

**This is an electronic reprint of the original article.
This reprint *may differ* from the original in pagination and typographic detail.**

Author(s): Nie, Dan; Lämsä, Anna-Maija

Title: The Leader–Member Exchange Theory in the Chinese Context and the Ethical Challenge of Guanxi

Year: 2015

Version:

Please cite the original version:

Nie, D., & Lämsä, A.-M. (2015). The Leader–Member Exchange Theory in the Chinese Context and the Ethical Challenge of Guanxi. *Journal of Business Ethics*, 128(4), 851-861. <https://doi.org/10.1007/s10551-013-1983-9>

All material supplied via JYX is protected by copyright and other intellectual property rights, and duplication or sale of all or part of any of the repository collections is not permitted, except that material may be duplicated by you for your research use or educational purposes in electronic or print form. You must obtain permission for any other use. Electronic or print copies may not be offered, whether for sale or otherwise to anyone who is not an authorised user.

The Leader-Member Exchange Theory in the Chinese Context and the Ethical Challenge of Guanxi

Dan Nie

dan.nie@jyu.fi

School of Business and Economics

P.O.Box 35, University of Jyväskylä

FI-40014, Jyväskylä, Finland

Anna-Maija Lämsä

anna-maija.lamsa@jyu.fi

School of Business and Economics

P.O.Box 35, University of Jyväskylä

FI-40014, Jyväskylä, Finland

1
2
3
4 **The Leader-Member Exchange Theory in the Chinese Context and**
5
6
7 **the Ethical Challenge of Guanxi**
8
9

10
11
12
13
14
15
16
17
18
19
20 Dan Nie

21
22
23 dan.nie@jyu.fi
24

25
26 School of Business and Economics
27

28
29 P.O.Box 35, University of Jyväskylä
30

31
32 FI-40014, Jyväskylä, Finland
33
34
35
36
37

38 Anna-Maija Lämsä

39
40
41 anna-maija.lamsa@jyu.fi
42

43
44 School of Business and Economics
45

46
47 P.O.Box 35, University of Jyväskylä
48

49
50 FI-40014, Jyväskylä, Finland
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

1
2
3
4 The Leader-Member Exchange Theory in the Chinese Context and the Ethical Challenge
5
6 of Guanxi
7
8
9

10 ABSTRACT.
11

12 The leader-member relationship has been identified as a key determinant of successful
13 working relationships and business outcomes in China. A high quality leader-member
14 relationship helps managers and employees to meet the demands they face and gives
15 them the opportunity to develop socially, emotionally and morally. Such relationships
16 form the basis of the overall well-being and success of the organisation. This article
17 contributes to relationally oriented leadership theories and more specifically to the
18 leader-member exchange (LMX) theory by examining the theory in the context of
19 Western expatriate managers and Chinese employees in China. The first aim of the study
20 is to analyse the similarities and differences between the LMX theory, which owes its
21 origins to Western corporate experience, and the social and moral norms of *guanxi*, a
22 crucial element in the Chinese value system. Since Westerners and Chinese people can
23 give different interpretations to *guanxi*, the second aim of the article is to discuss the
24 ethical challenges to the Western manager arising from *guanxi*. The findings of this study
25 have implications not only for China, but also for other Chinese communities (Macau,
26 Taiwan, Hong Kong, the Philippines, and Singapore) where *guanxi* is endorsed and
27 practised.
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50

51
52
53
54 KEY WORDS: Leader-member relationship, LMX, leadership, values, ethics,
55 Confucianism, guanxi, China
56
57
58
59
60
61
62
63
64
65

1
2
3
4 **Introduction**
5

6 The significant economic changes in China in recent years have led to a surge of interest
7 in the Western business world in increased co-operation with China. One key factor in
8 business success in the Chinese context for expatriate managers from the West is the
9 development of constructive relationships with the local Chinese staff with whom they
10 are working (Economist intelligence Unit, 1996; Law et al., 2010). A high quality
11 relationship helps managers and employees meet the demands they face and gives them
12 the opportunity to develop socially, emotionally and morally (Uhl-Bien, 2006). Such a
13 relationship is also the basis of the overall well-being and success of the organisation.
14
15

16 Since the relationship between a manager and a subordinate is known to be critical
17 in determining outcomes at work (Brower et al., 2000; Uhl-Bien, 2006), Western
18 expatriate managers have been under increasing pressure to build up and maintain
19 effective and sustainable relationships with local Chinese employees. One particular
20 leadership theory, the leader-member exchange theory, known as LMX, which
21 emphasises the importance of relationships, can be useful in the Chinese context
22 (Redding & Wong, 1986; Yang, 1993; Hui & Graen, 1997). According to the LMX theory,
23 the higher the quality of leader-member relationship between the manager and his / her
24 subordinates, the more positive the effect on work will be (Gerstner & Day, 1997;
25 Cogliser et al., 2009). The LMX theory is probably among the relational leadership
26 frameworks that is best known to Western managers nowadays (Cogliser et al., 2009;
27 Ladkin, 2010; Dulebohn et al., 2011; Walumbwa et al., 2011).
28
29

30 However, the LMX theory is a globally promoted construct that has its origins in
31 Western corporate experience. Directly transplanting the ideas of the theory as practised
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

1
2
3
4 by many multinational or Western managers to a Chinese context may not produce a
5
6 good cultural fit, and this might make development of the leader-member relationship
7
8 difficult. In line with Ciulla (2008), we argue in this paper that leadership as a human
9
10 phenomenon is embedded in culture. Culture affects leadership in ways that are not
11
12 readily apparent. Therefore, the question of how to apply the ideas of LMX in the context
13
14 of Chinese culture becomes very important for Western managers who take local values
15
16 seriously. Without an understanding of local values, it is difficult for Western managers
17
18 to overcome cultural barriers and build constructive and nourishing leader-member
19
20 relationships with local employees (Chen & Chen, 2004; Ladkin, 2010).
21
22
23
24

25
26 One of the most important elements of Chinese social values, *guanxi*, was chosen
27
28 for this study. *Guanxi* highlights the importance of the particular relationship between
29
30 two parties (Chen & Chen, 2004; Chen & Tjosvold, 2007; Huang & Wang, 2011), such as
31
32 the leader-member relationship between a manager and a subordinate, and shares many
33
34 things in common with the LMX theory. However, although it is one of the key factors in
35
36 successful leadership in China, the role of *guanxi* and the subtleties of the concept may
37
38 not be familiar to Westerners. We therefore take as our first aim in this study an analysis
39
40 of the similarities and differences between the LMX theory and the social and moral
41
42 norms of *guanxi*. By comparing the traditional Confucian value system in China and
43
44 specifically the related ideas of *guanxi* with the LMX theory, we hope to show Western
45
46 expatriate managers how they can successfully build effective and sustainable
47
48 leader-member relationships with local employees in China. Finding shared meanings
49
50 and values in leadership allows people to work together in productive and potentially
51
52 harmonious ways (Ladkin, 2010).
53
54
55
56
57
58
59
60
61
62
63
64
65

1
2
3
4 Prior research shows that Western and Chinese people understand *guanxi* differently
5
6 (Chan et al., 2002; Su et al., 2003; Verhezen, 2008). Westerners tend to view it as
7
8 unethical behaviour (Chan et al., 2002), whereas to Chinese people *guanxi* is an inherent
9
10 part of their work ethic, and a critical and ethical way of acting in Chinese organisations
11
12 (Su et al., 2003). In order to make *guanxi* and its ethical challenges clearer to Western
13
14 managers, our second aim in this paper is to identify and discuss the ethical challenges
15
16 posed by *guanxi* in the leader-member relationship between a Western manager and local
17
18 staff and consider what the westerner needs to take into consideration in the Chinese
19
20 work context. One question is how to use this more personal and less transactional
21
22 approach properly and ethically. The results of this discussion may also have implications
23
24 for Westerners working in other Chinese communities (Macau, Taiwan, Hong Kong, the
25
26 Philippines, and Singapore) where *guanxi* is endorsed and practised.
27
28
29
30
31
32

33 The article is structured as follows. First of all we clarify and analyse the
34
35 background and development of the LMX theory. Then, basing our discussion on an
36
37 analysis of Confucianism and its moral rules for social conduct, we discuss *guanxi*. Next,
38
39 we explore the similarities and differences between the ideas of the LMX theory and
40
41 *guanxi* and consider what Western managers need to pay attention to in practice in order
42
43 to build effective leader-member relationships with Chinese employees. We then discuss
44
45 the ethical challenges that practising *guanxi* presents to Western managers. Finally, we
46
47 offer our suggestions and present our conclusion.
48
49
50
51
52
53

