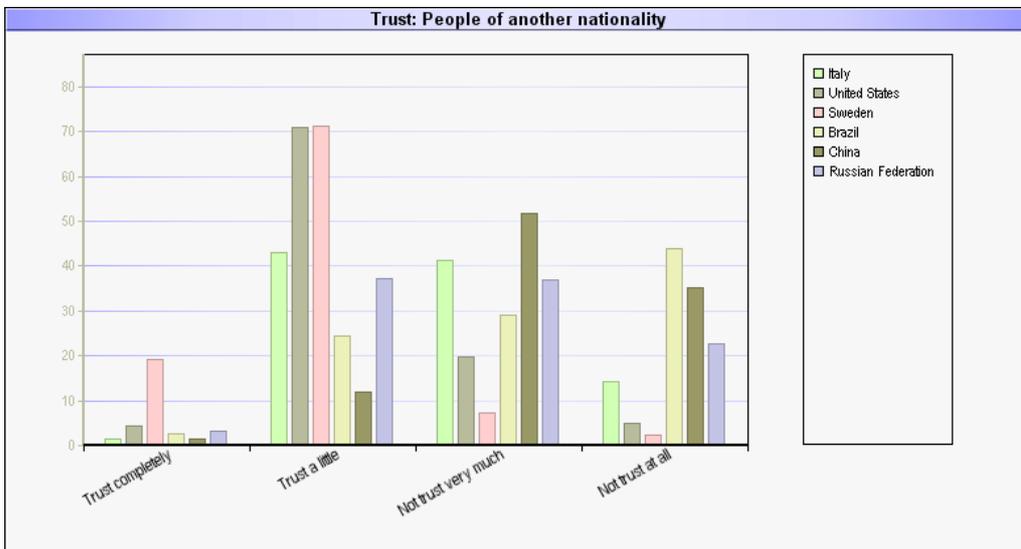


Fig. 3: Do you trust people of another nationality?



Let us briefly extend these observations by a small number of selected other items in the WVS, which might be directly relevant to explain economic performance. Whereas in the recent economic literature on explaining differential economic performance social capital

looms large, there is an older literature in development economics which builds on the notion of achievement motivation (which had been merged in earlier, somewhat neglected approaches to social capability, see Abramovitz 1989). Again, we have some folklore about the ever-toiling Chinese. Given their societal context, it is worthwhile to consider how the Chinese compare in the dimension of the beliefs about the causal attribution of success.

And indeed, in our sample the Chinese are by far the most strongly convinced of the belief that individual effort brings success, as opposed to luck, and, remarkably, connections (Fig. 4). The Chinese profile is much clearer than in the case of most other countries, such as Brazil which shows an almost bimodal profile. Russia is more on the opposite, and the country that comes closest to the Chinese response pattern is the United States. Even Sweden is much less accentuated than China on this point. There is a matching question about the relative roles of fate and individual control in determining individual success, in which Russia is missing in the sample (not shown here). The picture is less pronounced, with Sweden and Brazil leading the pack in the “individual control” dimension, but still China is clearly centering around this, as opposed to fate. One can add the question about the degree of individual freedom and control, which includes Russia (Fig. 5). Again, the picture is complex, with Russia and Brazil showing relatively high shares of very positive responses. Yet, the Chinese are more positively inclined with regard to individual freedom than the Italians, which show the expected clear difference in the European comparison with the Swedes.

The Chinese penchant for performance is also evident from the peculiar question whether it is humiliating to receive money without having to work for it (Fig. 6). China shows by far the strongest positive response, and interestingly, in this case Sweden is the country with the highest share of people who disagree. The Chinese belief into the crucial role of individual effort in individual success is further bolstered by an equally strong belief that the cake of wealth is growing, so that individual success does not come to the detriment of others (Fig. 7). Many more Russians believe to the opposite, and even the US-Americans are not that pronounced in this dimension. There is a corresponding question on whether competition is good or harmful, in which the Chinese score high, again (Fig. 8).

Fig 4: Does hard work or luck and connections bring success?

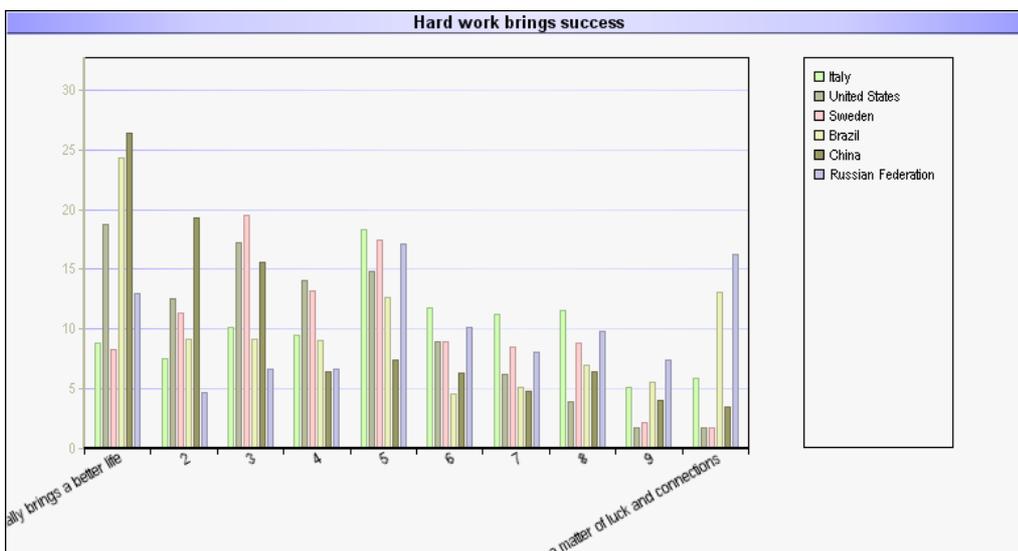


Fig. 5: How much freedom of choice do you enjoy?

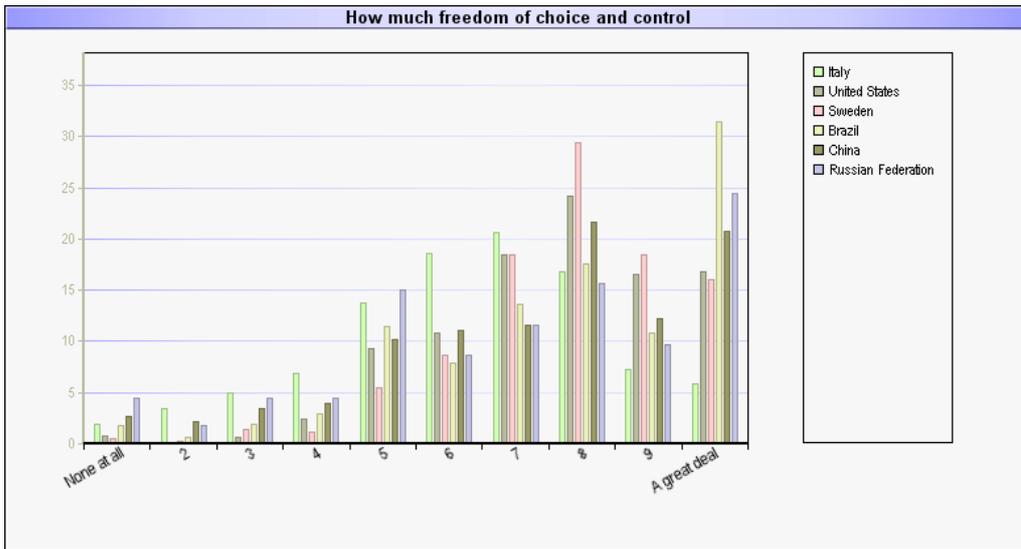


Fig. 6: Is it humiliating to receive money without having to work for it?

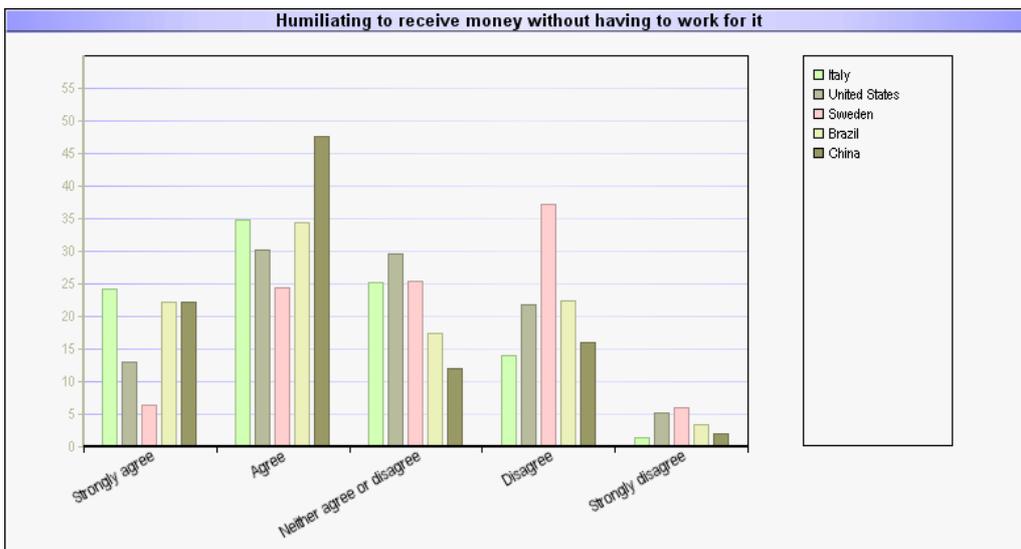


Fig 7: Does wealth come to the detriment of others?

