

A Thesis Submitted for the Degree of PhD at the University of Warwick

Permanent WRAP URL:

<http://wrap.warwick.ac.uk/131944>

Copyright and reuse:

This thesis is made available online and is protected by original copyright.

Please scroll down to view the document itself.

Please refer to the repository record for this item for information to help you to cite it.

Our policy information is available from the repository home page.

For more information, please contact the WRAP Team at: wrap@warwick.ac.uk

**Interplay of Chinese Guanxi with Western job role
system in private Chinese IT firms**

By Rui Xu

**A thesis submitted in partial fulfilment of the requirements for the
degree of Doctor of Philosophy in Engineering**

University of Warwick, WMG

May 2018

TABLE OF CONTENTS

LIST OF FIGURES	v
LIST OF TABLES	vi
ACKNOWLEDGEMENTS	viii
DECLARATIONS	ix
ABSTRACT	x
CHAPTER 1. INTRODUCTION	1
1.1 Convergence and divergence of HRM practices in China	1
1.2 Challenges and opportunities of coordination in Chinese firms	3
1.3 Research objectives	6
CHAPTER 2. LITERATURE REVIEW	9
2.1 Chinese cultural practices of Guanxi	9
2.1.1 Concept of Guanxi	10
2.1.2 Impact of Guanxi on Chinese management	13
2.1.3 Guanxi as Chinese style of social capital	15
2.2 Western job role system	18
2.2.1 Organisational coordination: formal and informal	18
2.2.2 Western job role system as formal role coordination mechanism.....	20
2.2.3 Integrating social capital with formal role coordination mechanism	23
2.3 Interplay of Chinese Guanxi with Western job role system	26
2.3.1 Coevolution of Chinese Guanxi and Western job role system	27
2.3.2 Intertwining of Guanxi relationships with formal role relations	29
2.3.3 Effects of the dynamic interplay on organisational coordination	31
2.4 Research framework	35
CHAPTER 3. RESEARCH METHODOLOGY	39
3.1 Multiple case studies	39
3.2 Data collection	41
3.3 Data analysis	44
3.4 Issues of research quality	47
CHAPTER 4. CASE STUDY I	50
4.1 Background of case study	50
4.2 Intertwining of Guanxi relationships with formal role relations	53
4.2.1 Impact of formal role relations on Guanxi relationships	53
4.2.2 Impact of Guanxi relationships on formal role relations	56
4.2.3 Mapping Guanxi relationships in intra-organisational network	60
4.3 Interplay of relational and formal coordination mechanisms.....	61

4.3.1 Guanxi networks interplay with formal role coordination mechanism	62
4.3.2 Relational structure interplays with formal role coordination mechanism	64
4.3.3 Particularistic rules interplay with formal role coordination mechanism	67
4.4 Coordination outcomes	70
4.5 Summary	73
CHAPTER 5. CASE STUDY II	77
5.1 Backgroud of case study	77
5.2 Intertwining of Guanxi relationships with formal role relations	80
5.2.1 Impact of formal role relations on Guanxi relationships	81
5.2.2 Impact of Guanxi relationships on formal role relations	83
5.2.3 Mapping Guanxi relationships in intra-organisational network	86
5.3 Interplay of relational and formal coordination mechanisms	88
5.3.1 Guanxi networks interplay with formal role coordination mechanism	88
5.3.2 Relational structure interplays with formal role coordination mechanism	91
5.3.3 Particularistic rules interplay with formal role coordination mechanism.....	94
5.4 Coordination outcomes	96
5.5 Summary	100
CHAPTER 6. CASE STUDY III	103
6.1 Backgroud of case study	103
6.2 Intertwining of Guanxi relationships with formal role relations	106
6.2.1 Impact of formal role relations on Guanxi relationships	106
6.2.2 Impact of Guanxi relationships on formal role relations	108
6.2.3 Mapping Guanxi relationships in intra-organisational network	111
6.3 Interplay of relational and formal coordination mechanisms	113
6.3.1 Guanxi networks interplay with formal role coordination mechanism	113
6.3.2 Relational structure interplays with formal role coordination mechanism.....	116
6.3.3 Particularistic rules interplay with formal role coordination mechanism.....	118
6.4 Coordination outcomes	121
6.5 Summary	124
CHAPTER 7. CROSS-CASE ANALYSIS: RESEARCH QUESTION I	127
7.1 Impact of formal role relations on Guanxi relationships	127
7.1.1 Structural and relational dimensions	128
7.1.2 Cognitive dimension	132
7.2 Impact of Guanxi relationships on formal role relations	133
7.2.1 Harmonious Guanxi relationships and affective social exchange	134
7.2.2 Formation of relational structure of Guanxi	135
7.3 Mapping Guanxi relationships in intra-organisational networks	138