54 **Background and Development of the LMX theory**

55 The LMX theory is interested in the work relationship that is formed between the leader
56
57
58
59
60
61
62
63
64
65

1
2
3
4 and the follower. Initially, the theory was called the Vertical Dyad Linkage (VDL) model
5
6 and was developed over 30 years ago (Graen, 1975). The LMX theory is based on the
7
8 principle that each leader-follower relationship within a work group is unique and
9
10 varying in quality (Anand et al., 2011). According to the theory, relationships and work
11
12 roles are developed or negotiated over time through a series of various interactions
13
14 between the leader and the follower that defines the different types of relationships: low
15
16 quality and high-quality relationships (Bauer & Green, 1996). Low LMX relationships
17
18 are characterised by economic exchange based mainly on formal and tangible assets, such
19
20 as employment contracts and payment (Blau, 1964; Dulebohn et al., 2011), whereas
21
22 people in high-quality relationships will get far more than those in low relationships, not
23
24 only in terms of economic exchange, but also in social exchange; more specifically, such
25
26 values as mutual trust, obligation, respect, loyalty and reciprocity will become the
27
28 dominant features in the relationship (Liden & Maslyn, 1998; Uhl-Bien & Maslyn, 2003).
29
30
31
32
33
34
35

36 The LMX theory is rooted in two main theories: role theory (Graen, 1976; Dienesch
37
38 & Liden, 1986; Graen & Scandura, 1987; Sparrowe & Liden, 1997) and social exchange
39
40 theory (Wayne & Green, 1993; Erdogan & Liden, 2002). In the LMX theory, there are
41
42 three elements: the leader, the follower, and the exchange relationship (Graen &
43
44 Uhl-Bien, 1991). Although leaders are dominant in determining the quality of LMX
45
46 relationships, followers also exert a remarkable influence on the relationship. Through
47
48 various and effective activities during working time, participants are supposed to meet
49
50 certain objectives, fulfilling expectations and and creating reciprocal relationships.
51
52
53
54

55 Role theory argues that in an organisational setting, each participant has a role to
56
57 play, and each accomplishes their work through these roles (Graen, 1976). This
58
59
60
61
62
63
64
65

1
2
3
4 emphasises the nature of people as social actors who learn behaviours appropriate to the
5
6 roles they occupy in their social environment (Solomon et al., 1985). That is the
7
8 foundation of LMX. The degree to which employees comply with task demands and
9
10 demonstrate their trust- worthiness dictates the type of LMX relationship that forms
11
12 (Liden & Maslyn, 1998). Graen and Scandura (1987) theorise that the quality of the
13
14 leader-member relationship develops over a series of steps in which individuals “test”
15
16 one another. To conceptualise how a high-quality work relationship can be developed,
17
18 Graen and his colleagues suggested a role-taking, role-making, and role-routinisation
19
20 process (Graen, 1976; Graen & Scandura, 1987).
21
22
23
24
25

26
27 Prior research has suggested that leaders and followers have different expectations
28
29 of each other (Xu et al., 2011). For example, Chinese employees usually expect a
30
31 leadership style where the leader maintains a harmonious relationship with
32
33 followers while being directive (Hsu, 1982), whereas employees from Western
34
35 Europe, Scandinavian countries and North America, characterised by high individualism,
36
37 tend to support participative management processes (Hofstede, 1980; Smith & Peterson,
38
39 1988; Dorfman et al., 1997).
40
41
42

43
44 In order to set up an outstanding image and meet with employees’ expectations, the
45
46 first step for a leader is to get to know and understand employees’ expectations towards
47
48 him or her. After the role-taking phase, relationship development enters the role-making
49
50 phase. It is a process of clarifying each other’s expectations. At this stage leaders listen
51
52 and seek clarification, they do not argue or get defensive, and it will be helpful for them
53
54 to spend necessary time to talk with subordinates. This process occurs over time, and
55
56 defines the quality and maturity of a leader-member exchange (Graen, 1976; Graen &
57
58
59
60
61
62
63
64
65

1
2
3
4 Uhl-Bien, 1995). After the development phase, the behaviours of a leader and followers
5
6 are more predictable than before. Regardless of whether the relationship develops into
7
8 high-quality exchanges, a set pattern of normative behaviours or role-routinisation occurs
9
10 (Graen & Scandura, 1987; Sin et al., 2009). Leaders in this stage have constructed good
11
12 interaction with in-group members characterised by mutual trust and obligation through
13
14 the allocation of resources and the distribution of important tasks.
15
16
17
18

19 Social exchange processes fostering relationships between leaders and followers are
20
21 characterised by generalised reciprocity (Liden et al., 1997) or mutual-interest reciprocity
22
23 (Uhl-Bien & Maslyn, 2003) as argued in social exchange theory on LMX (Graen &
24
25 Uhl-Bien, 1991; Wayne & Green, 1993; Erdogan & Liden, 2002). In contrast with
26
27 economic exchange, Blau (1964, p. 99) argued that “only social exchange tends to
28
29 engender feelings of personal obligation, gratitude, and trust; purely economic exchange
30
31 as such does not.” This distinction between social and economic exchange is fundamental
32
33 to the way in which low and high exchanges have been distinguished in LMX research
34
35 (Sparrowe & Liden, 1997). The social exchange creates a felt obligation on the part of
36
37 organisational members to reciprocate their leaders’ trust and liking through “citizenship
38
39 behaviours” and good performance (Gerstner & Day, 1997).
40
41
42
43
44
45

46 According to social exchange theory, LMX is by nature an exchange theory of
47
48 leadership (Brower, 2000), thus the norm of reciprocity (Gouldner, 1960) between the
49
50 leader and the follower is its central feature (Cropanzano & Mitchell, 2005). In order to
51
52 create a reciprocal relationship during working time leaders and followers can perform
53
54 activities like making offers, inducements and provisions on the exchange process to
55
56 achieve their objectives and become interrelated. If one person accepts an offer from
57
58
59
60
61
62
63
64
65

1
2
3
4 another, and reciprocates a satisfactory response, the process continues in this way,
5
6 resulting in high-quality relations over time (Cogliser et al., 2009). Employees who feel
7
8 that they benefit from their leader will try to reciprocate by offering a favour in return
9
10 (Xu et al., 2011). Therefore, a leader can take advantage of this phenomenon by doing a
11
12 favour ahead of the employees, such as volunteering to give more resources or offering
13
14 professional support and rewards, to encourage employee work performance. Employees
15
16 who receive more resources from their leader will become more committed and will be
17
18 more inclined to reciprocate naturally, and this will further promote the development of
19
20 high-quality leader-member relationships (Cogliser et al., 2009). After receiving
21
22 employees' favours, what is important for leaders is to prepare to extend a new favour
23
24 next time, for example, using their power to collect as many new resources and as much
25
26 useful information as possible. Moreover, providing timely development in professional
27
28 areas related to daily work are sensible and practicable activities for leaders to engage in.
29
30
31
32
33
34
35
36
37

38 **Chinese values**

39 *Confucianism*

40
41 The Chinese historical and socio-cultural context is deeply rooted in the Confucian value
42
43 system, in particular, that of hierarchy and relationalism (Yang, 1993). Feudalism has
44
45 played a major role in the history of China. From 475 BC to the Revolution of 1911,
46
47 feudal society has a history of about 2400 years. During this long history, Confucianism
48
49 occupied a dominant position, always influencing social life, economics, politics, and
50
51 especially the ideology embedded in people's minds. Based on an ethics of harmony and
52
53 respect building the society of ancient China, the collection of important interpersonal
54
55
56
57
58
59
60
61
62
63
64
65

1
2
3
4 relationships has been stressed and valued by Confucianism. The collection of
5
6 relationships is called “*wu lun*”, a concept widely and rigorously governing traditional
7
8 Chinese moral behaviour (Law et al., 2010). The literal term *wu* means five; *lun* refers to
9
10 the paramount importance of human relationships and moral principles regarding the
11
12 interactive behaviours of related parties. In relationships, a social order, which can be
13
14 called hierarchical differentiation (Chen & Chen, 2004), is crucial. According to
15
16 Confucianism, emperor-subject, father-son, husband-wife, elder-younger siblings, and
17
18 friend-friend are the five most important interpersonal relationships (Hui & Graen, 1997;
19
20 Chen & Chen, 2004; Law et al., 2010). The hierarchy stems from the five cardinal
21
22 relationships, and refers to the moral principle of respecting superiors (Chen et al., 2011).
23
24 With the exception of the relationship between friend and friend, the other relationships
25
26 require that people in lower positions should give respect to people in higher positions in
27
28 social intercourse. Thus, traditionally, it is natural for Chinese people to obey and follow
29
30 this moral norm of respecting people higher in the social hierarchy as well as to develop
31
32 psychological and behavioural tendencies which favour an authoritarian orientation
33
34 (Yang, 1993).
35
36
37
38
39
40
41
42

