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Guanxi social-network ties: Predicting graduate employment with internship host-organisations in China

Philip Rose

Corresponding author: Philip Rose (prof.rose@hnulinton.org)

1 Hannam University, Republic of Korea
http://orcid.org/0000-0001-6349-3189

Abstract

Globally internships are utilized to enhance the university learning experience and improve graduate employment. The expanding application of internships in the graduate recruitment and selection process has traditionally received less attention in the literature, and whilst this trend has crossed national borders, the transferability of this practice has largely been assumed rather than empirically substantiated. Hence, this study investigates how a culturally specific form of social-networking, namely guanxi, impacts on employment outcomes from internships, for graduates within the Chinese context. This study involved the collection of longitudinal data at two time intervals from intern-supervisor dyads (N=303), in order to determine the role of guanxi in predicting the conversion of an intern into an employee with their internship host-organisation. These findings highlight the role of cultural context in shaping and potentially undermining desired graduate employment outcomes from Work-Integrated Learning initiatives such as internships.

Keywords

Work-Integrated Learning, internships, graduate employment, social-networking, Guanxi, China

Introduction

Internationally student participation in Work-Integrated Learning (WIL) programs has become an increasingly prevalent component of the higher education experience. WIL is used as an umbrella term that captures student activities which attempt to integrate academic programs with practical application in the workplace (Khampirat & McRae, 2016; Nagle, Lannon, & McMahon, 2018). Although, WIL has expanded its scope beyond internships, they remain a foundational component of WIL as a means by which university students can gain real world career relevant work experience in settings outside of the classroom and prior to graduation. It should be noted that when the term ‘internship’ is used, the level of structure and systematic integration with an intern’s academic learning is generally low, relative to other forms of WIL such us co-operative education (D’abate, Youndt, & Wenzel, 2009). Although the term internship was originally associated with medical students in the United States, large scale participation in internships has expanded across course majors and nations, becoming an integral component of the higher education experience globally (Dessinger, 2006; Jackson, 2018; Rose, 2020b). In the present study internships are operationally defined as a credit bearing work placement completed by a student prior to graduation from a
degree program. Paralleling, the growth of student participation in internships, a growing number of organisations now utilise internships as a core component of their graduate recruitment and selection strategy (Cook, Parker, & Pettijohn, 2004; National Association of College and Employers (NACE), 2018).

Despite the expanding role of internships internationally, less is known about the practice of internships in contexts outside of the West, as the majority of extant internship knowledge is founded on research conducted in Western research contexts (Zegwaard, 2012; Zegwaard, 2019b). This bias in the research is tied to the traditional objective of scientific research of developing generalised theories which explain and predict phenomenon, independent of their context (Hempel, 1965). However, the applicability of this objective has long been challenged in the context of socially-based phenomena (Hickson, Hinings, McMillian, & Schwitter, 1974; Tsui, 2007). This objective has been particularly questioned in relation to Asian workplace contexts, given the historical and cultural dominance of the West in establishing the extant body of contemporary employment related knowledge (Tsui, 2004; Van de Ven & Jing, 2012). Coupled with the acknowledgement that variables within the Asian context shape phenomenon in a manner which is distinct from the West (Bae, Rowley, & Sohn, 2012; Hofstede & Hofstede, 2005; Rowley, Benson, & Warner, 2004; Tsui, 2007). Such positions justify a more emic approach to research when exploring WIL and employment within Asian national contexts. An approach has been utilised in previous research that sought to highlight the potential role of national context in shaping the practice of WIL and subsequent graduate employment outcomes in contexts such as China and South Korea (Rose, 2018c, 2019, 2020b).