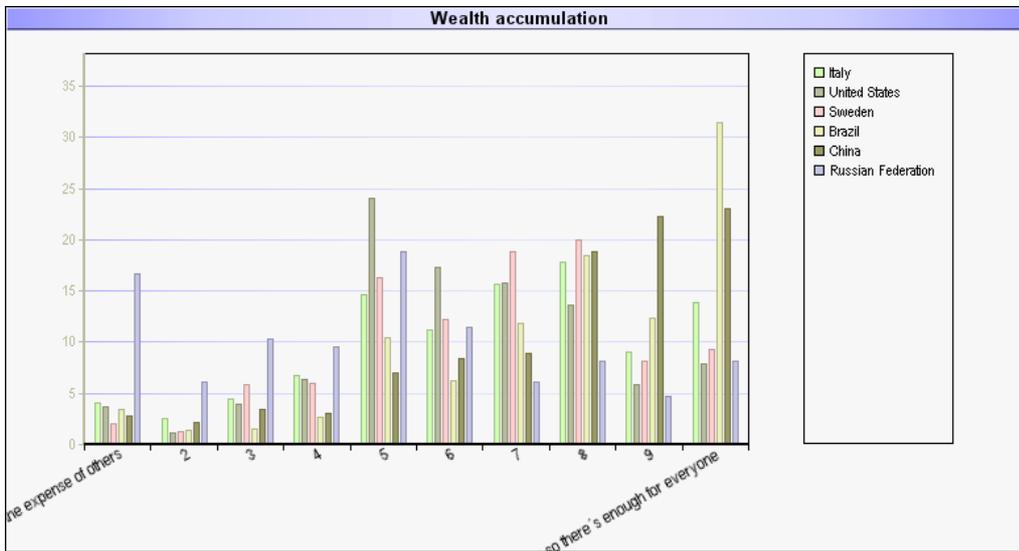
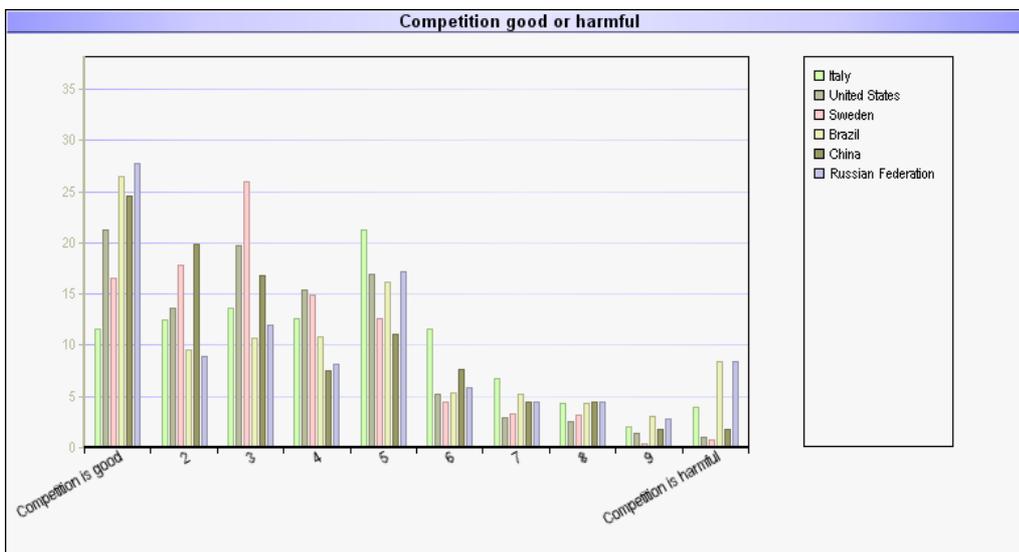


Fig. 8: Is competition good or bad?



I think it is fairly safe to say that what we have seen so far reveals a pattern that fits into the archetypal convictions about social capital, trust and individual motivation for economic activity. China appears to be a modern society replete with people who believe to be in charge of their fate, who expect the environment to be basically supportive for their efforts, and who therefore feel that it is worthwhile to invest individual effort.

But how can we explain this pattern? In the context of standard approaches to social capital research, we face a fundamental dilemma here. One simple thing is to plug trust variables in standard estimation procedures. This, however, would end up with equating trust and social capital, which is wrong (Bjørnskov 2006). In a theory of social capital, trust is just an effect of social capital, but cannot be treated as an explanatory variable. Further, if we do that, as Bergren et al. (2008) have done, the results are disturbing, because China is indeed an odd-man out, that is, an extreme outlier in the econometric test, such that the validity and robustness of the correlation between trust and growth even depends on her inclusion, whereas the exclusion causes a considerable weakening of the supposed causality. So we are left with the other approaches, which mostly build on the Putnam methodology, that is, measuring different patterns and densities of associations and other groups in society. Clearly, this does not work for the case of China, where self-organized associations are relatively rare, and all associative activity is under strong surveillance of the government. To the contrary, many voluntary activities are in fact launched and remain under control by government agencies and related public bodies (Kang and Han 2008). China is the neat case of a state-corporatist society, which as such cannot allow simple cross-country regressions which include other countries with an entirely different pattern of socio-political organization.

Therefore, I want to propose a different approach that follows Durlauf's (2002) recommendation. This is to argue on the level of micro-studies, especially from anthropology and psychology, and complement these by results from cultural analysis. This is the approach of triangulation. In the social science, triangulation refers to the use of different methodological perspectives in order to reach empirically valid propositions about a certain phenomenon. In our case, the phenomenon in question is the concurrence of institutional instability and uncertainty with high levels of trust and achievement motivation. I concentrate on one particular concept that features prominently in Chinese studies, the notion of "guanxi". The hypothesis that I wish to propose is that the intermediating variable in the link between institutions and economic performance in China is a culturally specific pattern of social networks, that is referred to with the indigenous term *guanxi*. In doing this, I build on a long tradition of well-established scholarship, but add a new conclusion for the theoretical evaluation of *guanxi*.

3 The cultural specificity of networks in China: A triangulation approach

On first sight, the term *guanxi* seems to be almost devaluated because of the role played in the business traveler literature and other folklore about China. On the other hand, we have to recognize that the social sciences still struggle with the term, as it is evident from the landmark volume edited by Gold et al. (2002). After all, there is still no recognized translation, and even the critics continue to use the Chinese term.

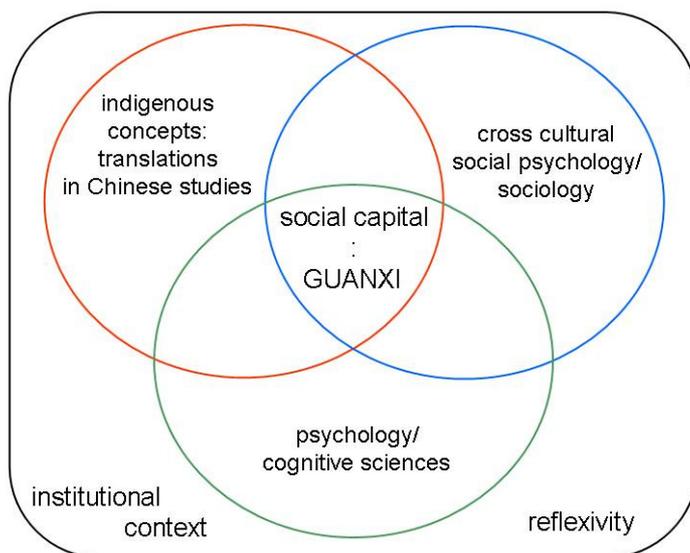
This is not the place to go into the details of that literature. Suffice to say that *guanxi* continues to be prominent in many different contexts, from village studies (e.g. Hu 2008) to management sciences (Chua et al. 2009). So the term deserves to be taken seriously, though it seems interesting to notice that a lot of recent *guanxi* scholarship is done by Chinese researchers

abroad or with Chinese origin. I wish to approach the term by means of a triangulation methodology. The question that I wish to pursue is whether we can conclude from this meta study of different approaches to Chinese social behavior that firstly, *guanxi* refers to a pattern of social networking that is specific to China in the sense of a strong cultural specificity, and secondly, whether we therefore can conclude that *guanxi* correspond to a culturally embedded form of social capital.

3.1 The triangulation method

As we can see from fig. 8, triangulation of *guanxi* means to adopt three different perspectives. The first one is the indigenous one: That is, we need to understand Chinese thematizations of social relations and networks, and how they translate into other languages, including the technical language of the sciences. This relates to a general phenomenon in all cultural analysis, that is, we have to take reflexivity into consideration. Reflexivity is a very complex category, because it applies on different levels. One is the reflexivity inhering the indigenous terminology as such, including generalizations of scholarly work on those phenomena. The other is the reflection taking place in cross-cultural discourse, which includes scientific work on the phenomena in question. Very often, the levels manifest complex interactions, as in the phenomenon of orientalism and reverse orientalism, in which, for example, the construction of Japaneseness by Western observers also contributed to the development of indigenous theories of Japaneseness.

Fig. 8: Triangulation of *guanxi*



The second one is social psychology, which is the dimension preferred by Durlauf, hence including behavioral economics and related fields. This covers a field of transition between what anthropologists call emic and etic approaches to culture. So, social psychology may draw on anthropological research which is strongly focused on indigenous perspectives, as well as on management studies which aim at measurable effects in cross-cultural comparisons. Finally, the third perspective is that of cognitive science. In our context, this refers to culturally specific, yet measurable phenomena of cognition which in turn might affect social behavior. As it is easy to recognize, the three methodologies are closely intertwined with each other. This is most obvious from the fact that even the methodologies that lie at the etics pole of the emics / etics divide normally rely on classifications of cultures which are themselves problematic in their status of etic terms. As we shall see, this is the fundamental individualism / collectivism dualism, that is ubiquitous in the literature and also plays a strong role in popular perceptions of the differences between Asian and Western cultures in general.

A final remark on triangulation is the need to consider the institutional context. Although this brings in a most problematic and complex term, there can be no dispute that institutions affect behavior via incentives and constraints. The problem is that institutions impact on *guanxi*, but also vice versa. This ambivalence is the major problem behind the ongoing debate over the obsolescence of *guanxi* in the modernization process (Guthrie 1998; Yang 2002).

3.2 From emics to etics: Translating *guanxi*

Beginning with the emics of *guanxi*, there is the simple fact that the term as such denotes a pattern of interaction which is seen as peculiarly Chinese by many Chinese. There is a large popular literature on the teachings of *guanxi*, which is a mix of everyday wisdom and cultural colportages, which mostly emphasize the ancient roots of the art of relations in China and point out the relevance of Confucian teachings for that (Yang 1994). Beyond that, the role of *guanxi* is under dispute, which is one of the reasons why Western observers have started to doubt the resilience of the pattern in the future. This is because for many young Chinese and professionals in particular, *guanxi* smack of traditionalist clientelism which should have no place in a modern society, and is even associated with corruption (Guthrie 1998).

However, in modern research on *guanxi* the term is contextualized on its own, because there are clear differences between rural and urban society, and, one might add, between the formal and the informal economy (Huang 2009). This points at a special aspect of the Chinese institutional context, that is, an enduring dualism between urban and rural social organization, that in turn is mixed up with effects of different levels of development, and vastly different institutional contexts, both across levels of development, and across different social strata even in the most developed areas of China. This dualism also affects the perception of *guanxi*, especially if they are seen in their embeddedness in the entire semantic web of expressions that describe social interactions in Chinese. It is important to consider this entire semantic web, because referent and reference may manifest moving relations over time, adapting to changing social conditions and cultural valuations. Thus, for example, in Southeastern Chinese com-

munities the terminology related to managing *guanxi* seems to move to more generic terms such as “reputation“ or “fame,“ even though the underlying network patterns may be structurally similar (Wank 1996, 2002).