43 According to Yang (1993), the Chinese tend to be highly sensitive to authority and
44
45 worship it in many different forms. If the Chinese view an authority, for example, leaders
46
47 in organisations, as trustworthy, they will be completely dependent upon those authorities
48
49 and become totally obedient. Although the structural make-up and the nature of the
50
51 relationship may have evolved since the time of Confucius, modern Chinese remain
52
53 oriented towards authoritarian relationships in their attitudes and behaviour (Redding &
54
55 Wong, 1986; Wang & Heller, 1993). Specifically, when it comes to the relationships
56
57
58
59
60
61
62
63
64
65

1
2
3
4 between managers and employees, the Confucian value of hierarchy and authoritarian
5 orientation still has a significant influence on people. It is specifically the positional
6 power managers possess in the hierarchy that influences employee behaviour (Hwang,
7 2000; 2008). Following this line of thought, Chen et al. (2001) argue that the more
8 positional power a person in leadership has, the more authority she or he presents, and the
9 more obedience employees will show. Although findings by Peng et al. (2001) show that
10 in general the higher the pressure from an individual in a leadership position, the lower
11 the willingness of employees to engage in extra-role behaviours, Chinese people respect
12 authority associated with hierarchical positions. Even though they may experience
13 negative emotions under authoritarian leadership, their level of trust in the leader remains
14 intact. Thus, in this culture with its greater power distance, individuals are more likely to
15 regard leadership as the controlling of resources for accomplishing tasks and the
16 application of power for rewards and punishments (Aryee & Chen, 2006). A leader who
17 has more resources and power, generally speaking, will get a higher evaluation from
18 followers than leaders who have fewer resources and power.

43 *Chinese guanxi*

44 Belonging to a group is of central importance in Confucian thinking. In other words,
45 according to Confucian values, individuals cannot exist without membership in a group.
46 *Guanxi* is one of the most important elements of Confucianism highlighting the
47 significance of groups for individuals. Traditional and contemporary Chinese are
48 well-known for their strong reliance on interpersonal relations as the basis for defining
49 their social status (Yang, 1993). Just as a popular Chinese saying goes “Whom you know
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

1
2
3
4 is more important than what you know”, Chinese often view themselves as
5
6 interdependent with the surrounding social context, and it is the self in relation to the
7
8 other that becomes the focal individual experience (Tsui & Farh, 1997).
9

10
11 An interpersonal relationship, in the Chinese language, is called *guanxi*. The term
12 can be used as both a verb and a noun. As a verb it means to have bearings on; as a noun
13 it denotes a state in which entities (objects, forces or human beings) are connected (Chen
14 & Chen, 2004). A common explanation of *guanxi* is that it is a highly particularistic
15 relationship between two parties, which can vary in magnitude and direction (Hui &
16 Graen, 1997). Personal *guanxi* is like a private channel through which people
17 communicate and exchange (Hackley & Dong, 2001; Chen & Chen, 2004). Guanxi is
18 built upon a mutually recognized “*guanxi* base” (Tsang, 1998, p. 65) or common ground.
19 Commonly, the *guanxi* base may be a kinship relation (Tong & Yong, 1998; Fan, 2002),
20 which represents inherited *guanxi*, or some social interconnections (Dunfee & Warren,
21 2001) such as a shared birthplace, a shared neighbourhood or workplace, or a shared
22 acquaintance with whom both people have *guanxi* (Yeung & Tung, 1996; Chen & Chen,
23 2004). The latter must be cultivated and developed through the exchange of gifts, favours,
24 and banquets (Smart, 1993) to build trust and credibility.
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

45
46 When it comes to the value of *guanxi* in China, researchers are split between true
47 believers and sceptics. Believers share the Chinese conviction that *guanxi* is an important
48 predictor of business success in China, and that individuals who enjoy close relations will
49 feel enough trust to engage in open-ended and long-lasting relationships (Wu et al., 2006).
50 Sceptics, on the other hand, think that although *guanxi* may indeed be quite important for
51 the Chinese, it just does not work well for Westerners: it certainly does not help them
52
53
54
55
56
57
58
59
60
61
62
63
64
65

1
2
3
4 very much, and it may even cause them problems. Previous studies have been primarily
5
6 concerned with the purely instrumental dimension and pragmatic use of *guanxi* and have
7
8 paid little attention to its constructive effect (e.g, Farh et al., 1998; Xin and Pearce, 1996).
9

10
11 In this article we have adopted the idea that *guanxi* plays an important role in China
12
13 and that Westerners working in China need to take it into consideration (Chan et al., 2002;
14
15 Su et al., 2003). *Guanxi* can be regarded as the glue that holds Chinese society together
16
17 (Lovett et al., 1999). As Hui and Graen contend (1997, p. 454): “*Guanxi* as an important
18
19 construct in China is evident not only in terms of the specific role definition of the *wu lun*,
20
21 but the role it plays in defining the infrastructure of the Chinese society.” Understanding
22
23 and learning to build high-quality *guanxi* in China is not only helpful in terms of personal
24
25 connections but also in terms of success at work. Those with personal *guanxi* are
26
27 accorded a high level of trust and respect and to them people sense some kind of
28
29 obligation, but those who do not share the common personal *guanxi* are easily excluded
30
31 from the social network (Chen & Tjosvold, 2007).
32
33
34
35
36
37

38 At the organisational level in China, *guanxi* with government officials protects the
39
40 business from arbitrary government action (Pearce, 1997). It is also considered to be a
41
42 strategic resource, a substitute for formal institutional support for organisational
43
44 leadership, facilitating desirable business results (Xin & Pearce, 1996; Tsang, 1998; Chen
45
46 & Tjosvold, 2007). At the individual level, *guanxi* is thought to be a key factor in
47
48 personal effectiveness, and managers have been advised to develop and maintain *guanxi*
49
50 with their staff members (Pearce, 1997). Studies have shown that building personal
51
52 *guanxi* is a foundation for effective leadership (Hui & Graen, 1997) even when managers
53
54 and subordinates in the leader-member relationship come from different cultures (Chen &
55
56
57
58
59
60
61
62
63
64
65

1
2
3
4 Tjosvold, 2006). Personal *guanxi* is said to promote constructive controversy between
5
6 expatriate managers and employees, and help the managers to become knowledgeable
7
8 and confident in their leadership role; as a result they can provide Chinese employees
9
10 with challenging assignments and encourage their success and promotion in foreign
11
12 ventures in China (Chen & Tjosvold, 2007).
13
14
15
16
17
18

19 **Similarities and differences between LMX and *guanxi***

20
21 In addition to research in the West that has documented the value of the LMX theory
22
23 (Graen & Uhl-Bien, 1995; Gerstner & Day, 1997; Dulebohn et al., 2011), the theory has
24
25 also been found to be useful in the Chinese context (Hui et al., 1999). High-quality LMX
26
27 relationships have been seen as a foundation for effective leadership, promoting
28
29 successful interactions between Western managers and local Chinese employees (Chen &
30
31 Tjosvold, 2005). However, in spite of the usefulness of this theory, previous studies also
32
33 confirm the difficulties of working across cultures (Hui & Grean, 1997; Chen & Tjosvold,
34
35 2005) due to different social values and norms. Exploring the similarities and differences
36
37 between the Western notion of LMX and Chinese *guanxi* may be worthwhile to make
38
39 Western managers more aware of what *guanxi* really means, and to help them overcome
40
41 cultural obstacles and develop productive and harmonious interactions with local
42
43 employees (Chen & Chen, 2004; Ladkin, 2010).
44
45
46
47
48
49
50
51
52

53 *Similarities between LMX and *guanxi**

54
55 Firstly, both LMX and *guanxi* are fundamentally embedded in the interpersonal
56
57 relationships of two individuals (e.g. Dansereau et al. 1975; Hui et al., 1999; Fan, 2002),
58
59
60
61
62
63
64
65