Globally, stakeholders increasingly expect that higher education providers will design their educational programs with a view to enhancing graduate employment outcomes (Business Industry and Higher Education Collaboration Council, 2007; Clarke, 2018; Jackson, 2014). At the same time higher education student movements have become increasing globalized (Shields, 2013; Teichler, 2017). As a consequence, employability is no longer conceptualized only within Western graduate employment contexts. For instance, Ferguson and Sonnenschein (2020) highlight the culturally distinct role that social-networking practices play in determining employment outcomes for Australian vs Chinese students upon graduation. The increased influence of social networks in China for graduates can be attributed to the central role a culturally distinct form of social –networking practice, known as guanxi, plays in all facets of Chinese life. The term guanxi is translated as ‘connections’, ‘relations’, or ‘relationships’ (Chen, Chen, & Xin, 2004; Ren & Chadee, 2017a, 2017b). More exactly, guanxi refers to particular ties rooted in a common background and experience that facilitate exchange (Tsui & Farh, 1997) and form the links in a Chinese social world of intertwined relationships. These relationships impact on social and economic transactions (Barbalet, 2017a; Bian, 1997; Hwang, 2004; Jacobs, 1979; Yang, 1997), including an established role in determining employment and career outcomes (Bian, 1997; Bian & Ang, 1997; Cheung & Gui, 2006; Yang, Feng, Meng, & Qiu, 2019). Against this backdrop, the present study aims to extend the previously limited research by situating graduate employment outcomes derived from educational programs within a specific national context. Specifically, this study aims to investigate the influence of the contextually salient variable of guanxi in determining intern-employment outcomes with Chinese host-organisations. The results of this study will enable higher education providers to better calibrate their programs to specific cultural contexts, and hence optimise graduate employment outcomes for diverse student bodies, across national contexts.

**Internships and guanxi**

The internship experience has been linked to post-hire retention, job performance and career progression (Gault, Leach, & Duey, 2010). As a result internships are increasingly being used by more higher education providers as a means by which to attract and identify graduate employees who are able to perform in the post-hire period. Despite the apparent suitability of internships as a recruitment and selection tool, the literature has largely neglected the process of employment via
internships, and has traditionally focused on a narrow range of employee selection methods including interviews (Posthuma, Morgeson, & Campion, 2002), situational judgement tests (Whetzel & McDaniel, 2009) and assessment centres (Thornton III, & Gibbons, 2009). However, the ability of these methods to predict post-employment behaviours, such as job performance, has been questioned given that they evaluate employment candidates in maximum performance, rather than in typical performance settings (Arthur, Glaze, Villado, & Taylor, 2009; Macan, 2009; Thornton III, & Gibbons, 2009). This has led to calls to broaden the scope of research to include alternative recruitment and selection methods that are capable of overcoming these weaknesses (Thornton III & Gibbons, 2009).

As an employee attraction, recruitment and selection strategy, the strength of internships is in their potential to facilitate the simultaneous evaluation of employees in an actual workplace setting over an extended period of time, whilst also allowing an intern to evaluate a potential future employer (Resick, Baltes, & Shantz, 2007). However most research has focused on interns’ experiences in terms of learning outcomes and the acquisition of general career resources and outcomes, such as self-efficacy, rather than the process of conversion from intern to employee with the host-organisation (Inceoglu, Selenko, McDowall, & Schlachter, 2019). As interns occupy a blurred status of student, entry level employee and graduate employment candidate, much remains unknown regarding how an internship experience impacts on graduate employment with host-organisations. Thus, the current study aims to contribute to a body of work seeking to better understand the process by which an intern is converted into a graduate employee (Newman, Rose, & Teo, 2016; Rose, P., 2018; Zhao & Liden, 2011a).

In order to understand the process of conversion from student/intern to graduate/employee, an understanding of the influence of contextual variables in this process is required. A known contextual variable which is relevant to job seekers’ employment outcomes across national contexts, is social networks (Burt, 1992; Luo, 2000; Xin & Pearce, 1996). This is a variable which has been found to play an amplified role within the Chinese employment context (Barbalet, 2017b; Chen, Chen, & Huang, 2013; Chen & Chen, 2004; Luo, Huang, & Wang, 2012). Due to the pervasive nature of guanxi within Chinese society, guanxi is regarded as a core contextual and unique variable for researchers seeking to better understand the contemporary Chinese employment and workplace context (Ahmed, Ismail, & Amin, 2014; Chou, Han, & Zhang, 2014; Ferguson & Sonnenschein, 2020).