In anthropological research about Chinese villages, the crucial difference to the urban setting seems to be the holistic and comprehensive meaning of social relations, which are also reified in terms of the flow of gifts and favours (Yan 1996; Kipnis 1996). The Chinese term for these favours in network building is *renqing*, which can accumulate into *renqing zhai*, i.e. a debt in terms of *renqing*. *Renqing* means human feelings, literally, with the implications of a normative standard of what appropriate human feelings in a certain social relation are. The gift is therefore a direct expression of those feelings, which involves both the contextual determinants and their normative interpretation, so that the gift is not simply an expression of subjective emotions (Kipnis 2002). This reification even includes the direct denotation of money, if presented as a gift, as *renqing* (Wilson 1997). The term *renqing* is a complement to the term *ganqing*, which is much closer to the generic term emotions in English. In the urban setting, there is also the expression *jiaoqing*, which is a modern version of *renqing* and relates to the evolving emotions in a business relation. Yet, all those terms refer to the emotional basis of a social relation, with *renqing* adding a fundamentally moral dimension, in the sense of a web of mutual obligations.

In his classical model of *guanxi*, Jacobs (1982) presented a systematic argument on the pivotal role of *ganqing* in the creation and maintenance of *guanxi*. *Ganqing* refers to the emotional quality of what is otherwise perceived as an instrumental relation. This seems to identify the crucial distinction between the Chinese and the Western conceptualization of social relations: Whereas in Western societies there is a tendency to keep emotional and instrumental relations separate, even assuming a potentially mutual negative effect on either of the two, in the Chinese view there are basically three realms of social interaction: the close personal relations such as love and friendship, the intermediate *guanxi* relations, and the relations with strangers. The cross-cultural difference mainly relates with the intermediate type of relations, which is also emotionally based in China.

Thus, one core element of the indigenous description of *guanxi* is the emotional basis, which is at the same time the foundation of trust, and needs confirmation by the fulfilment of the instrumental relation. Especially in the context of rural society, this is supplemented by *renqing*. Whereas *ganqing* relates to the subjective feeling of emotions, *renqing* is the external expression in terms of socially recognized and approved mutual obligations. *Renqing* refers to social expectations of proper behavior in social networks, which turn into public phenomena by the flow of gifts which is, in principle, observable for many participants, in the confines of the village as a social cosmos. This seems to be the crucial difference between the rural and the urban social setting, which is more anonymous. From this follows that *guanxi* is not simply a dyadic structure, but a triadic one, which includes the observer, however specified (such as, for example, in the common awareness of the ubiquity of rumors and gossip, compare Gabrenya and Hwang 1996; Farrer 2002). This observation results into a major difference from established theories about *guanxi*, which, however rightly, emphasize the dyadic structure as opposed to a group-based structure.

This triadic structure is most evident in the relation between the publicly displayed *renqing* and the notion of face. The Chinese language is exceptionally rich in terms that relate to shame or loss of face (Russell / Yik 1996; Li et al. 2004). This plays an important role in maintaining *guanxi*, as the mutual obligations in exchanging *renqing* need fulfilment. There is the perception that *guanxi* require the imbalance of reciprocal exchange of *renqing*, and that balances only count in the long run. Conversely, a favour that is paid back immediately in fact destroys the *guanxi* (Kipnis 1996). The regulatory mechanism is shame and face. This presupposes that *guanxi* are partly observable in the network of interconnected individuals. *Guanxi* reciprocity is closer to the notion of the moral face *lian* than to the notion of social reputation *mianzi*, thus implying a strong deontological role of *guanxi*.

This emphasis on the long-term nature of reciprocity has also been emphasized in classical studies on social relations in traditional China, rooted in a general metaphysical conception of retribution, *bao* (Yang 1954). Therefore, we can safely assume that this is the main factor contributing to the exceptional role of long-term orientation in Hofstede's (Hofstede 1991) revision of his classification of cultures, which had tremendous impact on management science. It is very difficult to explain why China is so exceptional in this dimension without taking the attitudes towards social interaction into consideration, because there are few other ways to root long-term orientation, for example, in particular religious beliefs.

Finally, in the indigenous perspective there is no predetermined scope of *guanxi*. *Guanxi* build on shared (*tong*) properties of individuals, but these properties are not given. This is a fundamental difference between Chinese networking principles and many other societies, such as Japan (King 1991). Traditionally, the properties could be common surname, common native town or province, or common military experience, to name just a few prominent ones. But the scope can be much broader and can include all possible kinds of shared contexts, in particular also oriented towards future joint activities (Chen and Chen 2004). From this follows, that *guanxi* are in fact an individualistic phenomenon, in the sense that creating and maintaining *guanxi* is not driven by collectivist ascriptions but by the individual decision to invest effort into the relation. One result of this fact is that in a strict sense, *guanxi* can only be specified with reference to a particular individual, in the sense of Ego-based networks in social network analysis. This is because a single individual can have a set of different personal characteristics which can serve as a *guanxi* basis. So, the network of an individual cannot be just identified with a particular group which is defined according to a particular group identity. By implication, an individual can obtain the role of a broker between different networks in which she is involved.

This role of the individual in the indigenous description of social dynamics is overlooked when China is commonly classified as a collectivist society, pointing to the impact of Confucian group-orientation and authoritarianism. In fact, even the traditional Confucian conception of the human being is best described by the term relational individualism. The self was conceived as the inner core of all social relations, and the individual is not simply constrained by them, but needs them as the medium to shape her own fate actively. This Ego-centeredness of Chinese social structure was systematized in one of the most comprehensive indigenous accounts, sociologist Fei Xiaotong's concept of *chaxu geju*, which can be only awkwardly translated into "differential mode of association". In Chinese studies, this point has been recog-

nized for long, evidently without any impact on more recent studies in psychology and management. For example, Thomas Metzger (1977) had already argued that the proper framework for understanding traditional Confucian culture is the ethos of interdependence, which was intended to refute the dependence paradigm elaborated on in Solomon's classic on Chinese political culture, and which stands in the collectivist misperceptions tradition of Western scholarship. The interdependence paradigm emphasises the autonomous role of the individual in social relations, which, in the ethical sublimation of Neoconfucian thought, involves a strong moral commitment. In fact, in traditional cultural conceptions, the inner self played a strong role, even in the sense of being the source of ultimate moral standards, thus representing a more radical individualism than the Western one, where moral authority was seen as emanating from God. Both, the maverick, the bandit and the upright official manifest the strong voice of individuality as opposed to collective contexts and constraints (Saari 1982). With special reference to *guanxi*, King (1991) argued that the idea of autonomous individual action and *guanxi* are part and parcel. After all, this early literature also emphasized individual autonomy and design even regarding the most fundamental decision whether to activate *guanxi* or not, with the frequently chosen option to relegate business transactions into a relationship-free space (De Glopper 1978; Kipnis 2002).

To summarize this section, which is mainly a sketch of established knowledge about *guanxi*, but adds a major interpretive twist: The specificity of *guanxi* lies in the synthesis of the emotional and instrumental dimension of social relations, their Ego-centeredness, their triadic structure and the long-term orientation of reciprocity, reflecting the moral basis of obligations. All this boils down to the conception of *guanxi* as an individualistic category of moral behavior. This deserves further scrutiny.

3.3 Differentiating collectivism: Ego-centered relationalism

Now, in our triangulation venture it is important to notice that social psychology confirms a number of the indigenous descriptions of *guanxi* practice. The overlapping area is anthropology, for sure, which can build on the observability of social actions in Chinese villages. The social bookkeeping by villagers is mirrored in the bookkeeping of the anthropological observer, thus rendering an emic category into an etic description.

Before going into some more details, however, it is necessary to pick up the final observation of the previous section. *Guanxi* are an individualistic phenomenon. This sits awkwardly with the widely accepted notion of China being a collectivistic society. The distinction between individualism and collectivism is one of the most general, and at the same time widely accepted approaches to cultural classification, especially in economics and management. In economics, it has been used by Greif (1994) to build a general theory of the emergence and stability of institutions. In management science, it belongs to the five fundamental classificatory schemes proposed by Hofstede (1991). However, social psychology has begun to question this dualism, and this fits exactly into the indigenous account of *guanxi*. Thus, we meet a fascinating convergence between the emics and etics of a central cross-cultural idea, namely the relation between individual and group.

In recent research, psychologists have recognized that the term “collectivism“ in fact covers two very different kinds of collectivism in the sense of group-oriented behavior (Brewer and Chen 2007). One is “categorical collectivism“, a term which I coin in difference to “group collectivism“ which is used by Brewer and Chen. The reason is merely terminological, as I think that the notion of group is neutral to the distinction between kinds of collectivism. Categorical collectivism refers to shared ascriptions of a group of people, such as shared ethnicity or shared membership to an organization. Notice that this form of collectivism does not really presuppose strong interactions between the members of the group. What is important is whether group members believe that the group as such is a higher level entity which provides reasons for actions and which might even be an agent of its own, in the sense of a collective will. The other form of collectivism is “relational collectivism“. Relational collectivism builds on evolving networks between individuals, in which the individuals take heed of the interests of others, and in which the individual self is seen as dependent on the relations with others. Relational collectivism does not presuppose any kind of shared group identity.

The crucial difference between the two kinds is salient if we consider the source of justifications of social actions taken. In the former case, these are deduced from a supposed common benefit to the abstract group, such as the ethnic community, which are context-free. In the latter, these are basically mutual obligations between individuals, which are context-bound. So, the classical distinction between individualism and collectivism unravels into a threefold distinction:

- Individualism: The degree in which the individual is seen as the driver of social processes and as the source of standards for the evaluation of their results;
- Relational collectivism: The degree in which social exchange in networks determines social action and in which interests of partners are taken into consideration;
- Categorical collectivism: The degree in which a categorical classification of groups guides social action and in which an abstract group interest is taken into consideration.

It is straightforward to see that this distinction is particularly apt to deal with *guanxi*. *Guanxi* are an ideal-typical case of relational collectivism; in fact, we might even call the indigenous theory of *guanxi* as a theory about relational collectivism. There is no implication for the degree of categorical collectivism. After all, all the classical research on in-group and out-group discrimination pinpoints collectivistic attitudes, and has been done with people from all cultural backgrounds. In fact, as has been observed frequently, US Americans can be strongly collectivistic as far as group interests are concerned, though showing a high value of individualism in all other respects. Even more, corporate cultures (such as WalMart’s) often serve to heighten the spirit of group allegiance, and serve to suppress relational bondings at the workplace. This differential effect can be observed in detailed analyses of behavioral differences between East Asians and Americans in work contexts (Sanchez-Burks et al. 2003). Whereas relational aspects are processed similarly in non-work contexts, in work contexts behavior differs much more sharply. The so-called Protestant organizational cultures tend to suppress relational aspects at the workplace, which, however, does not imply a strengthening of the

individualistic aspect relative to the collectivistic aspect, but the strengthening of categorical collectivism (i.e. organizational structures etc.) relative to both individualism and relational collectivism. This much more differentiated argument also helps to disentangle intra-Asian cultural differences. Comparing China and Japan, Japan seems to be pronounced in both dimensions of relational and group collectivism, whereas the comparative lack of abstract group loyalty has always been a commonplace in descriptions of Chinese social behavior.