7.3.1 Three types of Guanxi in formal role relations	138
7.3.2 Within-team and cross-team Guanxi networks	140
7.4 Summary	141
CHAPTER 8. CROSS-CASE ANALYSIS: RESEARCH QUESTION II	144
8.1 Guanxi networks interplaying with formal role coordination mechanism	144
8.1.1 Effects of Family-like, Familiar and Stranger Guanxi	144
8.1.2 Effects of within-team and cross-team Guanxi networks	146
8.2 Relational structure interplaying with formal role coordination mechanism	149
8.2.1 Effects of team-based Guanxi groups	150
8.2.2 Effects of Paternalistic Leadership	152
8.2.3 Effects of Senior-junior Guanxi	154
8.3 Particularistic rules interplaying with formal role coordination mechanism	156
8.3.1 Ambiguous but flexible role specification	156
8.3.2 Preference for relational coordination practices	158
8.3.3 Particularistic emphasis on employee behaviour input	159
8.4 Summary	161
CHAPTER 9. CROSS-CASE ANALYSIS : RESEARCH QUESTION III	165
9.1 Within-team, cross-team and manager-subordinate coordination	165
9.2 Distinct effects of relational and formal coordination mechanisms	169
9.3 Contexts and outcomes of organisational coordination	170
CHAPTER 10. CONCLUSIONS	175
10.1 Intertwining of Guanxi relationships with formal role relations	175
10.2 Interplay of relational and formal coordination mechanisms	179
10.3 Joint outcomes of relational and formal coordination mechanisms	182
10.4 Coevolution of Chinese Guanxi and Western job role system.....	184
10.5 Contributions and limitations.....	186
10.6 Future research and practical implications	190
REFERENCES	191
APPENDIX	
Appendix 1 Examples of Thematic Analysis	205
Appendix 2 Interview Topic Guide	206
Appendix 3 Participant Information Leaflet	209
Appendix 4 Consent Form	214
Appendix 5 BSREC research ethical approval	215

LIST OF FIGURES

Figure 1 One's egocentric Guanxi network	12
Figure 2 Research framework	37
Figure 3 Micro formal job role system	41
Figure 4.1 Micro formal job role system in Case Study I	51
Figure 4.2 Joint effects of Chinese Guanxi and Western job role system on organisational coordination in Case Study I	74
Figure 5.1 Micro formal job role system in Case Study II	77
Figure 5.2 Joint effects of Chinese Guanxi and Western job role system on organisational coordination in Case Study II	100
Figure 6.1 Micro formal job role system in Case Study III	103
Figure 6.2 Joint effects of Chinese Guanxi and Western job role system on organisational coordination in Case Study III	125
Figure 7 Intertwining of Guanxi relationships with formal role relations	142
Figure 8 Interplay of relational and formal coordination mechanisms	162
Figure 9 Joint effects of Chinese Guanxi and Western job role system on organisational coordination	170

LIST OF TABLES

Table 1. List of case studies	8
Table 2. Examples of literature search	9
Table 3.1 Number of interviews in three case studies	42
Table 3.2 Interview topics	43
Table 3.3 Descriptive framework of within-case analysis	46
Table 4.1 Competition between organisational and relational obligations discourages close Guanxi relationships in Case Study I	56
Table 4.2 Impact of Guanxi on interpersonal interaction and social exchange in Case Study I	57
Table 4.3 Features of team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi in Case Study I	59
Table 4.4 Effects of three types of Guanxi relationships in Case Study I	63
Table 4.5 Negative effects of Paternalistic Leadership in Case Study I	66
Table 4.6 Relational approach of performance management in Case Study I	69
Table 5.1 Organisational culture, values and tradition in Case Study II	80
Table 5.2 Stress on organisational more than relational obligations and values in Case Study II	83
Table 5.3 Familial collectivism in interpersonal interaction between employees in Case Study II	84
Table 5.4 Removal of exclusivity of team-based Guanxi groups in Case Study II	85
Table 5.5 Prevention of negative outcomes of Guanxi networks in Case Study II	90
Table 5.6 Formal role coordination mechanism strengthens the capacity of relational structure in Case Study II	93
Table 6.1 Features of team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi in Case Study III	111
Table 6.2 Limited negative outcomes of Guanxi networks in Case Study III	115
Table 6.3 Limited negative outcomes of relational structure in Case Study III	118
Table 6.4 Preference for relational coordination practices in Case Study III	119
Table 7.1 Themes related to the intertwining of Guanxi relationships with formal role relations	127
Table 7.2 Cross-case comparison: impact of formal role relations on structural and relational dimensions of Guanxi	128
Table 7.3 Cross-case comparison: impact of formal role relations on cognitive dimension of Guanxi	132
Table 7.4 Cross-case comparison: impact of the emphasis on harmony and the reciprocity of Renqing on formal role relations	134
Table 7.5 Cross-case comparison: impact of familial collectivism and Confucian hierarchical ethics on formal role relations	135
Table 7.6 Cross-case comparison: three types of Guanxi around formal role relations	139
Table 7.7 Cross-case comparison: within-team and cross-team Guanxi networks	140