1
2
3
4 such as leader-member relationships. When the LMX theory was first introduced, one of
5
6 the main reasons why it was so innovatory was that it describes how effective
7
8 leadership relationships develop between dyadic ‘partners’ in and between organizations
9
10 (Graen & Uhl-Bien, 1995), and many studies on LMX are still working on this level.
11
12 Likewise, dyadic ties with the leader are important to Chinese employees; *guanxi* is built
13
14 upon multiple one-on-one relations between two parties, with the emphasis on the
15
16 personal and dyadic nature of the relationships (Chen & Chen, 2004). These highly
17
18 particular relationships between two parties are considered to be fundamental units of
19
20 Chinese *guanxi* networks (Fan, 2002; Huang & Wang, 2011). Emphasizing to Western
21
22 managers the dyadic and particular one-to-one relationship with subordinates, which
23
24 comes up in both LMX and *guanxi*, can therefore help them to understand Chinese
25
26 employees and work more effectively with them.
27
28
29
30
31
32

33
34 Secondly, the LMX theory is similar to *guanxi* in that both approaches stress that
35
36 leader-member relationships develop gradually through interactions following the
37
38 principle of reciprocity. In fact, work relationships are characterized by continuous and
39
40 mutual interconnections between the parties (Ferris et al., 2009). These interconnections
41
42 in social exchange relationships have been called “reciprocal interdependence”
43
44 (Cropanzano & Mitchell, 2005). The reciprocity principle makes the leadership
45
46 relationship more social in nature. In a high LMX relationship, when leaders put extra
47
48 effort into the relationship through for example clear support and contingent reward
49
50 behaviour, followers are expected and encouraged to reciprocate by providing the leader
51
52 with more than is basically required, in multiple ways (Dulebohn et al., 2011). Similarly
53
54 with Chinese values: there too reciprocity occupies an important place in *guanxi*.
55
56
57
58
59
60
61
62
63
64
65

1
2
3
4 Practices associated with *guanxi* in the work context involve the exchange of both
5
6 feelings and material benefits, and these often occur between the leader and each of his or
7
8 her followers (Yang, 2001). Acting against the principle of reciprocity is a clear sign of
9
10 not wanting to pursue or maintain the relationship (Chen & Chen, 2004).
11
12

13
14 Finally, both the LMX theory and *guanxi* highlight the importance of the quality of
15
16 the relationship between the parties. Employees tend to respond favourably to managers
17
18 who are willing to offer them inspiration and support (Judge & Piccolo, 2004); in
19
20 response employees will exert themselves to perform the roles assigned to them and they
21
22 in turn will try to form a high LMX with their managers (Maslyn & Uhl-Bien, 2001;
23
24 Dulebohn et al., 2011). Previous LMX studies show that a high-quality relationship leads
25
26 to more effective leadership and improves employees' performance dramatically
27
28 (Scandura & Graen, 1984; Graen & Uhl-Bien, 1995). High-quality LMX relationships are
29
30 obviously more desirable than low-quality relationships. A similar situation can also be
31
32 found in *guanxi*. Personal *guanxi* develops on social occasions through the mutual
33
34 exchange of both material goods and feelings (Bian & Ang, 1997). Those with closer
35
36 *guanxi* are more likely to get a higher level of trust and respect, and to generate a greater
37
38 sense of obligation. When Western managers develop high-quality *guanxi* with
39
40 employees, the local Chinese employees feel a strong bond. The importance of building
41
42 up this kind of relationship must be clear (Pearce, 1997; Chen & Tjosvold, 2007).
43
44
45
46
47
48
49

50
51 In general it seems that the LMX theory and *guanxi* have several features in
52
53 common that provide the Western manager with a useful basis for successful
54
55 leader-member relationships with local employees in China. However, besides the
56
57 similarities there are also differences. Applying the ideas of LMX in the context of China
58
59
60
61
62
63
64
65

1
2
3
4 can be challenging if some of the features peculiar to *guanxi*, which are not prominent in
5
6 the LMX theory, are not taken into consideration.
7
8
9

10 11 *Differences between LMX and guanxi* 12

13
14 *Guanxi* is defined as personal ties between two individuals based on human feelings
15
16 (Jacobs, 1979) - affection and a sense of mutual obligation (Thibaut & Kelley, 1959). The
17
18 former refers to the degree of emotional attachment and the willingness to take care of
19
20 each other. The latter, on the other hand, is often described as a sense of indebtedness that
21
22 results from social and economic exchanges (Chen & Chen, 2004). Thus, in *guanxi*,
23
24 relationships with associates who are considered close contain both a high level of
25
26 affection (Chow & Ng, 2004) and a strong sense of obligation. The feeling of concern
27
28 can be a kind of exchange currency which affects the quality of the relationship between
29
30 managers and subordinates (Law, 2010). This contrasts with the Western LMX approach,
31
32 which is both transactional and transformational (Graen & Uhl-Bien, 1995), in which the
33
34 leader-member exchange relationship can only legitimately become an equity-matching
35
36 relationship, where contribution and competence, not feelings, serve as the key
37
38 components (Hui & Graen, 1997; Chen et al., 2009). The role and importance of feelings
39
40 are clearly underlined in the *guanxi* approach, so in order to take local social and moral
41
42 values and norms into consideration, the Western manager has to recognise the value of a
43
44 more personal, even a positively emotional, approach to her or his subordinates in the
45
46 Chinese context.
47
48
49
50
51
52
53

54
55 Another important issue which must be taken into account is “face” and the sense of
56
57 shame (Chueng & King, 2004; Zhong, 2007). “Face” is defined as one’s public image
58
59 (Tsang, 1998). There is an old saying in China, “A person needs a face; a tree needs
60
61
62
63
64
65

1
2
3
4 bark”. In Chinese society, reputation is everything. When someone behaves
5
6
7 inappropriately, it is generally unwise to admonish them directly in public. Evidence
8
9 suggests that Chinese people favour compromise and use approaches that avoid open,
10
11 face-to-face conflict, while westerners might prefer direct confrontation (Bond et al.,
12
13 1985; Tse et al., 1994; Chen & Tjosvold, 2007). If a Westerner makes a Chinese person
14
15 embarrassed or causes them to lose face, the relationship cannot succeed because the
16
17 shamed person cannot continue to communicate with dignity (Ho & Redfern, 2010;
18
19 Huang & Wang, 2011).
20
21
22

23
24 In general, Chinese culture values individuals who have a sense of shame, one of the
25
26 essential human emotions. The common saying, “A thick face without shame”, or
27
28 Confucius’ saying, “Knowing shame will be close to being brave”, all imply that the
29
30 Chinese emphasize the sense of shame as a key factor in interpersonal relationships
31
32 (Zhong, 2007). The expectation that one will always maintain face and avoid putting
33
34 anyone in the position of feeling shame in front of a *guanxi* partner, and indeed in public
35
36 generally, can be a challenge for Western managers, a cultural barrier that they have to
37
38 try to overcome. Chinese communication is ambiguous, indirect and highly contextual. In
39
40 conversation, the real meaning, especially if it is negative, is often implied rather than
41
42 stated. In the event of a conflict arising, Chinese tend to believe that the truth will
43
44 manifest itself through non-linear processes of discovery, using indirect and vague
45
46 language and relying on the listener’s ability to grasp the meaning. Westerners, in
47
48 contrast, tend to emphasise logic and rationality, using a more direct and explicit way to
49
50 ensure that the listener receives the exact message (Wang, 2008). Western managers
51
52 working in China therefore have to learn how to express themselves tactfully and
53
54
55
56
57
58
59
60
61
62
63
64
65

1
2
3
4 properly in an indirect and context-sensitive communication process if they want to apply
5
6 the LMX theory there and build good leader-member relationships. In order to achieve
7
8 the goals, all possible means should be engaged to facilitate the adjustment process. As
9
10 suggested by Brewster (1995) and Aryee (1997), interaction skill training and careful
11
12 selections of candidates for expatriate assignments who are most motivated to learn and
13
14 voluntarily adapt themselves to the local business environment are being crucial for
15
16 successful adjustment. Finding by Selmer et al. (1998) show that the post-arrival training
17
18 has been promoted as an especially effective tool to facilitate international adjustment of
19
20 expatriate managers.
21
22
23
24
25
26
27
28

29 *Ethical considerations*

30
31 Different types of *guanxi* have been identified, differing in nature, motivation and
32
33 underlying values. Fan (2002) proposed a process model of three types: family *guanxi*,
34
35 helper *guanxi* and business *guanxi*, which occur among family members, among familiar
36
37 people involved in the exchange of favours, and through personal connections from
38
39 business to business, respectively. Since family *guanxi* is generally beyond the context of
40
41 the workplace, we focus here on Fan's other two types of *guanxi*. Bedford (2011)
42
43 extended Fan's helper and business *guanxi* frameworks: he called them working *guanxi*,
44
45 which stresses the processes of social exchange related to workplace goals, and backdoor
46
47 *guanxi*, reflecting the process of negotiating business solutions through one's *guanxi*
48
49 network, but also possibly involving corruption and social harm.
50
51
52
53
54