Hence, we see that the indigenous view on *guanxi* actually reflects the need to reconfigure a fundamental concept in social psychology and economics, namely the notion of collectivism. China emerges as a society with strong relational collectivism, but also with a strong degree of individualism: This is because individualism finds its expression in the management of *guanxi*, among other forms such as entrepreneurship. So, standard conceptions of Chinese culture lead astray: China does not lie on some extreme pole of collectivism, but actually is in middle ground in a more complex space of attitudes towards the individual and the group (compare Li et al. 2006). From that perspective, the results of the World Value Survey make much sense. *Guanxi* are a web of constraints *and* a web of individual opportunities at the same time, and their instrumentalism is an expression of achievement orientation in managing social connections. The WVS simply reflects this individualistic cultural foundation.

Yet, we face the difficulty that most research about Chinese social psychology and cognition applies the standard dualism between individualism and collectivism, frequently in the different disciplinary frame of allocentric and idiocentric social relations. This is important in two contexts, one is research into emotions, the other is research into cognition. With regard to emotions, there has been a long debate over the fundamental mechanisms of regulation of emotions in China. The opposing poles are the view that Chinese emotions are decoupled from the formalism of social relations (Potter and Potter 1990), and the view that emotions play a direct regulatory role, also in the sense of being the object of active creation of *ganqing* (Kipnis 2002). One possible solution to the dilemma is to distinguish between emotions as such and the normative reference to evaluate emotions, that is between actual and ideal affect (Tsai et al. 2006). There is widespread agreement that there are no substantial differences across cultures in terms of recognizing emotions, for example, via facial expressions (Russell and Yik 1996). But there are essential divergences of the valuation of emotions. Comparing Euroamerican settings with Chinese ones, Chinese tend to see low arousal states as positive, whereas the former positively assess high arousal states. This translates into needs for control in the former, and needs for adaptation in the latter. It is important to notice that we observe a complex feedback mechanism here. Individuals with goals of influence and control will positively value high arousal states, because they trigger assertive action, and individuals with adaptative goals will value low-arousal states because they support attention to contextual determinants. But vice versa, if there is a culturally shaped preference for high arousal states, this will also foster influence oriented goal formation. From this follows, that it might be misleading to equate general patterns such as individualism vs. collectivism also with particular emotive stances. In *guanxi* relations, adaptative behavior can be crucial for their individualistic manipulation.

This discussion shows that what counts is the relation between cognition and affects. In fact, the very notion of emotion may be understood as relating frames with affects. So, cross-

cultural differences cannot show up in effectual behavior as such, but in the interaction between cognition and affects. An example for this is the clear-cut difference between the mechanisms of trust-formation between American and Chinese managers (Chua et al. 2009). Trust can be both affect- and cognition based, with the former resulting from shared emotional experiences, and the latter based on evidence and reasons. In the context of relational collectivism, the interaction between the two bases for trust can show a surprising twist: Precisely because emotions build the basis of reliable *guanxi*, trust can be based on the recognition of this fact, that is, can be cognition based. Therefore, Chua et al. (2009) reach a counter-intuitive result, on first sight: American managers increase affect based trust in more dense networks, whereas Chinese managers display more cognitive trust. Interestingly, at the same time Chinese managers show more affect based trust when they perceive economic dependence from others. This clearly reflects the peculiar synthesis between instrumental and emotional dimensions of network relations in the case of *guanxi*.

3.4 Field-dependence of cognition

Turning to the final building block of our triangulation, cognitive science, we need to distinguish between human universals and potentially culture-specific forms of cognition (Nisbett 2003). As we have seen in the beginning, in institutional economics cognitive models play an important role. However, there is a lack of substance with regard to the details how specific cognitive models actually work. There is evidence about the operation of universal cognitive features, such as in Schlicht's (1998) Gestalt theoretic approach to institutions. But there is a lack of research into culturally specific cognition. In fact, what most economists have in mind are just conceptual schemes, in the sense of semantic frames, which, however, are not necessarily culture-specific.

In comparative cognitive research there are strong hints at cultural differences in cognitive mechanisms. These mainly refer to the notion of field-dependence. There are solid etic approaches to this phenomenon, such as in the well-established rod-and-frame test. In this test, individuals are asked to assess the position of a rod relative to a movable frame. Depending on the position and shape of the frame, the size and inclination, i.e. the verticality of the rod may be assessed differently. In these tests, Chinese test persons significantly reveal a stronger impact of the frame on the perception of the rod than Euroamericans. This result can be interpreted in the sense that the Gestalt perception of Chinese is more geared towards the perception of the entire field of sensory data, as opposed to a more analytical perception of Euroamericans. This reinstates much earlier approaches in the humanities, for example, such as Hall's (1976) conceptualization of low- and high context cultures. Different variants of similar tasks as the RoF test have also corroborated these findings, such as that Chinese test persons are more able to perceive correlations among items in a field, and, interestingly, are less sensitive to the assignment of control in manipulating items in the field than Americans (Ji et al. 2000).

Related results have been generated in another kind of tests, where individuals are asked to sort concepts (Ji et al. 2004). There are two possibilities. One is to sort concepts according to taxonomic criteria, the other according to relational criteria. For example, if the three concepts of monkey, horse and banana are offered, a taxonomic ordering would put money and horse together, as both are animals, and a relational ordering would put monkey and banana together, as monkeys eat bananas. Again, there is a significant difference between Chinese and Euroamerican test persons, with the latter tending to apply taxonomic ordering and the former relational ordering. This effect is even independent from the language of testing, so that the cultural factor seems to dominate in the causality.

Taking both kinds of observations together, a long standing assumption in the literature gets further support which is about the field dependence of cognitive, moral and social behavior of the Chinese (Wilson 1981). The problem with that notion, as with the cognitive tests, is that we cannot clearly distinguish the direction of causation. That is, the field dependence of cognition as in the rod and frame test may be the result of the field dependence of social behavior, and vice versa. This problem of underdetermined causality can be avoided by positing a cultural frame which affects all those areas, which would confirm standard conceptions about the alleged holism of East Asian thought (Bond 1991: 23ff., 51f.).

One area where such cognitive differences can directly shine up in institutional practice is law enforcement and, in particular, adjudication, which therefore can be an indirect testing ground for cognitive phenomena. This is because adjudication means to apply certain rules on particular cases, thus realizing a number of cognitive procedures such as classification and deduction. As Huang (2006a,b) has emphasized in his comparative studies of law across the Qing, Republican and contemporary eras, one baffling continuity is the combination between mediation, arbitration and adjudication in one continuous process of court procedures. That means, judges are often involved in all three stages, such that adjudication is a step that follows only after the previous attempts at mediation and arbitration have failed. This approach reflects a fundamental difference in cognitive attitudes, because Chinese legal practice starts out from the idea that a conflict is not primarily a question of the violation of abstract rights and rules, but a particular relation among the different individuals involved, which needs to be assessed in context firstly. This means that conflict resolution is mainly fact-based, and aims at finding a compromise between the different claims, but less to establish whether one side or the other conforms to a particular legal prescription, thus establishing which side is wrong and which side is right. Thus, we can say that Chinese legal practice reflects the cognitive pattern of field-dependence, and also fits into the pattern of relational collectivism.

This broader historical view can be fed back into psychological research, as a further step in the triangulation movements. Chen et al. (2007) report the interesting result that in so-called public goods experiments Chinese and American students show significant, yet nuanced differences in behavior. They start out from the bipolar idiocentric / allocentric dualism and distinguish between group identity and group norms. Interestingly, the testpersons do not differ strongly with reference to group identity, but there is a clear difference with regard to the reaction of perceived group norms: If the group norm supports cooperative behavior, the idiocentric Americans cooperate less, thus tend to free-ride, where as the allocentric Chinese cooperate more. By implication, if the group norm supports non-cooperative behavior, the allo-

centric Chinese would cooperate less. In other words, and fitting into the relational collectivism pattern, the Chinese do not simply put the group interests above individual interests, but are more sensitive to the perception of group norms, independent from their particular content. This results into another form of context-sensitivity and field dependence.

3.5 A Chinese form of social capital?

Let me draw the conclusions of my tour d'horizon. I have applied a triangulation approach to understand an important aspect of Chinese social behavior, which is conventionally designated by the term *guanxi*. The triangulation implies to shift from the emic to the etic perspective, and trying to reach convergence between these different perspectives. In this movement we could discern a fundamental congruence between indigenous reflections and three main components of a more psychology based view:

- Field-dependent cognition
- Relational collectivism
- Synthesis of affective and instrumental components

From this observation, we can construct an approach to social capital in China which emphasizes the cultural embeddedness of networks. The Chinese case suggests that the central question is how emotions in social exchange are framed, thus enabling individuals to create and stabilize opportunities for successful action. This compares with rational choice approaches to social capital which are most prominent in economics, of course (Coleman 1990; Glaeser et al. 2002). Whereas the functioning of social capital can be analyzed according to the established schemes, its realization is context-dependent. The cultural specificity is reflected in the framing of affects, resulting into particular ways how to express and handle emotions. As we seen, in the Chinese construct of *guanxi* the resulting pattern can be described along the lines of the relational collectivism scheme, adding a strong emphasis on long-term reciprocity and moral obligation. This results into a behavioral difference with regard to the classical strong and weak ties distinction: *Guanxi* obtain a middle ground, in the sense that many *guanxi* connections actually approach the weak tie pole in the spectrum of closeness of relations. Yet, because of the essential role of *ganqing*, even these loose connections can provide strong cement for social interaction. Further, the triadic structure also involves the public good component of social capital, in the sense of group sanctions on deviancy. In combination with relational collectivism, however, the groups in question remain open groups, in the sense of membership criteria. Thus, the effectiveness of the Chinese form of social capital might result from a unique combination of the bridging and bonding type of social capital, which ultimately builds on a culturally specific form of emotionality.

4 Conclusion: *Guanxi* and the institutions-performance link

By way of a conclusion, I will now discuss three cases which show how *guanxi* affect the institutions-performance link. In theorizing about Chinese transition, it has been frequently observed that social networks can make up institutional deficits which are a necessary phenomenon in transitory political and economic regimes. For example, with reference to China it has been argued that the phenomenon of institutional stability in the emerging rural industries between the 1980s and the 1990s is mainly explained by the role of informal institutions which substitute for formal property rights and law (e.g. Smyth 1997). However, this sort of reasoning fits into a developmental approach to *guanxi* which sees them as a transitory phenomenon, in turn. There is another perspective which can be grounded in theories about the complementarity of formal and informal institutions (Dixit 2004). From that point of view, the costs of law and law enforcement are taken into consideration (which, of course, also depend on the developmental stage of a society), such that the relative importance of informal and formal institutions is seen as a reflection of states of efficiency, in the sense of minimizing transaction costs. Against the background of my previous argument, the role of formal institutions can also be related with the dichotomy of relational and categorical collectivism, if formal institutions as such are also seen as defining feature of group identity. In this case, societies with different degrees of categorical collectivism might manifest different combinations of informal and formal institutions.

