Digital Gifts at the Workplace:
An Exploratory Study on the Impact of E-Hongbao

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ABSTRACT

This study builds on the emergence of new gifting practices using *e-hongbaos* which are monetary gifts transferred between individuals made possible by digital communication platforms. This is an exploratory study on the impact of these innovations on intra-organizational relationships. Three types of intra-organizational relationships are considered: the employee's relationship with the organization, with the team, and with the manager. The findings of the study indicate positive impacts of *e-hongbao* at all organizational levels. The authors also identify the varying effects of *e-hongbao* on intra-organizational relationship outcomes depending on the occasion of gifting, as well as the mode, direction, and measure. Specifically, 'group' *e-hongbao*, a gamified group-gift enabled by the digitalization of gifting, has the strongest influence on intra-organizational relationships. The authors discuss the implications of these findings for theory and practice in the workplace and also offer future research directions.

KEYWORDS

China, Digital Innovation, E-Hongbao, Gifting, Intra-Organizational Relationships, Workplace

1. INTRODUCTION

Despite the growing body of research on digital innovation and the rich conceptualizations of the adoption of digital technologies, the outcomes of digital innovation have not been extensively examined in the literature (Kohli & Melville, 2019). In examining innovation as a field of research, Janssen et al. (2004, p. 129) outlined that "the virtually exclusive focus on determinants of innovation implies that too little attention has yet been given to the outcomes of innovation." Interestingly, this also applies to the limited number of studies examining the outcomes of digital innovation. In particular, to our knowledge, the outcomes of digital innovation on intra-organizational relationships have not been examined. While there are several studies that have outlined the role of an innovative environment and/ or innovative work behavior in influencing firm's performance (e.g., Dul and Ceylan, 2014), there are

very few studies examining the impact of digital innovation on work relations within an organization. Driven by this gap in the literature, we focus on exploring the outcomes of digital innovation in the context of digital gifting in the workplace and how this influences intra-organizational relationships.

In exploring digital gifts and gifting practices, we set this research in the context of China, one of the leading countries for the implementation and diffusion of digital innovations (McKinsey Global Institute, 2017). The concept of a 'cashless society', for instance, started as early as the 1950s as a futuristic projection in Western countries (Garcia-Swartz et al., 2006), but it is in China that most advances were made over the past decade, which is also where the first cashless society is expected to emerge in the near future (Abkowitz, 2018). The implementation of digitalization in China is led by the ubiquity of platforms such as WeChat and Alipay in every aspect of life, ranging from applying for micro-loans to settling driving penalty points. Indeed, a combination of the rapidly increasing market penetration of internet usage, with 802 million users as of 2018 (China Internet Network Information Centre) and the high degree of consolidation of digital service providers in China have enabled a rapid increase in the scope and pace of digitalization. In this context, many new phenomena occurring in China are bound to be novel in nature with yet-to-be-determined market and social outcomes.

In this paper, we explore new questions opened up by rapid digitalization in China by conducting an exploratory study on the impact of digital gifting – *e-hongbao*- at the workplace. Traditionally, *hongbao* (meaning 'red packet' in Mandarin Chinese) are red envelopes containing banknotes which are exchanged on special occasions such as the Chinese New Year (CNY), weddings, or other celebrations. The motivation behind the gifting of *hongbao* varies, including tradition, altruism, reciprocity, networking, or even bribery (Siu, 2001). With WeChat and Alipay increasingly emerging as the preferred payment method, an electronic red packet or *e-hongbao* function became available in 2014 to send 'electronic money' to one's contacts. Within just four years after its launch, *e-hongbao* has become a popular way of gifting, with 768 million people exchanging *e-hongbao* through WeChat on Chinese New Year's eve 2018 (Tencent, 2018).

Two main ways of gifting *e-hongbao* are now available and represent innovations at different levels: (i) a one-to-one gift in a private chatroom, which effectively brings the existing tradition of *hongbao* to the digital sphere; and (ii) a gamified version involving a group gift from one sender in a group chatroom, with a randomized amount for each receiver. The former, while appearing to be a simple application of the *hongbao* custom to online channels, differs in terms of how, when, and under which context it is gifted (Hudik & Fang, 2019), thereby forming a new social practice. The latter represents an entirely new, technology enabled, digital gifting practice that can be used at the workplace. For institutions and firms, both of these gifting practices are organizational innovations, which are defined as mechanisms used by organizations to respond to changing external pressures and competition by providing unique products, services, systems or methods (Alharbi et al., 2019).

Against this backdrop of *e-hongbao* as a new digital practice in China, we seek to consider the effect of *e-hongbao* gifting on employees' relationship with their organization, team, and manager. We argue that digitally enabled innovations can play an important role in altering work relations and interactions, and as such, we focus on examining work relations at different levels.

As a first engagement between digital gifting and organizational behavior, this study is exploratory in nature and aims to establish the potential role of new digital practices on a range of outcomes typically studied in the organizational behavior literature. These include organizational-level relations such as Perceived Organizational Support (POS) and Organizational Identification (OI), team-level relations such as Prosocial Motivation (PM), Team Satisfaction (TS), and Team Cohesion (TC), and manager-employee dyadic relationship such as Leader-Member Exchange (LMX). These constructs are further defined in Section 3.

These work relations are selected to provide a first assessment of the broader impact of these digital innovations at the workplace based on the extent of the literature related to these factors and their relationships with innovation. For example, Lyubovnikova et al. (2018) examined the effects of perceived organizational support on team productivity and innovation, while Liu et al. (2020)

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