55 The ethical status of *guanxi* has caused much controversy. Westerners also need to
56
57 know about these allegations of corruption (Tsang, 1998, p. 66) and social harm,
58
59
60
61
62
63
64
65

1
2
3
4 particularly nepotism (Verhezen, 2008), which may pose ethical challenges in leadership
5 relationships with Chinese subordinates.
6
7

8
9 *A certain way of using guanxi may lead to corruption.* Ambiguity is the very essence
10 of *guanxi* relationships (Verhezen, 2008). Clearly “*guanxi*” is used for instrumental
11 purposes (Smart, 1993), but when the emphasis is in the “art of *guanxi*”, which “lies in the
12 skilful mobilization of moral and cultural imperatives such as obligation and reciprocity
13 in pursuit of both diffuse social ends and calculated instrumental ends” (Yang 1989, p. 35)
14 is only on material advantage, the exchange has to be classified as bribery (Yang, 1989,
15 p.48; Smart, 1993). However, in practice the line between proper *guanxi* and bribery is
16 often blurred. Take gift-giving, for example. Although the indicator of bribery is often
17 taken to be the offer of money (Silin, 1972), and giving gifts can be a simple act of
18 friendship and goodwill, Chinese bribe with gifts more often than with cash, and this
19 sometimes makes it difficult to identify what is ethical and what is not.
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34

35
36 *Guanxi may transmute into nepotistic relationships.* In China, the concept of *guanxi*
37 involves social relationships or interconnections based upon reciprocal benefits (Yang,
38 1994), depending on the social context. Put another way, as a form of social capital - a
39 network of individuals that may result in certain forms of capital and profit (Bourdieu,
40 1986) - *guanxi* focuses on reciprocal interest and helps its practitioners (Bian, 1994) to
41 amass symbolic capital and benefits (Wong & Tam, 2000). The more social, symbolic or
42 economic capital and reciprocal benefits one has at one’s disposal, the greater is one’s
43 socio-economic standing and influence. Networks of *guanxi* are usually characterized by
44 ‘general’ or ‘positive’ reciprocity. Generating trust and increasing the value of the
45 interaction facilitated by this kind of relationship are the main purposes of social
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65

1
2
3
4 networking (Standifird & Marshall, 2000). However, if this positive *guanxi* is dominated
5
6 by self-seeking opportunism, then an ethically justifiable *guanxi* network will easily
7
8 become a negative, nepotistic *guanxi* based on power, rather than social norms and
9
10 principles (Verhezen, 2008). This nepotistic *guanxi* makes it more likely that the person
11
12 concerned will gain benefits and secure their own interests, and it discriminates against
13
14 those who do not have it (Bian, 1994), thereby possibly lowering the procedural justice of
15
16 impartial neutrality and negatively affecting ‘generalized’ trust (Chen et al, 2004), thus
17
18 contravening the principle of impartial and fair systems.
19
20
21
22

23
24 This being the case, the expatriate Western manager needs to understand the
25
26 thinking behind this more personal and less transactional approach to relationships and
27
28 know how to use it properly and ethically. In particular, trying to identify the purpose and
29
30 likely outcome of the pursuit of *guanxi* in any particular case would make sense to
31
32 prevent unethical *guanxi* behaviour in the workplace. Forms of *guanxi* that are dominated
33
34 by pure self-seeking opportunism may produce beneficial effects for only the main
35
36 players, while harming others (Warren et al., 2004). In this sense, *guanxi* can have an
37
38 unethical effect in a relationship. The Western manager also needs to try to understand
39
40 the rules, so to speak, for local organisational bribery, in order to be able to distinguish
41
42 between what is normal entertainment and what is bribery. Such an understanding would
43
44 reduce the chances of his or her being involved in bribery or scandal and thereby save
45
46 them from potentially unethical conduct.
47
48
49
50
51

52 53 54 55 **Discussion and conclusion**

56
57 In this paper the first aim was to analyze the similarities and differences between the
58
59 LMX theory and the social and moral norms of *guanxi*. We think that for the Western
60
61
62
63
64
65

1
2
3
4 expatriate manager, the best way to build an effective and sustainable leader-member
5
6 relationship with local employees in China is to rely on the similarities of the two
7
8 approaches. As shown in this paper, both approaches emphasise the dyadic and particular
9
10 nature of the interpersonal relationship, so nurturing such relationships with Chinese
11
12 employees is important.
13
14

15
16 Moreover, in both approaches the gradual development of an interdependent
17
18 relationship through continuous and shared interactions following the principle of
19
20 reciprocity is seen as crucial. The expatriate manager needs to remember the importance
21
22 of the principle of reciprocity in her or his own leadership behaviour, and respect and
23
24 encourage such behaviour from his or her subordinates. It is important for the manager to
25
26 understand that such relationship development takes time.
27
28
29

30
31 Finally, a high-quality relationship including the dimensions of trust, obligation and
32
33 respect is valued in both the LMX theory and *guanxi*. Managers must follow the basic
34
35 principles of ethical and moral conduct at all times and in all places. When the behaviour,
36
37 words and deeds of managers at all organisational levels are in line with common
38
39 organisational values and norms, managers are perceived as honest and as credible
40
41 models by their Chinese employees, and this further promotes the development of
42
43 high-quality leader-member relationships (Cogliser et al., 2009).
44
45
46
47

48
49 However, there are also differences between the LMX approach and the social and
50
51 moral norms of *guanxi*, as this study has shown. Given these differences, applying LMX
52
53 in the Chinese context can be a challenging undertaking for an expatriate manager who
54
55 does not fully understand the peculiar features of *guanxi* in leader-member relationships.
56
57
58 Our study shows that the role of emotions is much more important in leader-member
59
60
61
62
63
64
65

1
2
3
4 relationships according to *guanxi* than in the LMX theory. We therefore conclude that the
5
6 Western expatriate manager needs to take the local norms seriously and emphasize the
7
8 personal and emotional side of the relationship with Chinese staff more strongly than the
9
10 LMX theory suggests.
11
12

13
14 This study indicates that the emotions have two roles in the relationship. Firstly, the
15
16 emotional attachment between the manager and the employee is regarded as morally and
17
18 socially appropriate according to *guanxi*, and so the manager's willingness and ability to
19
20 show personal care for employees is crucial. Secondly, maintaining face, the manager's
21
22 and the employee's public image (Tsang, 1998; Zhong, 2007), in their mutual
23
24 relationship is an important moral norm in *guanxi*. This requires from the manager (as
25
26 well as from employees) sensitivity in understanding the role of shame in the
27
28 maintenance of face. If either side loses face, the quality of the leader-member
29
30 relationship deteriorates. The communication style of the manager is a key factor in this.
31
32 The expatriate manager needs to learn and apply a more context-dependent and indirect
33
34 communication style with Chinese employees than he or she will typically use in Western
35
36 contexts.
37
38

39
40 Although effective information sharing and communication between the manager
41
42 and the employee are stressed in the LMX theory (Chen & Tjosvold, 2007), the role of
43
44 communication style is neither taken seriously nor articulated very clearly in the theory –
45
46 and there is no mention at all of a need to consider the social and moral context of the
47
48 communication behaviour. We think that the topic could usefully be added to the theory,
49
50 especially in view of the increasing globalization of businesses, which calls for increasing
51
52 awareness of the contextual perspective of leadership communication and its importance
53
54
55
56
57
58
59
60
61
62
63
64
65

1
2
3
4 in building successful workplaces.
5

6
7 Moreover, even though the LMX theory involves both transactional and
8
9 transformational elements, the role of emotions is not deeply embedded and
10
11 conceptualized in the theory. For development of the LMX theory it is important to know
12
13 more about what happens in the space between leaders and followers to create the
14
15 experience of the exchange (Ladkin, 2010, p. 56). This study suggests that the emotions
16
17 of caring and shame play a crucial role in the space between the Western expatriate
18
19 manager and Chinese employees in their relationships. In general, we think that the rather
20
21 weak focus on emotions in the LMX theory may be a sign of a general tendency in
22
23 Western organizational leadership approaches which, despite a gradual widening of
24
25 interest in the emotions, have traditionally marginalized or even ignored altogether their
26
27 role in both theory and practice (Fineman, 2000; Ashkanasy et al., 2002).
28
29
30
31
32