One important example for the relevance of our reconstruction of *guanxi* for institutional analysis is corruption. Without any doubt, China is a country with a relatively high level of corruption (Guo 2008). But there is no direct reflection of this fact in declining economic performance, which is the standard expectation in economics. One possible explanation of this phenomenon may relate to the specific nature of *guanxi*. The decisive elements are firstly, the combination of short run imbalances in social exchange and long run reciprocity, and secondly, the central role of trust.

If corruption is not of the spot transaction kind (such as a Russian policeman requesting a bribe to save further troubles), but happens in *guanxi* networks, the crucial difference is that there is no direct balancing transaction when a favour is extended. To the contrary, the favour given in return may be extended at any point of time, and, according to the *guanxi* logic, should be delayed. This implies, however, that corruption is not easy to observe or to prove. Further, if this happens in a confined network of people who invest into the corruptive structure, the favours may be indirectly observable to the insiders, but not to the outsiders. In the *guanxi* exchange, this works as a commitment device, in the sense of the need to save face vis à vis other network members. As a result, corruption may go hand in hand with an increased level of trust. Therefore Li and Wu (2007) argue that there are principled differences between forms of corruption in China and, for example, South East Asian countries. Ideal-typically spoken, the latter are hierarchical clientelist networks which mainly build on short term reciprocity, and focus around few patrons on the top of the hierarchy, whereas Chinese corruptive structures are more decentralized and even policentric. The policentricity follows from the ego-centric nature of *guanxi* and the open nature of *guanxi* ascriptions. As a result, different networks may even compete against each other, thus increasing the efficiency of the corruptive exchange, as the single individuals, in principle, can shift between different networks

according to their Ego-centric positioning strategy. In this setting, the main expression of corruption is the exclusive nature of the network relations, and the rents that can be generated from membership, but not the immediate payments in terms of bribes and other short-term interactions.

So, one hypothesis is that *guanxi* strengthen reputational effects in economic coordination, so that even corruption may increase trust in certain segments of society. There are other cases which reveal the efficiency enhancing role of *guanxi*, if we consider the general role of face in Chinese networks. Liebman and Milhaupt (2007) argue that shaming has evolved into a workable sanctioning mechanism in the context of stock market regulation in China. This appears to be a modern transformation of the public side of the triadic *guanxi*, which operates via the media. Given the complexities and high costs of litigation within an evolving regulatory infrastructure, the regulatory authorities increasingly use the media to publicize misbehavior on the exchange. Shaming has direct effects on the individuals, who, interestingly, therefore try to avoid individual shaming by asking the authorities to publicize the name of the company only. Beyond that, the reputational damage translates into more limited access to finance or causes spill-overs on the brand image.

Again, the question is whether this is a transitory phenomenon. Potter (2002) presents an argument why we might see an increasingly complementary role of *guanxi* and the formal law. This can be understood against the general background of relative costs of enforcement, which is reinforced by the general complexity costs of the evolving formal institutions. This is especially true in China because there is a gap between the growing body of formal law and the short tradition of interpretive practice. In this context, the aforementioned continuity of mediation and arbitration allows for a strong role of *guanxi* in establishing factual knowledge about a case and reaching compromise solutions, which, again, may involve the risk of reputational damages and other concerns for the maintenance of *guanxi*. This tendency is further supported by the fact that the Chinese legal system is a mix of continental and common law traditions, with the latter naturally increasing their impact, given a certain affinity with the Chinese legal tradition.

In sum, there is plenty of evidence that the link between institutions and economic performance can be understood by context-free theoretical constructs. Social capital, Chinese style, cannot be properly assessed without considering specific cultural determinants. Whether these, as has been hypothesized by some scholars of *guanxi*, may simply wither away during modernization, can only be replied by analyzing the very notion of modernization in more depth, which is not the task of this paper. Huang (2008) argues that there is a long-run stability of certain features of the Chinese socio-political system which he labels as „Centralized minimalism“, i.e. the combination of strong political, even despotic power, with a weak infrastructural capacity. In this pattern, personalized networks of loyalty, commitment and self-enforcement of social norms played a constitutive role. This seems to be the larger framework into which social capital, Chinese style, can be fit in.

References

- Abramovitz, Moses (1989): *Thinking About Growth and Other Essays on Economic Growth and Welfare*, Cambridge et al.: Cambridge University Press.
- Aoki, Masahiko (2001): *Toward a Comparative Institutional Analysis*, Stanford: Stanford University Press.
- Bergren, Niclas / Elinder, Mikael / Johrdahl, Henrik (2008): Trust and Growth: A Shaky Relationship, *Empirical Economics* 35: 251-274.
- Beugelsdijk, Sjoerd (2006a): Social Capital and Growth in European Regions: An Empirical Test, *European Journal of Political Economy* 21: 301-324.
- Beugelsdijk, Sjoerd (2006b): A Note on the Theory and Measurement of Trust in Explaining Differences in Economic Growth, *Cambridge Journal of Economics* 30: 371-387.
- Bjørnskov, Christian (2006): The Multiple Facets of Social Capital, *European Journal of Political Economy* 22: 22-46.
- Bond, Michael Harris (1991): *Beyond the Chinese Face. Insights from Psychology*, Hong Kong: Oxford University Press.
- Bond, Michael Harris (1996a): Chinese Values, in: Bond (1996b): 208-226.
- Bond, Michael Harris, ed. (1996b): *The Handbook of Chinese Psychology*, Hong Kong: Oxford University Press.
- Brewer, Mailyynn, B. / Chen, Ya-Ru (2007): Where (Who) Are Collectives in Collectivism? Toward Conceptual Clarification of Individualism and Collectivism, *Psychological Review* 114(1): 133-151.
- Brumann, Christoph (1999): Writing for Culture: Why a Successful Concept Should Not Be Discarded, in: *Current Anthropology*, Vol. 40, Supplement, S1-S28.
- Burt, Ronald S. (1992): *Structural Holes. The Social Structure of Competiton*. Cambridge/London: Harvard University Press.
- Chamlee-Wright, Emily (2008): The Structure of Social Capital: An Austrian Perspective on its Nature and Development, *Review of Political Economy* 20(1): 41-58.
- Chan, Steve (2008): Chinese Political Attitudes and Values in Comparative Context: Cautionary Remarks on Cultural Attributions, *Journal of Chinese Political Science* 13(3): 225-248.
- Chen, Xiao-Ping / Wasti, S. Arzu / Triandis, Harry C. (2007): When Does Group Norm or Group Identity Predict Cooperation in a Public Goods Dilemma? The Moderating Effects of Idiocentrism and Allocentrism, *International Journal of Intercultural Relations* 31: 259-276.
- Chua, Roy Y.J. et al. (2009): Guanxi vs. Networking: Distinctive configurations of affect- and cognition-based trust in the networks of Chinese vs American managers, *Journal of International Business Studies* 40: 490-508

- Coleman, James (1990): *Foundations of Social Theory*. Cambridge/London: Belknap.
- Dasgupta, Partha (2005): Economics of Social Capital, *The Economic Record* 81(255): 2-21.
- De Glopper, D.R. (1978): Doing Business in Lukang, in: Arthur Wolf, ed. *Studies in Chinese Society*, Stanford: Stanford University Press, 209-226.
- Durlauf, Steven N. (2002): On the Empirics of Social Capital, *The Economic Journal* 112: F459-F479.
- Durlauf, Steven N. / Kourtellos, Andros / Tan, Chih Ming (2008): Are Any Growth Theories Robust? *Economic Journal* 118: 329-346.
- Fairbank, John K., ed. (1957): *Chinese Thought and Institutions*, Chicago: University of Chicago Press.
- Fan Gang / Woo, Wing Thye (2009): The Parallel Partial Progression (PPP) Approach to Institutional Transformation in Transition Economies. Optimize Coherence, Not Policy Sequence, *Modern China* 35(4): 352-369.
- Farrer, James (2002): "Idle Talk": Neighborhood Gossip as a Medium of Social Communication in Reform Era Shanghai, in: Gold et al. (2002b): 197-220.
- Gabrenya, William K. and Hwang Kwang-Kuo (1996): Chinese Social Interaction: Harmony and Hierarchy on the Good Earth, in: Bond (1996b): 309-21.
- Gao Ge / Ting-Toomey, Stella / Gudykunst, William B. (1996): Chinese Communication Processes, in: Bond (1996b): 280-293.
- Gintis, Herbert (2006): A Framework for the Unification of the Behavioral Sciences, *Behavioral and Brain Sciences* 30: 1-16.
- Glaeser, Edward L. / Laibson, David / Sacerdote, Bruce (2002): An Economic Approach to Social Capital, *The Economic Journal* 112: F437-458.
- Gold, Thomas / Guthrie, Doug / Wank, David, eds. (2002): *Social Connections in China. Institutions, Culture, and the Changing Nature of Guanxi*, Cambridge et al.: Cambridge University Press.
- Granovetter, Mark (2002): A Theoretical Agenda for Economic Sociology, in: Guillén et al. (2002): 35-60.
- Greenblatt, Sidney / Wilson, Richard W. / Wilson, Amy Auerbacher, eds. (1982): *Social Interaction in Chinese Society*, New York: Praeger.
- Greif, Avner (1994): Cultural Beliefs and the Organization of Society: A Historical and Theoretical Reflection on Collectivist and Individualist Societies, in: *Journal of Political Economy*, Vol. 102, No. 5, 912-950.
- Guillén, Mauro F. / Collins, Randall / England, Paula / Meyer, Marshall eds. (2002): *The New Economic Sociology. Developments in an Emerging Field*, New York: Russell Sage Foundation.
- Guiso, Luigi / Sapienza, Paola / Zingales, Luigi (2006): Does Culture Affect Economic Outcomes? *Journal of Economic Perspectives* 20(2): 23-48.