As previously stated, social-networks are known to influence employment outcomes for job seekers across national contexts (Granovetter, 1995; Rebick, 2000), given social-networks provide job seekers with both strong and weak network ties that can provide information and referrals leading to employment (Granovetter, 1995; Waldinger, 1996). In Western employment contexts, weak ties such as those associated with acquaintances, provide more information regarding employment opportunities through having a wider spread, and thus have been shown to be more useful in gaining employment opportunities relative to strong ties (Bridges & Villemez, 1986; Granovetter, 1973; Montgomery, 1992). However, the converse relationship has been found within the Chinese labour market, where strong ties such as with immediate family members and associated with strong guanxi, have been shown to be more predictive of advantageous employment outcomes (Bian, 1994; Bian & Ang, 1997). Therefore strong guanxi ties and networks act as social resources for job seekers, impacting on employment and career success and leading to assertions that social-networks play a culturally distinct role within the Chinese employment context (Bian, 1994; Hwang, 1987; Lin, 1982; Xiao & Tsui, 2007).

The reason for the influence of strong social network ties in the Chinese labour market context is twofold: the pivotal role of guanxi in Chinese society coupled with the legacy of the centrally-controlled labour market of the planned economy era (Bian & Huang, 2009; Walder, 1986). In the planned economy era, strong personal ties with an individual who could exert influence on the employer were required in order to receive beneficial outcomes for job seekers. Consequently, information regarding employment opportunities received through weak ties was irrelevant for job seekers in this era (Bian, 1994, 1997). Post-labour market de-regulation, strong ties or strong guanxi

were predicted to play a declining role in shaping employment outcomes (Guthrie, 1998, 2002). However, research points to the sustained or even increasing impact of strong guanxi relationships in determining employment outcomes in China (Bian & Huang, 2009). However, less is known about the specific role of guanxi in influencing new graduate employment outcomes.

Prefaced on this contextual backdrop, this study proposes that pre-existing guanxi with an internship host-organisation that predates the internship will play an influential role in the process of conversion from student/intern to graduate/employee with the host organisation subsequent to the student’s graduation from university.

**Method**

**Participants**

Intern participants were recruited through the career offices of three universities located in China. The career offices provided the sampling frame and contact details of students scheduled to complete internships, subsequent to relevant internal review board ethics approval being obtained. At the time of recruitment, participants were students who had received an offer, but had not yet started the internship. All participants were undergraduate business school students from a variety of majors who were required to do internships as part of their degree course, the mean length of the internships was 3.21 months (S.D = 0.35). The participants were selected from within business school undergraduates, as this facilitated sampling from a wide range of internship experiences relative to more narrowly defined degree course internship programs such as engineering, or medicine. The internships did not follow a standardised structure or formalised integration with academic programs. As only 11.3% of the internships were part of a formal arrangement with the university, the internship experiences in this study match the standard definition of internships being lower in terms of formal structure and academic program integration, when contrasted with other forms of WIL such as co-operative education. A further characteristic of the internships is that 53.4% received payment for their internships.

A total of 1019 surveys were distributed to interns initially, of which 506 replied (response rate of 49.7%). After attrition, 306 intern-supervisor dyads were left in phase 2 of the study, on which analysis could be conducted. Among the interns, 199 (64.4%) were female, and their mean age was 21.8 years (S.D = 63). The internship organisations represented diverse ownership structures and industrial sectors as shown in Table 1 (below).

**Procedure**

A paper-based survey was initially distributed to interns at the commencement of the internship to gauge the strength of their guanxi with the host-organisation predating the internship. At the same time participants were asked to provide their demographic information, information on the organisation in which the internship was conducted, and the e-mail contact details of their workplace supervisor. In phase 2, information was collected regarding graduate employment outcomes from both the intern and their host-organisations represented by supervisors. Information was collected electronically via SMS three months after the intern’s university graduation. Both the interns and supervisors were provided with a cover letter ensuring them of the confidentiality of their responses and outlining the voluntary nature of the survey. A small gift of approximately 2.00 USD in value was given for participation in the study.
Measurement

Pre-employment guanxi was measured using the 6 item Pre-Employment Guanxi scale (Rose, 2015) which was modified for internships (see Appendix). Conversion to employment was measured using an item developed for this study. The item for interns was ‘Are you currently employed or soon to commence employment as a full-time employee at the host organisation of your internship?’ and for the supervisors, ‘Is the (intern’s name) who previously completed an internship at your organisation, employed or soon to be employed, as a full-time employee at your organisation?’ Interns’ and supervisors’ responses were indicated on a dichotomous scale.

Prior to distribution, the established process of back translation recommended by Brislin (1981) was utilised to translate the English version of the survey into Chinese, and ensure semantic equivalence between both versions. The Chinese version of the survey was then piloted on interns who were not included in the final sample. On the basis of the pilot study, a number of minor modifications were made to the Chinese translation of items.