33
34 The second aim of this paper was to highlight and discuss ethical challenges related to
35
36 *guanxi* which Western managers may face in their leader-member relationships, and for
37
38 which they certainly need to be prepared, in the Chinese work context. As highlighted
39
40 here, one possible problem for the Western manager is unethical conduct related to
41
42 *guanxi*, such as corruption and nepotism. In order to use this more personal and less
43
44 transactional *guanxi* approach properly and ethically, the Western manager first of all
45
46 needs to maintain generally virtuous characteristics such as honesty and integrity, which
47
48 are emphasized in many Western leadership theories (Yukl, 2010). Discussions on these
49
50 issues can not only provide a foundation for constructive controversy but also improve
51
52 understanding between Western and Chinese parties (Chen & Tjosvold, 2006, 2007).
53
54
55
56
57
58
59
60
61
62
63
64
65

1
2
3
4 To conclude, this study both serves as an aid for Western managers in China and also
5
6 helps to reflect on how to integrate probably the best known relational leadership theory,
7
8 the LMX framework (Ladkin, 2010), into the Chinese context. It is hoped that through
9
10 this description of the relationship between LMX and *guanxi*, both Western managers
11
12 and local Chinese employees will be better able to understand each other's values and
13
14 social and moral norms, and learn from them.
15
16
17
18
19
20

21 *Research limitations and further research*

22
23 This research has some limitations. First of all, as we all know, China is the third largest
24
25 country in the world in area and it has the largest population in the world; obviously there
26
27 are cultural differences between the different parts of China. These cultural differences
28
29 should be taken into consideration in future research on the subject. Secondly, and
30
31 similarly, in this article we use the term "Western" and "Westerners" in general to
32
33 contrast with China. However, we are aware that there are also cultural differences within
34
35 Western countries. In the future, it would be fruitful to select one specific Western
36
37 country for comparative studies.
38
39
40
41
42

43 Thirdly, although the description of the relationship between LMX and *guanxi* in
44
45 this paper would provide Western managers and local Chinese employees with
46
47 knowledge on how to understand better each other's values and social norms, in practice,
48
49 however, what needs to be done by both groups to really learn from each other's culture
50
51 still deserves our particular attention, which needs to be addressed in the future in order
52
53 to make this conceptual paper more practical and useful. Another important topic for
54
55 empirical research in the future is the ethical issues in Chinese *guanxi*, from both the
56
57
58
59
60
61
62
63
64
65

1
2
3
4 Western and the Chinese viewpoints. Empirically investigating the association between
5
6 business ethics and leader-member relationships is another topic worth researching in the
7
8 future, as is the role of an ethical consciousness among organisational leaders and
9
10 employees both in the West and East in the construction of a sustainable leader-member
11
12 relationship. Finally, we suggest that the role of emotions in leader-member relationships
13
14 requires further research.
15
16
17
18
19
20

21 **References**

- 22
23 Anand, S., Hu, J., Liden, R.C., and Vidayarthi, P.R.: 2011, 'Leader-member Exchange:
24
25 Recent Research Findings and Prospects for the Future', SAGE Handbook of
26
27 Leadership, Los Angeles, Sage, 311-325.
28
29
30
31 Aryee, S. (1997). Selection and Training of Expatriate Employees. In N.Anderson & P.
32
33 Herriot (Eds.), International handbook of selection and assessment, Chichester, UK:
34
35 Wiley.of selection and appraisal London: Wiley, 147-160.
36
37
38 Aryee, S. and Chen, Z.X.: 2006, 'Leader-member Exchange in a Chinese Context:
39
40 Antecedents, the Mediating Rrole of Psychological Empowerment and Outcomes.
41
42 Journal of Business Research, 59, 793-801.
43
44
45 Ashkanasy, N.M., Zerbe, W.J. and Härtel. C.E.J.: 2002, 'Managing Emotions in a
46
47 Changing Workplace', in N.M. Ashkanasy,W.J., Zerbe and Härtel, C.E.J. (eds.)
48
49 Managing Emotions in the Workplace, Armonk, Sharpe, 3–22.
50
51
52
53 Bauer, T. N. and Green, S.: 1996, 'Development of Leader-member Exchange: A
54
55 Longitudinal Test', Academy of Management Journal, 39 (6), 1538-1567.
56
57
58 Bedford, O.: 2011, 'Guanxi Building in the Workplace: A Dynamic Process Model of
59
60
61
62
63
64
65

- 1
2
3
4 Working and Backdoor Guanxi', *Journal of Business Ethics*, 104 (1), 149-158.
5
6
7 Bian, Y.J., 1994, *Work and inequality in urban China*. 1st Edn., State University of New
8
9 York Press, New York, ISBN-10: 0791418014, pp: 286.
10
11
12 Bian, Y. and Ang, S.: 1997, 'Guanxi Networks and Job Mobility in China and Singapore',
13
14 *Social Forces*, 75: 981-1005.
15
16
17 Blau, P. M.: 1964, *Exchange and Power in Social Life*, New York: Wiley, pp. 94-99.
18
19
20 Bond, M. H., Wan, K. C., Leung K., and Giacalone, R. A.: 1985, 'How are Responses to
21
22 Verbal Insult Related to Cultural Collectivism and Power Distance?', *Journal of*
23
24 *Cross-Cultural Psychology*, 16, 111–127.
25
26
27 Bourdieu, P.:1986, 'The forms of Capital', in Richardson, J. (Ed), *Handbook of Theory*
28
29 *and Research for the Sociology of Education*, New York, Greenwood Press.
30
31
32 Brewster, C.: 1995, *Effective Expatriate Training*. In J. Selmer, *Expatriate Management:*
33
34 *New Ideas for International Business* Westport (CT): Quorum Books, 57-72.
35
36
37 Brower, H. H., Schoorman, F. D., and Tan, H. H.: 2000, 'A Model of Relational
38
39 Leadership: The Integration of Trust and Leader-Member Exchange', *The Leadership*
40
41 *Quarterly*, 11 (2), 227-250.
42
43
44 Chan, R. Y. K., Cheng, L. T. W. and Szeto, R. W. F.: 2002, 'The Dynamics of Guanzi and
45
46 the Ethics of Chinese Executives', *Journal of Business Ethics*, 41(4), 327-336.
47
48
49 Chen, X. P. and Chen, C.C.: 2004, 'On the Intricacies of the Chinese Guanxi: A Process
50
51 Model of Guanxi Development', *Asia Pacific Journal of Management*, 21, 305-324.
52
53
54 Chen, X. P., Eberly, M. B., Chiang, T., Farh, J., and Cheng. B.: 2011, 'Affective Trust in
55
56 Chinese Leaders: Linking Paternalistic Leadership to Employee Performance', *Journal*
57
58 *of Management*, DOI: 10.1177/0149206311410604.
59
60
61
62
63
64
65

- 1
2
3
4 Chen, Y., Friedman, R., Yu, E., Fang, W., and Lu, X.: 2009, 'Developing a
5
6 Three-Dimensional Model and Scale for Supervisor-Subordinate Guanxi',
7
8 Management and Organizational Review, 5(3), 375–399.
9
- 10
11 Chen, Y. F. and Tjosvold, D.: 2005, 'Cross Cultural Leadership: Goal Interdependence
12
13 and Leader-Member Relations in Foreign Ventures in China. Journal of International
14
15 Management, 11, 417-439.
16
17
- 18
19 Chen, Y. F. and Tjosvold, D.: 2006. 'Participative Leadership by Western Managers in
20
21 China: The Role of Relationships', Journal of Management Studies, 43(8), 1727–1752.
22
23
- 24 Chen, Y. F. and Tjosvold, D.: 2007, 'Guanxi and Leader Member Relationships between
25
26 American Managers and Chinese Employees: Open-minded Dialogue as Mediator',
27
28 Asia Pacific Journal of Management, 24, 171–189.
29
30
- 31 Chow, I. H. S. and Ng, I.: 2004, 'The Characteristics of Chinese Personal Ties (guanxi):
32
33 Evidence from Hong Kong', Organization Studies, 25(7), 1075–1093.
34
35
- 36 Chueng, T.S. and King, A.Y.: 2004, 'Righteousness and Profitableness: The Moral
37
38 Choices of Contemporary Confucian Entrepreneurs', Journal of Business Ethics, 54,
39
40 254-260.
41
42
- 43 Ciulla, J.B.: 2008, 'Leadership Studies and the "fusion of horizons"', Leadership Quarterly,
44
45 19(4), 939–935.
46
47
- 48 Cogliser, C.C., Schiriesheim, C.A., Scandura, T.A., and Gardner, W. L.: 2009, 'Balance in
49
50 Leader and Follower Perceptions of Leader–member Exchange: Relationships with
51
52 Performance and Work Attitudes'. Leadership Quarterly, 20, 452-465.
53
54
- 55 Cropanzano, R., and Mitchell, M. S.: 2005, 'Social Exchange Theory: An
56
57 Interdisciplinary Review', Journal of Management, 31, 874-900.
58
59
60
61
62
63
64
65