- Guo Yong (2008): Corruption in Transitional China: An Empirical Analysis, *The China Quarterly* 194: 349-365.
- Guthrie, Doug (1998): The Declining Significance of Guanxi in China's Economic Transition, *The China Quarterly* 154: 254-282.
- Hall, Edward T. (1976): *Beyond Culture*, New York et al.: Doubleday.
- Hamilton, Gary G., ed. (1996): *Asian Business Networks*, Berlin: de Gruyter.
- Hamilton, Gary G. (1996): Competition and Organization: A Reexamination of Chinese Business Practices, *Journal of Asian Business*, Vol. 12, No. 1, 7-20.
- Hannerz, Ulf (1992): *Cultural Complexity. Studies in the Social Organization of Meaning*, New York: Columbia University Press.
- Hartley, John (2003): *A Short History of Cultural Studies*, London: Sage.
- Inkeles, Alex / Brooded, C. Montgomery / Cao Zhongde (1997): Causes and Consequences of Individual Modernity in China, *The China Journal* 37: 31-62.
- Hofstede, Geert (1991): *Cultures and Organizations. Software of the Mind*, London et al.: McGraw-Hill.
- Hu Biliang (2007): *Informal Institutions and Rural Development in China*, London and New York: Routledge.
- Huang, Philip C.C. (2006b): Civil Adjudication in China, Past and Present, *Modern China* 32(2): 135-180.
- Huang, Philip C.C. (2006b): Court Mediation in China, Past and Present, *Modern China* 32(3): 275-314.
- Huang, Philip C.C. (2008): Centralized Minimalism: Semiformal Governance by Quasi Officials and Dispute Resolution in China, *Modern China* 34(1): 9-35.
- Huang, Philip C.C. (2009): China's Neglected Informal Economy: Reality and Theory, *Modern China* 35(4): 405-438.
- Hwang, Kwang-Kuo (2006): Moral Face and Social Face: Contingent Self-Esteem in Confucian Society, *International Journal of Psychology* 41(4): 276-281.
- Jacobs, J. Bruce (1982): The Concept of Guanxi and Local Politics in a Rural Chinese Cultural Setting, in: Greenblatt et al. (1982): 209-236.
- Ji Li-Jun / Nisbett, Richard E. / Peng, Kaiping (2000): Culture, Control, and Perception of Relationships in the Environment, *Journal of Personality and Social Psychology* 78(5): 943-955.
- Ji Li-Jun / Nisbett, Richard E. / Zhang, Zhiyong (2004): Is It Culture or Is It Language? Examination of Language Effects in Cross-Cultural Research on Categorization, *Journal of Personality and Social Psychology* 87(1): 57-65.
- Kann Xiaoguan / Han Heng (2008): Graduated Controls: The State-Society Relationship in Contemporary China, *Modern China* 34(1): 36-55.

- King, Ambrose Yeo-chi (1994): Kuan-hsi and Network Building: A Sociological Interpretation, in: Tu Weiming, ed. (1994): *The Living Tree. The Changing Meaning of Being Chinese Today*, Stanford: Stanford University Press.: 109-126.
- Knack, Stephen / Keefer, Philip (1997): Does Social Capital Have an Economic Payoff? A Cross-Country Investigation, in: *Quarterly Journal of Economics* 112(4): 1251-1288.
- Kipnis, Andrew (1996): The Language of Gifts: Managing *Guanxi* in a North China Village, *Modern China* 22(3): 285-314.
- Kipnis, Andrew (2002): Practices of Guanxi Production and Ganqing Avoidance, in: Gold et al. (2002): 21-36.
- Landes, David S. (2006): Why Europe and the West? Why Not China? *Journal of Economic Perspectives* 20(2): 3-22.
- Li, Han Z. / Zhang Zhi / Bhatt, Gira / Yum, Young-ok (2006): Rethinking Culture and Self-Construal: China as A Middle Land, *The Journal of Social Psychology* 146(5): 591-610.
- Li, Jin / Wang, Lianqin / Fischer, Kurt W. (2004): The Organisation of Chinese Shame Concepts, *Cognition and Emotion* 18(6): 767-797.
- Li, Peter Ping (2007): Guanxi as the Chinese Norm for Personalized Social Capital: Toward an Integrated Duality Framework of Informal Exchange, in: Henry W.-C. Yeung, ed., *Handbook of Research on Asian Business*, Cheltenham / Northampton: Edward Elgar, 62-83.
- Li Shaomin / Wu, Judy Jun (2007): Why China Thrives Despite Corruption, *Far Eastern Economic Review* 170(3): 24-28.
- Liebman, Benjamin L./ Milhaupt, Curtis J. (2007): Reputational Sanctions in China's Securities Market, <http://ssrn.com/abstract=999698>.
- Lin, Nan (2001): *Social Capital. A Theory of Social Structure and Action*, Cambridge et al.: Cambridge University Press.
- Little, Daniel (1992): *Understanding Peasant China. Case Studies in the Philosophy of Social Science*. New Haven and London: Yale University Press.
- Metzger, Thomas A. (1977): *Escape From Predicament. Neo-Confucianism and China's Evolving Political Culture*. New York: Columbia University Press.
- Nisbett, Robert (2003): *The Geography of Thought: How Asians and Westerners Think Differently...and Why*, New York: Free Press.
- North, Douglass C. (2005): *Understanding the Process of Economic Change*, Princeton and Oxford: Princeton University Press.
- Portes, Alejandro / Sensenbrenner, Julia (1993): Embeddedness and Immigration: Notes on the Social Determinants of Economic Action, in: *American Journal of Sociology* 98: 1320-50.
- Potter, Pitman B. (2002): Guanxi and the PRC Legal System: From Contradiction to Complementarity, in: Gold et al. (2002): 179-195.

- Potter, Sulamith Heins / Potter, Jack (1990): *China's Peasants: The Anthropology of a Revolution*. Cambridge and New York: Cambridge University Press.
- Dixit, Avinash K. (2004): *Lawlessness and Economics. Alternative Modes of Governance*, Princeton and Oxford: Princeton University Press.
- Putnam, Robert (2000): *Bowling Alone: The Collapse and Revival of American Community*, New York: Simon & Schuster.
- Ramo, Joshua Cooper (2004): *The Beijing Consensus*, The Foreign Policy Centre, London.
- Rauch, James E. (2001): *Business and Social Networks in International Trade*, in: *Journal of Economic Literature* XXXIX: 1177-1203.
- Redding, S. Gordon (1990): *The Spirit of Chinese Capitalism*. Berlin and New York: de Gruyter.
- Routledge, Bryan R. / von Amsberg, Joachim (2003): *Social Capital and Growth*, *Journal of Monetary Economics* 50: 167-193
- Russell, James A. / Yik, Michelle S.M. (1996): *Emotion Among the Chinese*, in: *Bond* (1996b): 166-188.
- Saari, Jon L. (1982): *Breaking the Hold of Tradition: The Self-Group Interface in Transitional China*, in: *Greenblatt et al.* (1982): 28-67.
- Schlicht, Ekkehard (1998): *On Custom in the Economy*, Oxford: Clarendon.
- Smyth, Russell (1997): *The Township and Village Enterprise Sector as a Specific Example of Regionalism – Some General Lessons for Socialist Transformation*, in: *Economic Systems*, Vol. 21 (3): 235-265.
- Sobel, Joel (2002): *Can We Trust Social Capital?*, in: *Journal of Economic Literature*, Vol. 40, 139-154.
- Tsai, Jeanne L. / Knutson, Brian / Fung, Helene F. (2006): *Cultural Variation in Affect Valuation*, *Journal of Personality and Social Psychology* 90(2): 288-307.
- Tu Weiming, ed. (1994): *The Living Tree. The Changing Meaning of Being Chinese Today*, Stanford: Stanford University Press.
- Wank, David (1996): *The Institutional Practice of Market Clientilism: Guanxi and Private Business in a South China City*, *The China Quarterly* 144: 820-838.
- Wank, David (2002): *Business-State Clientilism in China: Decline or Evolution?* In: *Gold et al.* (2002): 97-115.
- Wilson, Richard W. (1981): *Moral Behavior in Chinese Society: A Theoretical Perspective*, in: *Wilson et al.* (1981): 1-20.
- Wilson, Richard W. / Greenblatt, Sidney L. / Wilson, Amy Auerbacher, eds. (1981): *Moral Behavior in Chinese Society*, New York: Praeger.
- Wilson, Scott (1997): *The Cash Nexus and Social Networks: Mutual Aid and Gifts in Contemporary Shanghai Villages*, *The China Journal* 37: 91-115.

- Wilson, Scott (2002): Face, Norms, and Instrumentality, in: Gold et al. (2002): 163-177.
- Woolcock, Michael (1998): Social Capital and Economic Development: Toward a Theoretical Synthesis and Policy Framework, in: Theory and Society, Vol. 27, 151-208.
- Xiao Zhixing / Tsui, Anne S. (2007): When Brokers May Not Work: The Cultural Contingency of Social Capital in Chinese High-Tech Firms, Administrative Science Quarterly 52: 1-31.
- Yan, Yunxiang (1996): The Culture of Guanxi in a North China Village, The China Journal 35: 1-26.
- Yang Kuo-shu (1996): The Psychological Transformation of the Chinese People as a Result of Societal Transformation, in: Bond (1996b): 479-498.
- Yang, Mayfair Mei-hui (1994): Gifts, Favours and Banquets: The Art of Social Relationships in China, Ithaca: Cornell University Press.
- Yang, Mayfair Mei-hui (2002): The Resilience of Guanxi and its New Deployments: A Critique of Some New Guanxi Scholarship, The China Quarterly 170: 459-476.