Results

Table 2 presents the means, standard deviations and inter-correlations of the study’s variables (gender, age, payment, pre-existing guanxi and employment). The low correlations indicate that control variables and multicollinearity are unlikely to bias the results. In regards to the payment, there is a significantly negative correlation with guanxi, that is, students who utilised personal connections (guanxi) rather than formal channels to obtain their internship received less payment.

A one-way ANOVA was conducted to evaluate the effect of pre-existing guanxi with the internship host organisation on conversion to employment with the host-organisation subsequent to graduation. An analysis of the variance showed that a highly significant effect of pre-existing guanxi

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with the host organisation on conversion to employment with the host organisation subsequent to graduation, \(F(1,301) = 12.63, p = .000\), as shown in Table 3.

**Table 2: Means, Standard Deviations and Correlations**

<table>
<thead>
<tr>
<th>Variables</th>
<th>M</th>
<th>SD</th>
<th>1.</th>
<th>2.</th>
<th>3.</th>
<th>4.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>0.64</td>
<td>0.48</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age</td>
<td>21.43</td>
<td>0.63</td>
<td>-0.043</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payment</td>
<td>2.50</td>
<td>1.66</td>
<td>-0.078</td>
<td>0.056</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pre-Existing Guanxi</td>
<td>3.20</td>
<td>2.07</td>
<td>0.076</td>
<td>-0.091</td>
<td>-0.319**</td>
<td></td>
</tr>
<tr>
<td>Employment</td>
<td>1.41</td>
<td>0.49</td>
<td>-0.001</td>
<td>-0.104</td>
<td>-0.033</td>
<td>0.201**</td>
</tr>
</tbody>
</table>

Note: \(n=303\) \(^*p < .05\), \(^{**}p < .01\), \(^{***}p<.001\)

**Table 3: ANOVA Results**

<table>
<thead>
<tr>
<th>Predictor</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>p</th>
<th>(r^2)</th>
<th>95% CI [LL, UL]</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>2.96</td>
<td>1</td>
<td>12.639</td>
<td>12.639</td>
<td>.000</td>
<td>.040</td>
<td>[.021,074]</td>
</tr>
<tr>
<td>Residual</td>
<td>70.63</td>
<td>301</td>
<td>.235</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>73.60</td>
<td>302</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: \(n=303\), LL and UL represent the lower-limit and upper-limit of the partial confidence \(r^2\) interval respectively

**Discussion**

Despite the widespread practice of internships globally, little is known regarding the practice and outcomes of WIL in contexts outside of the West, thus the findings of this paper answer calls for research on WIL contextualized to the Asian region (Rose, 2018a, 2020a; Zegwaard, 2019a). Furthermore, the study’s findings contribute to extending the limited work which investigates the process by which students/interns are converted to graduate/employees (Beenen & Pichler, 2014; Newman et al., 2016; Rose, 2018b). Specifically, by placing this process within the specific cultural context of China, the findings of this study empirically substantiate the link between graduate employment outcomes and the contextual variable of guanxi. This finding echoes that of previous studies on the influential role of interpersonal relationships in economic interactions both in Western and Chinese contexts (Burt, 1992; Luo, 2000; Xin & Pearce, 1996). Furthermore, these results support claims by other scholars that interpersonal relationships, captured by guanxi, are particularly influential in transactions which take place in China (Bian, 1997; Chen et al., 2013; Luo et al., 2012; Zhang & Zhang, 2006), including employment outcomes (Bian, 1997; Cheung & Gui, 2006; Hwang, 2004; Ren & Chadee, 2017b; Yang et al., 2019). The current study extends this linkage into a new employment context, namely the conversion of students/interns into graduates/employees and confirms research demonstrating the resilient impact of strong guanxi relationships in determining employment outcomes in the Chinese employment market (Bian & Huang, 2009; Yang, Feng, Meng, & Qiu, 2019).
The results of this study establish a sequence within which there is a highly significant relationship, between utilisation of *guanxi* to obtain an internship position and employment with the host-organisation upon graduation (***p*.001). This result is consistent with the established practice of job seekers across employment contexts utilising social networks to gain employment referrals (Granovetter, 1995; Rebick, 2000). However this finding, in common with previous studies within the Chinese context, suggests that the influence of strong-ties represented by *guanxi* on employment outcomes goes beyond that of providing referrals and information about job openings, associated with weak-ties, as this study included the dimension of influence/power, which is known to be instrumental in determining preferential employment outcomes from *guanxi* in China (Bian, 1994; Bian & Ang, 1997; Bian & Huang, 2009). A side note of interest was that the majority of interns used their parents’ *guanxi* with the host-organisation, hence supporting claims that younger members of society are unlikely to possess sufficient personal *guanxi* with older members of society in this case host-organisation members, to enable influence on employment outcomes (Chow, 2004; Zang, 2003).