- 1
2
3
4 Dansereau, F. Jr, Graen, G and Haga, W.J.: 1975, 'A Vertical Dyad Linkage Approach to
5
6 Leadership within Formal Organisations: A Longitudinal Investigation of the Role
7
8 Making Process', *Organisational Behaviour and Human Performance*, 13, 46-78.
9
- 10
11 Dienesch, R and Liden, R.: 1986, 'Leader-member Exchange Model of Leadership: A
12
13 Critique and Further Development', *The Academy of Management Review*, 11 (3),
14
15 618-664.
16
17
- 18
19 Dorfman, P. W., Howell, J. P., Hibino, S., Lee, J. K., Tate, U., & Bautista, A.: 1997,
20
21 'Leadership in Western and Asian countries: Commonalities and differences in
22
23 effective leadership processes across cultures'. *Leadership Quarterly*, 8 (3), 233-274.
24
25
- 26
27 Dulebohn, J. H., Bommer, W. H., Liden, R. C., Brouer, R., and Ferris, G. R.: 2011, 'A
28
29 Meta-Analysis of the Antecedents and Consequences of Leader-member Exchange:
30
31 Integrating the Past with an Eye toward the Future', *Journal of Management*, DOI:
32
33 10.1177/0149206311415280.
34
35
- 36
37 Dunfee, T. W., and Warren, D. E.: 2001, 'Is Guanxi Ethical? A Normative Analysis of
38
39 Doing Business in China', *Journal of Business Ethics*, 32(3), 191-204.
40
- 41
42 Erdogan, B., Kraimer, M. and Liden, R.C.: 2002, 'Person-organisation Fit and Work
43
44 Attitudes: The Moderating Role of Leader-Member Exchange', *Academy of
45
46 Management Proceedings*, 65-114.
47
- 48
49 Fan, Y.: 2002, 'Guanxi's Consequences: Personal Gains at Social Cost', *Journal of
50
51 Business Ethics*, 38, 371-380.
52
- 53
54 Ferris, G. R., Liden, R. C., Munyon, T. P., Summers, J. K., Basik, K. J., and Buckley, M.
55
56 R.: 2009, 'Relationships at Work: Toward a Multidimensional Conceptualisation of
57
58 Dyadic Work Relationships', *Journal of Management*, 35, 1379-1403.
59
60
61
62
63
64
65

- 1
2
3
4 Fineman, S. (Dd.): 2000, *Emotion in Organizations* (Vol. 2). London: Sage.
- 5
6 Gerstner, C and Day, D.: 1997, 'Meta-Analytic Review of Leader-member Exchange
7 Theory: Correlates and Construct Issues', *Journal of Applied Psychology*, 82 (6),
8 827-844.
- 9
10
11
12
13
14 Gouldner, Alvin W.: 1960, 'The Norm of Reciprocity: A Preliminary Statement',
15
16 *American Sociological Review*, 25 (2), 161-178.
- 17
18
19 Graen, G.: 1976, *Role-Making Processes within Complex Organisations*. In M. D.
20
21 Dunnette (Ed.), *Handbook of industrial and organisational psychology*, Chicago: Rand
22
23 McNally, pp. 1201-1245.
- 24
25
26 Graen, G and Scandura, T.: 1987, 'Toward a Psychology of Dyadic Organising', In
27
28 Cummings, L and Staw, B (Dds), *Research in Organisational Behaviour*, 9, 175-208.
- 29
30
31 Graen, G. and Uhl-Bien, M.: 1991, 'The Transformation of Work Group Professionals
32
33 into Self-managing and Partially Self-designing Contributors: Toward a Theory of
34
35 Leadership-Making', *Journal of Management Systems*, 3 (3), 33-48.
- 36
37
38 Graen, G. and Uhl-Bien, M.: 1995, 'Relationship-based Approach to Leadership:
39
40 Development of Leader-member Exchange (LMX) Theory of Leadership over 25
41
42 Years: Applying a Multi-level Multi-Domain Perspective', *Leadership Quarterly*, 6 (2),
43
44 219-247.
- 45
46
47
48 Hackley, C. A. and Dong, Q.: 2001, 'America Public Relations and China's Guanxi',
49
50
51 *Public Relations Quarterly*, 46, 16-19.
- 52
53
54 Ho, C. and K. Redfern: 2010, 'Consideration of the Role of Guanxi in the Ethical
55
56 Judgments of Chinese Managers', *Journal of Business Ethics*, 96: 207-221.
- 57
58 Hofstede, G.: 1980, *Culture's Consequences: International Differences in Work-related*
59
60
61
62
63
64
65

1
2
3
4 Values, Beverly Hills, CA: sage.
5

6
7 Hsu, F.L.K.: 1982, *American and Chinese: Passage to differences*. Honolulu: University
8
9 of Hawaii Press.

10
11 Hui, C. and Graen, G.: 1997, 'Guanxi and Professional Leadership in Contemporary
12
13 Sino-American Joints Ventures in Mainland China', *Leadership Quarterly*, 8, 451-465.

14
15 Hui, C., Law, K.S and Chen, Z.: 1999, 'A structural Equation Model of the Effects of
16
17 Negative Affectivity, Leader-member Exchange, and Perceived Job Mobility on In-role
18
19 and Extra-role Performance: A Chinese Case', *Organisational Behaviour and Human
20
21 Decision Processes*, 77 (1), 3-21.
22
23

24
25 Huang, K.P. and Wang, K.Y.: 2011, 'How Guanxi Relates to Social Capital? A
26
27 Psychological Perspective', *Journal of Social Science*, 7 (2), 120-126.
28
29

30
31 Hwang, K. K.: 2000, 'Chinese Relationism: Theoretical Construction and
32
33 Methodological Considerations', *Journal for the Theory of Social Behaviour*, 30,
34
35 155-178.
36
37

38
39 Hwang, K. K.: 2008, 'Leadership Theory of Legalism and its Function in Confucian
40
41 Society. In C. C. Chen, and Y. T. Lee (Eds.), *Leadership and Management in China:
42
43 philosophies, theories and practices*. Cambridge University Press, pp.108-142.
44

45
46 Jacobs, J. B.: 1979, 'A preliminary Model of Particularistic Ties in Chinese Political
47
48 Alliances: Kan-ching and Kuan-his in a Rural Taiwanese Township'. *China Quarterly*,
49
50 78, 237-273.
51
52

53
54 Judge, T. A., and Piccolo, R. F.: 2004, 'Transformational and Transactional Leadership: A
55
56 Meta-analytic Test of Their Relative Validity', *Journal of Applied Psychology*, 89,
57
58 755-768.
59
60
61
62
63
64
65

- 1
2
3
4 Ladkin, D: 2010, *Rethinking Leadership. A New Look at Old Questions*, Edward Elgar,
5
6 Cheltenham.
7
8
9 Law, K. S., Wang, and Hui.: 2010, 'Currencies of Exchange and Global LMX: How They
10
11 Affect Employee Task Performance and Extra-role Performance', *Asia Pacific Journal*
12
13 *Management*, 27, 625-646.
14
15
16 Liden, R. C. and Maslyn, J.: 1998, 'Multidimensionality of Leader-member Exchange: an
17
18 Empirical Assessment through Scale Development', *Journal of Management*, 24,
19
20 43-72.
21
22
23 Liden, R.C., Sparrowe, R.T., and Wayne, S.J.: 1997, 'Leader-member Exchange Theory:
24
25 The Past and Potential for the Future', In G. Ferris (Ed.), *Research in personnel and*
26
27 *human resources management*, 15, 47-119.
28
29
30 Lovett, S., L. C. Simmons, and R. Kali: 1999, 'Guanxi versus the Market: Ethics and
31
32 Efficiency', *Journal of International Business Studies* 30(2), 231.
33
34
35 Maslyn, J. M., and Uhl-Bien, M.: 2001, 'Leader-member Exchange and Its Dimensions:
36
37 Effects of Self-effort and other's Effort on Relationship Quality', *Journal of Applied*
38
39 *Psychology*, 86, 697-708.
40
41
42 Pearce, R. J.: 1997, 'Towards Understanding Joint Venture Performance and Survival: A
43
44 Bargaining and Influence Approach to Transaction Cost Theory', *Academy of*
45
46 *Management Review*, 22, 203-235.
47
48
49 Peng, M. W., Lu, Y., Shenkar, O., and Wang, D. Y.L.: 2001, 'Treasures in the China
50
51 House A Review of Management and Organisational Research on Greater China',
52
53 *Journal of Business Research*, 52, 95-110.
54
55
56 Redding, S. Gordon and Wong, Gilbert Y.Y.: 1986, 'The Psychology of Chinese
57
58
59
60
61
62
63
64
65