FRANKFURT SCHOOL / HFB – WORKING PAPER SERIES

No.	Author/Title	Year
131.	Schäffler, Christian / Schmaltz, Christian Market Liquidity: An Introduction for Practitioners	2009
130.	Herrmann-Pillath, Carsten Dimensionen des Wissens: Ein kognitiv-evolutionärer Ansatz auf der Grundlage von F.A. von Hayeks Theorie der „Sensory Order“	2009
129.	Hankir, Yassin / Rauch, Christian / Umber, Marc It's the Market Power, Stupid! – Stock Return Patterns in International Bank M&A	2009
128.	Herrmann-Pillath, Carsten Outline of a Darwinian Theory of Money	2009
127.	Cremers, Heinz / Walzner, Jens Modellierung des Kreditrisikos im Portfoliofall	2009
126.	Cremers, Heinz / Walzner, Jens Modellierung des Kreditrisikos im Einwertpapierfall	2009
125.	Heidorn, Thomas / Schmaltz, Christian Interne Transferpreise für Liquidität	2009
124.	Bannier, Christina E. / Hirsch, Christian The economic function of credit rating agencies - What does the watchlist tell us?	2009
123.	Herrmann-Pillath, Carsten A Neurolinguistic Approach to Performativity in Economics	2009
122.	Winkler, Adalbert / Vogel, Ursula Finanzierungsstrukturen und makroökonomische Stabilität in den Ländern Südosteuropas, der Türkei und in den GUS-Staaten	2009
121.	Heidorn, Thomas / Rupperecht, Stephan Einführung in das Kapitalstrukturmanagement bei Banken	2009
120.	Roszbach, Peter Die Rolle des Internets als Informationsbeschaffungsmedium in Banken	2009
119.	Herrmann-Pillath, Carsten Diversity Management und diversitätsbasiertes Controlling: Von der „Diversity Scorecard“ zur „Open Balanced Scorecard“	2009
118.	Hölscher, Luise / Clasen, Sven Erfolgsfaktoren von Private Equity Fonds	2009
117.	Bannier, Christina E. Is there a hold-up benefit in heterogeneous multiple bank financing?	2009
116.	Roßbach, Peter / Gießamer, Dirk Ein eLearning-System zur Unterstützung der Wissensvermittlung von Web-Entwicklern in Sicherheitsthemen	2009
115.	Herrmann-Pillath, Carsten Kulturelle Hybridisierung und Wirtschaftstransformation in China	2009
114.	Schalast, Christoph: Staatsfonds – „neue“ Akteure an den Finanzmärkten?	2009
113.	Schalast, Christoph / Alram, Johannes Konstruktion einer Anleihe mit hypothekarischer Besicherung	2009
112.	Schalast, Christoph / Bolder, Markus / Radünz, Claus / Siepmann, Stephanie / Weber, Thorsten Transaktionen und Servicing in der Finanzkrise: Berichte und Referate des Frankfurt School NPL Forums 2008	2009
111.	Werner, Karl / Moormann, Jürgen Efficiency and Profitability of European Banks – How Important Is Operational Efficiency?	2009
110.	Herrmann-Pillath, Carsten Moralische Gefühle als Grundlage einer wohlstandschaffenden Wettbewerbsordnung: Ein neuer Ansatz zur erforschung von Sozialkapital und seine Anwendung auf China	2009
109.	Heidorn, Thomas / Kaiser, Dieter G. / Roder, Christoph Empirische Analyse der Drawdowns von Dach-Hedgefonds	2009
108.	Herrmann-Pillath, Carsten Neuroeconomics, Naturalism and Language	2008

107.	Schalast, Christoph / Benita, Barten Private Equity und Familienunternehmen – eine Untersuchung unter besonderer Berücksichtigung deutscher Maschinen- und Anlagenbauunternehmen	2008
106.	Banner, Christina E. / Grote, Michael H. Equity Gap? – Which Equity Gap? On the Financing Structure of Germany’s Mittelstand	2008
105.	Herrmann-Pillath, Carsten The Naturalistic Turn in Economics: Implications for the Theory of Finance	2008
104.	Schalast, Christoph (Hrsg.) / Schanz, Kay-Michael / Scholl, Wolfgang Aktionärsschutz in der AG falsch verstanden? Die Leica-Entscheidung des LG Frankfurt am Main	2008
103.	Banner, Christina E./ Müsch, Stefan Die Auswirkungen der Subprime-Krise auf den deutschen LBO-Markt für Small- und MidCaps	2008
102.	Cremers, Heinz / Vetter, Michael Das IRB-Modell des Kreditrisikos im Vergleich zum Modell einer logarithmisch normalverteilten Verlustfunktion	2008
101.	Heidorn, Thomas / Pleißner, Mathias Determinanten Europäischer CMBS Spreads. Ein empirisches Modell zur Bestimmung der Risikoaufschläge von Commercial Mortgage-Backed Securities (CMBS)	2008
100.	Schalast, Christoph (Hrsg.) / Schanz, Kay-Michael Schaeffler KG/Continental AG im Lichte der CSX Corp.-Entscheidung des US District Court for the Southern District of New York	2008
99.	Hölscher, Luise / Haug, Michael / Schweinberger, Andreas Analyse von Steueramnestiedaten	2008
98.	Heimer, Thomas / Arend, Sebastian The Genesis of the Black-Scholes Option Pricing Formula	2008
97.	Heimer, Thomas / Hölscher, Luise / Werner, Matthias Ralf Access to Finance and Venture Capital for Industrial SMEs	2008
96.	Böttger, Marc / Guthoff, Anja / Heidorn, Thomas Loss Given Default Modelle zur Schätzung von Recovery Rates	2008
95.	Almer, Thomas / Heidorn, Thomas / Schmaltz, Christian The Dynamics of Short- and Long-Term CDS-spreads of Banks	2008
94.	Barthel, Erich / Wollersheim, Jutta Kulturunterschiede bei Mergers & Acquisitions: Entwicklung eines Konzeptes zur Durchführung einer Cultural Due Diligence	2008
93.	Heidorn, Thomas / Kunze, Wolfgang / Schmaltz, Christian Liquiditätsmodellierung von Kreditzusagen (Term Facilities and Revolver)	2008
92.	Burger, Andreas Produktivität und Effizienz in Banken – Terminologie, Methoden und Status quo	2008
91.	Löchel, Horst / Pecher, Florian The Strategic Value of Investments in Chinese Banks by Foreign Financial Institutions	2008
90.	Schalast, Christoph / Morgenschweis, Bernd / Sprengel, Hans Otto / Ockens, Klaas / Stachuletz, Rainer / Safran, Robert Der deutsche NPL Markt 2007: Aktuelle Entwicklungen, Verkauf und Bewertung – Berichte und Referate des NPL Forums 2007	2008
89.	Schalast, Christoph / Stralkowski, Ingo 10 Jahre deutsche Buyouts	2008
88.	Banner, Christina E./ Hirsch, Christian The Economics of Rating Watchlists: Evidence from Rating Changes	2007
87.	Demidova-Menzel, Nadeshda / Heidorn, Thomas Gold in the Investment Portfolio	2007
86.	Hölscher, Luise / Rosenthal, Johannes Leistungsmessung der Internen Revision	2007
85.	Banner, Christina / Hänsel, Dennis Determinants of banks’ engagement in loan securitization	2007
84.	Banner, Christina “Smoothing“ versus “Timeliness“ - Wann sind stabile Ratings optimal und welche Anforderungen sind an optimale Berichtsregeln zu stellen?	2007
83.	Banner, Christina E. Heterogeneous Multiple Bank Financing: Does it Reduce Inefficient Credit-Renegotiation Incidences?	2007

Social Capital, Chinese Style: Individualism, Relational Collectivism
and the Cultural Embeddedness of the Institutions-Performance Link

82.	Cremers, Heinz / Löhr, Andreas Deskription und Bewertung strukturierter Produkte unter besonderer Berücksichtigung verschiedener Marktszenarien	2007
81.	Demidova-Menzel, Nadeshda / Heidorn, Thomas Commodities in Asset Management	2007
80.	Cremers, Heinz / Walzner, Jens Risikosteuerung mit Kreditderivaten unter besonderer Berücksichtigung von Credit Default Swaps	2007
79.	Cremers, Heinz / Traughber, Patrick Handlungsalternativen einer Genossenschaftsbank im Investmentprozess unter Berücksichtigung der Risikotragfähigkeit	2007
78.	Gerdesmeier, Dieter / Roffia, Barbara Monetary Analysis: A VAR Perspective	2007
77.	Heidorn, Thomas / Kaiser, Dieter G. / Muschiol, Andrea Portfoliooptimierung mit Hedgefonds unter Berücksichtigung höherer Momente der Verteilung	2007
76.	Jobe, Clemens J. / Ockens, Klaas / Safran, Robert / Schalast, Christoph Work-Out und Servicing von notleidenden Krediten – Berichte und Referate des HfB-NPL Servicing Forums 2006	2006
75.	Abrar, Kamyar / Schalast, Christoph Fusionskontrolle in dynamischen Netzsektoren am Beispiel des Breitbandkabelsektors	2006
74.	Schalast, Christoph / Schanz, Kay-Michael Wertpapierprospekte: Markteinführungspublizität nach EU-Prospektverordnung und Wertpapierprospektgesetz 2005	2006
73.	Dickler, Robert A. / Schalast, Christoph Distressed Debt in Germany: What´s Next? Possible Innovative Exit Strategies	2006
72.	Belke, Ansgar / Polleit, Thorsten How the ECB and the US Fed set interest rates	2006
71.	Heidorn, Thomas / Hoppe, Christian / Kaiser, Dieter G. Heterogenität von Hedgefondsindizes	2006
70.	Baumann, Stefan / Löchel, Horst The Endogeneity Approach of the Theory of Optimum Currency Areas - What does it mean for ASEAN + 3?	2006
69.	Heidorn, Thomas / Trautmann, Alexandra Niederschlagsderivate	2005
68.	Heidorn, Thomas / Hoppe, Christian / Kaiser, Dieter G. Möglichkeiten der Strukturierung von Hedgefondsportfolios	2005
67.	Belke, Ansgar / Polleit, Thorsten (How) Do Stock Market Returns React to Monetary Policy ? An ARDL Cointegration Analysis for Germany	2005
66.	Daynes, Christian / Schalast, Christoph Aktuelle Rechtsfragen des Bank- und Kapitalmarktsrechts II: Distressed Debt - Investing in Deutschland	2005
65.	Gerdesmeier, Dieter / Polleit, Thorsten Measures of excess liquidity	2005
64.	Becker, Gernot M. / Harding, Perham / Hölscher, Luise Financing the Embedded Value of Life Insurance Portfolios	2005
63.	Schalast, Christoph Modernisierung der Wasserwirtschaft im Spannungsfeld von Umweltschutz und Wettbewerb – Braucht Deutschland eine Rechtsgrundlage für die Vergabe von Wasserversorgungskonzessionen? –	2005
62.	Bayer, Marcus / Cremers, Heinz / Kluß, Norbert Wertsicherungsstrategien für das Asset Management	2005
61.	Löchel, Horst / Polleit, Thorsten A case for money in the ECB monetary policy strategy	2005
60.	Richard, Jörg / Schalast, Christoph / Schanz, Kay-Michael Unternehmen im Prime Standard - „Staying Public“ oder „Going Private“? - Nutzenanalyse der Börsennotiz -	2004
59.	Heun, Michael / Schlink, Torsten Early Warning Systems of Financial Crises - Implementation of a currency crisis model for Uganda	2004
58.	Heimer, Thomas / Köhler, Thomas Auswirkungen des Basel II Akkords auf österreichische KMU	2004
57.	Heidorn, Thomas / Meyer, Bernd / Pietrowiak, Alexander Performanceeffekte nach Directors Dealings in Deutschland, Italien und den Niederlanden	2004
56.	Gerdesmeier, Dieter / Roffia, Barbara The Relevance of real-time data in estimating reaction functions for the euro area	2004

Social Capital, Chinese Style: Individualism, Relational Collectivism
and the Cultural Embeddedness of the Institutions-Performance Link