The findings are particularly relevant to the conceptualisation of internships in a graduate recruitment and selection capacity, given that they reveal that contextual factors, external to the internships, may predetermine an intern’s transition into regular employment. The results also suggest that contextual factors can undermine the effectiveness of internships as a means to attract and screen for interns who match the organisation’s requirements. Therefore, this study’s findings advance the important emerging body of research investigating host-organisations’ utilisation of internships as a recruitment and selection tool (Beenen & Mrousseau, 2010; Resick et al., 2007; Zhao & Liden, 2011).

The findings have practical implications for both host-organisation and universities. Firstly, a host organisation should be aware that the utilisation of internships, as an effective means to recruit and select qualified graduate employees, may be undermined by the influence of *guanxi*. Interns and graduates may perceive internship employment outcomes as predetermined, thereby discouraging interns who hope to gain employment via merit related to their internship performance. Thus *guanxi* may negatively impact more widely on a host-organisation’s branding as both an internship provider and as an employer amongst university interns and graduates. To mitigate this risk, host-organisations should ensure a level of transparency exists in their graduate employee selection process. This could include the formal evaluation of weighted selection criteria such as: internship performance; objective performance data from the internship; intern post-internship debriefs discussing selection criteria used; and future employment opportunities with the host organisation. For higher education providers, this issue may be mitigated by increasing the number of organised internship placements, rather than relying on individual interns to seek their own placements, within which *guanxi* is likely to play an enhanced role in determining the conversion of student/intern into graduate employee.

The practical implications of this study are not limited to Chinese higher education institutions, as China contributes the highest number of outbound students to international student movement and many of these student’s return to China to seek employment (Teichler, 2017). Thus, graduate employability can no longer be defined solely within the domestic context within which a student is educated. Higher education providers should incorporate a higher degree of cultural sensitivity within their efforts to enhance graduate employability, in this case the recognition that Chinese graduates may use networks of external links differently than other nationalities. Consequently universities may seek to facilitate a Chinese student’s leveraging of *guanxi* in their job seeking, for example universities could increase the opportunities for students to participate in internships in China to enable students to utilise their *guanxi* to open a potential pathway into graduate employment.

Study limitations

Although this study used data from multiple sources at two time intervals in order to mitigate threats of common method variance, it is acknowledged that a number of limitations should be taken into account when making generalizations based on the findings. Given the Chinese context, it remains unknown without further testing whether the findings generalise to alternative graduate employment contexts. Furthermore, future work building on the model tested in this study could explore additional unmeasured variables which may help to explain the pattern of results detected. For instance, external labor market conditions may influence intern to employee conversion, as perceived employment alternatives are known to influence graduate job seekers’ employment decisions (Day, 2005; Hulin, 1991). In addition, theories associated with the recruitment of external employment candidates, such as those associated with organisational attractiveness, special networks and recruitment information (Rynes, 1991; Zottoli & Wanous, 2000), may provide fruitful avenues of future studies aimed at enhancing understanding of the impact of social-networks on the process of conversion of student-intern to graduate-employee.

Conclusion

This study highlights the intersection between two contemporary trends in higher education, namely an increasing emphasis on graduate employability as an outcome of educational programs such as internships and the continued globalization of higher education. Specifically, the study places the transition of interns into graduate employees as the focal outcome of the internship process, and situates this process within the specific national context of China, demonstrating the role of guanxi in graduate employment. Thus, this study advocates for a conceptualization of graduate employability which is not constrained to the generic development of knowledge, skills and other qualities for employability presumed to be equally applicable across national contexts. Rather it suggests a conceptualization of individual student employability which incorporates the distinct characteristics of a national context, to better calibrate programs such as internships to optimize graduate employment outcomes across diverse national contexts.

References