- 1
2
3
4 Organizational Behaviour', in Michael Harris Bond (ed.) *The Psychology of the*
5
6 Chinese People, pp. 267-295. Oxford: Oxford University Press.
7
8
9 Scandura, T., & Graen, G.B.: 1984, 'Moderating Effects of Initial Leader-member
10
11 Exchange Status on the Effects of a Leadership Intervention, *Journal of Applied*
12
13 *Psychology*, 69, 428-436.
14
15
16 Selmer, J., Torbjørn, I., and De Leon, C. T.: 1998, 'Sequential Cross-cultural Training for
17
18 Expatriate Business Managers: Pre-departure and Post-arrival', *International Journal of*
19
20 *Human Resource Management*, 9(5), 831-840.
21
22
23 Silin, R.: 1972, 'Marketing and Credit in a Hong Kong Wholesale Market', In *Economic*
24
25 *Organization in Chinese Society*. William Willmot, ed. 327-352. Stanford: Stanford
26
27 University Press.
28
29
30 Sin, Nahrgang, J. D., and Morgeson, F. P.: 2009, 'Understanding Why They Don't See
31
32 Eye to Eye: An Examination of Leader-member Exchange (LMX) Agreement',
33
34 *Journal of Applied Psychology*, 94 (4), 1048-1057.
35
36
37
38 Smart, A.: 1993, 'Gifts, Bribes, and Guanxi: a Reconsideration of Bourdieu's Social
39
40 Capital', *Cultural Anthropology*, 8 (3), 388-408.
41
42
43 Smith, P. B., and Peterson, M. F.: 1988, *Leadership, Organizations and Culture: An Event*
44
45 *Management Model*, Beverly Hills, CA: Sage.
46
47
48 Solomon, R., Surprenant, C., Czepiel, J., and Gutman, E.: 1985, 'A Role Theory
49
50 Perspective on Dyadic Interactions: The Service Encounter', *Journal of Marketing*,
51
52 99-111.
53
54
55 Sparrowe, R. and Liden, R. C.: 1997, 'Process and Structure in Leader-member
56
57 Exchange', *Academy of Management Journal*, 22 (2), 522-552.
58
59
60
61
62
63
64
65

- 1
2
3
4 Standifird, S.S. and R.S. Marshall: 2000, 'The Transaction Cost Advantage of Guanxi-
5 based Business Practices', *Journal of World Business*, 35, 21-42.
6
7
8
9 Su, C., Joe S., and Littlefield, J. E.: 2003, 'Is Guanxi Orientation Bad, Ethically Speaking?
10 A Study of Chinese Enterprises', *Journal of Business*, 44, 303-312.
11
12
13
14 The Economist Intelligence Unit Limited: 1996. 'Selling China Postings to Managers:
15 The Reluctant Expat', *Business China*.
16
17
18
19 Thibaut, J.W. and Kelley, H.H.: *Interpersonal Relations: A Theory of Interdependence*,
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65
- Tong, C. and Yong, P.: 1998, 'Guanxi Bases, Xinyong and Chinese Business Networks',
British Journal of Sociology, 49(1), 75-96.
- Tsang, Eric W. K.: 1998, 'Can Guanxi be a Source of Sustained Competitive Advantage
for Doing Business in China?', *Academy of Management Executive* 12(2), 64-73.
- Tse, D. K., Francis, J., and Walls, J.: 1994, 'Cultural Differences in Conducting Intra- and
Inter-Cultural Negotiations: A Sino-Canadian Comparison', *Journal of International
Business Studies*, 24, 537-555.
- Tsui, A. S. and Farh, J. L.: 1997, 'Where Guanxi Matters: Relational Demography and
Guanxi in the Chinese Context', *Work and Occupations* 24 (1), 56-79.
- Uhl-Bien, M.: 2006, 'Relational Leadership Theory: Exploring the Social Processes of
Leadership and Organising', *The Leadership Quarterly*, 17, 654-676.
- Uhl-Bien, M., and Maslyn, J.M.: 2003, 'Reciprocity in Manager-subordinate Relationship:
Components, Configurations and Outcomes', *Journal of Management*, 24,511-532.
- Verhezen, P.: 2008, 'Guanxi: Networks or Nepotism?', in Zsolnai, Laszlo (Ed),
Europe-Asia Dialogue on Business Spirituality, Antwerp; Apeldoorn, Garant, pp.

- 1
2
3
4 89-106.
5
6
7 Walumbwa, F.O., Cropanzano, R., and Goldman, B.M.: 2011, 'How Leader-Member
8
9 Exchange Influences Effective Work Behaviors: Social Exchange and Internal-External
10
11 Efficacy Perspectives', *Personnel Psychology*, 64(3), 739-770.
12
13
14 Wang, J.: 2008, 'A Cross-cultural Study of Daily Communication between Chinese and
15
16 American-- From the Perspective of High Context and Low Context', *Asian Social
17
18 Science*, 4 (10), 151-154.
19
20
21 Wang, Z.M. and Heller, F.A.: 1993, 'Patterns of Power Distribution in Managerial
22
23 Decision Making in Chinese and British Enterprises', *International Journal of Human
24
25 Resource Management*, 4 (1), 113-128.
26
27
28 Warren, D. E., Dunfee, T. W., and Li, N.: 2004, 'Social Exchange in China: The
29
30 Double-edged Sword of Guanxi', *Journal of Business Ethics*, 55, 355–372.
31
32
33 Wayne, S. J., and Green, S. A.: 1993, 'The Effects of Leader–member Exchange on
34
35 Employee Citizenship and Impression Management Behaviour', *Human Relations*, 46,
36
37 1431–1440.
38
39
40 Wong, Y.H. and Tam, J.L.M.: 2000, 'Mapping Relationships in China: Guanxi Dynamic
41
42 Approach', *Journal of Business and Industrial Marketing*, 15 (1), 57-73.
43
44
45 Wu, J., Hom, P., Tetrick, L., Shore, L., Jia, L., Li, C., et al.: 2006, 'The Norm of
46
47 Reciprocity: Scale Development and Validation in the Chinese Context', *Management
48
49 and Organisation Review*, 2, 377–402.
50
51
52
53 Xin, K. R. and Pearce, J. L.: 1996, "Guanxi: Connections as Substitutes for Formal
54
55 Institutional Support", *Academy of Management Journal*, 39, 1461-1568.
56
57
58 Xu, E., Huang, X., Lam, C. K., and Miao, Q.: 2011, 'Abusive Supervision and
59
60
61
62
63
64
65

1
2
3
4 Work Behaviours: The Mediating Role of LMX', *Journal of Organisational Behaviour*,
5
6 33, 531-543.
7

8
9 Yang, K. S.: 1993, 'Chinese Social Orientation: An Integrative Analysis', In L. Y. Cheng,
10
11 F. M. C. Cheung & C. N. Cheng (Eds.), *Psychotherapy for the Chinese*, 19–56.
12

13
14 Yang, M.: 1989, 'The Gift Economy and State Power in China', *Comparative Studies in*
15
16 *Society and History*, 31, 25-54.
17

18
19 Yang, M.: 1994, *Gifts, favors and banquets: The art of social relationships in China*. 1st
20
21 Edn, Cornell University Press, pp. 370.
22

23
24 Yang, Y.: 2001, 'People on One's Own Side: A Case Study on the Typology of Chinese
25
26 Guanxi', In C.-F. Yang (Ed.), *Interpersonal Relationship, Affection and Trust of the*
27
28 *Chinese: From an Interactional Perspective*, 131-157.
29

30
31 Yeung, Irene Y. M. and Rosalie L. Tung: 1996, 'Achieving Business Success in
32
33 Confucian Societies: The Importance of Guanxi (Connections)', *Organization*
34
35 *Dynamics*, 25(2), 54–66.
36
37

38
39 Yukl, G.: 2010, *Leadership in Organisations*, Upper Saddle River, Prentice-Hall.

40
41 Zhong, C.: 2007, 'Application of Proverbs in Psychotherapy for the Chinese', *World*
42
43 *Cultural Research Review*, 16-19.
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60
61
62
63
64
65