55.	Barthel, Erich / Gierig, Rauno / Kühn, Ilmhart-Wolfram Unterschiedliche Ansätze zur Messung des Humankapitals	2004
54.	Anders, Dietmar / Binder, Andreas / Hesdahl, Ralf / Schalast, Christoph / Thöne, Thomas Aktuelle Rechtsfragen des Bank- und Kapitalmarktrechts I : Non-Performing-Loans / Faule Kredite - Handel, Work-Out, Outsourcing und Securitisation	2004
53.	Polleit, Thorsten The Slowdown in German Bank Lending – Revisited	2004
52.	Heidorn, Thomas / Siragusano, Tindaro Die Anwendbarkeit der Behavioral Finance im Devisenmarkt	2004
51.	Schütze, Daniel / Schalast, Christoph (Hrsg.) Wider die Verschleuderung von Unternehmen durch Pfandversteigerung	2004
50.	Gerhold, Mirko / Heidorn, Thomas Investitionen und Emissionen von Convertible Bonds (Wandelanleihen)	2004
49.	Chevalier, Pierre / Heidorn, Thomas / Krieger, Christian Temperaturderivate zur strategischen Absicherung von Beschaffungs- und Absatzrisiken	2003
48.	Becker, Gernot M. / Seeger, Norbert Internationale Cash Flow-Rechnungen aus Eigner- und Gläubigersicht	2003
47.	Boenkost, Wolfram / Schmidt, Wolfgang M. Notes on convexity and quanto adjustments for interest rates and related options	2003
46.	Hess, Dieter Determinants of the relative price impact of unanticipated Information in U.S. macroeconomic releases	2003
45.	Cremers, Heinz / Kluß, Norbert / König, Markus Incentive Fees. Erfolgsabhängige Vergütungsmodelle deutscher Publikumsfonds	2003
44.	Heidorn, Thomas / König, Lars Investitionen in Collateralized Debt Obligations	2003
43.	Kahlert, Holger / Seeger, Norbert Bilanzierung von Unternehmenszusammenschlüssen nach US-GAAP	2003
42.	Beiträge von Studierenden des Studiengangs BBA 012 unter Begleitung von Prof. Dr. Norbert Seeger Rechnungslegung im Umbruch - HGB-Bilanzierung im Wettbewerb mit den internationalen Standards nach IAS und US-GAAP	2003
41.	Overbeck, Ludger / Schmidt, Wolfgang Modeling Default Dependence with Threshold Models	2003
40.	Balthasar, Daniel / Cremers, Heinz / Schmidt, Michael Portfoliooptimierung mit Hedge Fonds unter besonderer Berücksichtigung der Risikokomponente	2002
39.	Heidorn, Thomas / Kantwill, Jens Eine empirische Analyse der Spreadunterschiede von Festsatzanleihen zu Floatern im Euroraum und deren Zusammenhang zum Preis eines Credit Default Swaps	2002
38.	Böttcher, Henner / Seeger, Norbert Bilanzierung von Finanzderivaten nach HGB, EstG, IAS und US-GAAP	2003
37.	Moormann, Jürgen Terminologie und Glossar der Bankinformatik	2002
36.	Heidorn, Thomas Bewertung von Kreditprodukten und Credit Default Swaps	2001
35.	Heidorn, Thomas / Weier, Sven Einführung in die fundamentale Aktienanalyse	2001
34.	Seeger, Norbert International Accounting Standards (IAS)	2001
33.	Moormann, Jürgen / Stehling, Frank Strategic Positioning of E-Commerce Business Models in the Portfolio of Corporate Banking	2001
32.	Sokolovsky, Zbynek / Strohhecker, Jürgen Fit für den Euro, Simulationsbasierte Euro-Maßnahmenplanung für Dresdner-Bank-Geschäftsstellen	2001
31.	Roßbach, Peter Behavioral Finance - Eine Alternative zur vorherrschenden Kapitalmarkttheorie?	2001
30.	Heidorn, Thomas / Jaster, Oliver / Willeitner, Ulrich Event Risk Covenants	2001

Social Capital, Chinese Style: Individualism, Relational Collectivism
and the Cultural Embeddedness of the Institutions-Performance Link

29.	Biswas, Rita / Löchel, Horst Recent Trends in U.S. and German Banking: Convergence or Divergence?	2001
28.	Eberle, Günter Georg / Löchel, Horst Die Auswirkungen des Übergangs zum Kapitaldeckungsverfahren in der Rentenversicherung auf die Kapitalmärkte	2001
27.	Heidorn, Thomas / Klein, Hans-Dieter / Siebrecht, Frank Economic Value Added zur Prognose der Performance europäischer Aktien	2000
26.	Cremers, Heinz Konvergenz der binomialen Optionspreismodelle gegen das Modell von Black/Scholes/Merton	2000
25.	Löchel, Horst Die ökonomischen Dimensionen der ‚New Economy‘	2000
24.	Frank, Axel / Moormann, Jürgen Grenzen des Outsourcing: Eine Exploration am Beispiel von Direktbanken	2000
23.	Heidorn, Thomas / Schmidt, Peter / Seiler, Stefan Neue Möglichkeiten durch die Namensaktie	2000
22.	Böger, Andreas / Heidorn, Thomas / Graf Waldstein, Philipp Hybrides Kernkapital für Kreditinstitute	2000
21.	Heidorn, Thomas Entscheidungsorientierte Mindestmargenkalkulation	2000
20.	Wolf, Birgit Die Eigenmittelkonzeption des § 10 KWG	2000
19.	Cremers, Heinz / Robé, Sophie / Thiele, Dirk Beta als Risikomaß - Eine Untersuchung am europäischen Aktienmarkt	2000
18.	Cremers, Heinz Optionspreisbestimmung	1999
17.	Cremers, Heinz Value at Risk-Konzepte für Marktrisiken	1999
16.	Chevalier, Pierre / Heidorn, Thomas / Rütze, Merle Gründung einer deutschen Strombörse für Elektrizitätsderivate	1999
15.	Deister, Daniel / Ehrlicher, Sven / Heidorn, Thomas CatBonds	1999
14.	Jochum, Eduard Hoshin Kanri / Management by Policy (MbP)	1999
13.	Heidorn, Thomas Kreditderivate	1999
12.	Heidorn, Thomas Kreditrisiko (CreditMetrics)	1999
11.	Moormann, Jürgen Terminologie und Glossar der Bankinformatik	1999
10.	Löchel, Horst The EMU and the Theory of Optimum Currency Areas	1998
09.	Löchel, Horst Die Geldpolitik im Währungsraum des Euro	1998
08.	Heidorn, Thomas / Hund, Jürgen Die Umstellung auf die Stückaktie für deutsche Aktiengesellschaften	1998
07.	Moormann, Jürgen Stand und Perspektiven der Informationsverarbeitung in Banken	1998
06.	Heidorn, Thomas / Schmidt, Wolfgang LIBOR in Arrears	1998
05.	Jahresbericht 1997	1998
04.	Ecker, Thomas / Moormann, Jürgen Die Bank als Betreiberin einer elektronischen Shopping-Mall	1997
03.	Jahresbericht 1996	1997
02.	Cremers, Heinz / Schwarz, Willi Interpolation of Discount Factors	1996

01. Moormann, Jürgen
Lean Reporting und Führungsinformationssysteme bei deutschen Finanzdienstleistern 1995

**FRANKFURT SCHOOL / HFB – WORKING PAPER SERIES
CENTRE FOR PRACTICAL QUANTITATIVE FINANCE**

No.	Author/Title	Year
21.	Packham, Natalie / Schlögl, Lutz / Schmidt, Wolfgang M. Credit dynamics in a first passage time model with jumps	2009
20.	Reiswich, Dimitri / Wystup, Uwe FX Volatility Smile Construction	2009
19.	Reiswich, Dimitri / Tompkins, Robert Potential PCA Interpretation Problems for Volatility Smile Dynamics	2009
18.	Keller-Ressel, Martin / Kilin, Fiodar Forward-Start Options in the Barndorff-Nielsen-Shephard Model	2008
17.	Gribsch, Susanne / Wystup, Uwe On the Valuation of Fader and Discrete Barrier Options in Heston's Stochastic Volatility Model	2008
16.	Veiga, Carlos / Wystup, Uwe Closed Formula for Options with Discrete Dividends and its Derivatives	2008
15.	Packham, Natalie / Schmidt, Wolfgang Latin hypercube sampling with dependence and applications in finance	2008
14.	Hakala, Jürgen / Wystup, Uwe FX Basket Options	2008
13.	Weber, Andreas / Wystup, Uwe Vergleich von Anlagestrategien bei Riesterrenten ohne Berücksichtigung von Gebühren. Eine Simulationsstudie zur Verteilung der Renditen	2008
12.	Weber, Andreas / Wystup, Uwe Riesterrente im Vergleich. Eine Simulationsstudie zur Verteilung der Renditen	2008
11.	Wystup, Uwe Vanna-Volga Pricing	2008
10.	Wystup, Uwe Foreign Exchange Quanto Options	2008
09.	Wystup, Uwe Foreign Exchange Symmetries	2008
08.	Becker, Christoph / Wystup, Uwe Was kostet eine Garantie? Ein statistischer Vergleich der Rendite von langfristigen Anlagen	2008
07.	Schmidt, Wolfgang Default Swaps and Hedging Credit Baskets	2007
06.	Kilin, Fiodor Accelerating the Calibration of Stochastic Volatility Models	2007
05.	Gribsch, Susanne/ Kühn, Christoph / Wystup, Uwe Instalment Options: A Closed-Form Solution and the Limiting Case	2007
04.	Boenkost, Wolfram / Schmidt, Wolfgang M. Interest Rate Convexity and the Volatility Smile	2006
03.	Becker, Christoph/ Wystup, Uwe On the Cost of Delayed Currency Fixing	2005
02.	Boenkost, Wolfram / Schmidt, Wolfgang M. Cross currency swap valuation	2004
01.	Wallner, Christian / Wystup, Uwe Efficient Computation of Option Price Sensitivities for Options of American Style	2004

HFB – SONDERARBEITSBERICHTE DER HFB - BUSINESS SCHOOL OF FINANCE & MANAGEMENT

No.	Author/Title	Year
01.	Nicole Kahmer / Jürgen Moormann Studie zur Ausrichtung von Banken an Kundenprozessen am Beispiel des Internet (Preis: € 120,--)	2003

Printed edition: € 25.00 + € 2.50 shipping

Download:

Working Paper: http://www.frankfurt-school.de/content/de/research/Publications/list_of_publication0.html

CPQF: http://www.frankfurt-school.de/content/de/research/quantitative_Finance/research_publications.html

Order address / contact

Frankfurt School of Finance & Management

Sonnemannstr. 9–11 ■ D–60314 Frankfurt/M. ■ Germany

Phone: +49 (0) 69 154 008 – 734 ■ Fax: +49 (0) 69 154 008 – 728

eMail: m.biemer@frankfurt-school.de

Further information about Frankfurt School of Finance & Management
may be obtained at: <http://www.frankfurt-school.de>