Table 8.1 Themes on the interplay between relational and formal coordination mechanisms	144
Table 8.2 Cross-case comparison: coordination effects of three types of Guanxi relationships	145
Table 8.3 Cross-case comparison: effects of intra-organisational Guanxi networks	147
Table 8.4 Cross-case comparison: effects of team-based Guanxi groups	150
Table 8.5 Cross-case comparison: effects of Paternalistic Leadership	152
Table 8.6 Cross-case comparison: effects of Senior-junior Guanxi	154
Table 8.7 Cross-case comparison: effects of ambiguous role specification	157
Table 8.8 Cross-case comparison: effects of relational coordination practices	158
Table 8.9 Cross-case comparison: effects of a particularistic emphasis on employee behaviour input	160
Table 9.1 Cross-case comparison: coordination outcomes	165
Table 9.2 Cross-case comparison: organisational contexts	171

ACKNOWLEDGEMENTS

The completion of the PhD research would not be possible without the immense input and support from my PhD supervisor, Dr Tina Barnes, at University of Warwick. With her encouragement, I have enjoyed every exploration in the PhD journey. Every meeting with her about the research has inspired me with new ideas and new excitements. And with her extremely valuable advices, I have greatly extended my academic skills to accomplish the research project. Without her delicate support, I would not have challenged my own boundaries to fulfil multiple commitments during the PhD. It has been a great privilege to be her student.

Moreover, I would like to express my gratitude to industry friends who helped with research access and research participants, who appear anonymous in the thesis. Without their kind help, the PhD project would not have been successful.

Finally, I would like to appreciate my husband, Guangwu Cen, for standing asides me all the years. Without his understanding and unconditional support, I would not have the wonderful PhD experience.

DECLARATIONS

This thesis is submitted to the University of Warwick in support of my application for the degree of Doctor of Philosophy. It has been composed by myself and has not been submitted in any previous application for any degree.

ABSTRACT

This doctoral research project was designed to understand how Chinese interpersonal relationships, Guanxi, and Western job role system interplay to affect the coordination of work in Chinese firms. While Chinese firms have extensively introduced Western management practices, which rely on the use of formal organisational systems as formal coordination mechanisms, the cultural practices of Guanxi have constrained the management transfer. On the other hand, Guanxi often works as a relational coordination mechanism for Chinese organisations. There is a potential to integrate the Chinese relational and Western formal mechanisms for an enhanced outcome of organisational coordination. Nonetheless, there is limited empirical literature on the dynamic interplay between Chinese Guanxi and Western management practices and between the relational and formal coordination mechanisms. To reduce the literature gaps, the research conducted three case studies in private Chinese IT firms with 35 in-depth, semi-structured interviews.

It was found that the intertwining of Guanxi relationships with the formal role relations results in the formation of dense, closed within-team social networks and relatively loose cross-team social networks and the formation of a relational structure consisting of team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi. Moreover, it was indicated that the intra-organisational social networks, the relational structure and some particularistic rules of Guanxi interplay with the formal job role system, creating both positive and negative coordination outcomes. Finally, it was demonstrated that the three case studies achieve different coordination outcomes, which depends on whether the formal job role system curbs the negative outcomes of Guanxi or reinforces the benefits of Guanxi. Consequently, the research contributes to cross-cultural management literature with the empirical understanding on the coevolution of Chinese Guanxi and Western management practices in Chinese organisations and extends coordination literature with the empirical insights on the interplay between relational and formal coordination mechanisms.

CHAPTER 1. INTRODUCTION

The introduction chapter discusses the background of the research, highlights research problems and key literature gaps for the research and then describes the research objectives.

1.1 Convergence and divergence of HRM practices in China

Since China launched an open-door policy and began to pursue market-driven economy in 1978, Chinese economic reform in the last four decades has led to the significant integration of China into global economy. By 2012, China became the largest recipient of foreign direct investment worldwide with an inflow of 121 billion dollars (UNCTAD, 2013) and there were 25,000 foreign-invested enterprises operating in China (MOFCOM, 2013). While becoming an essential global market where multinational companies compete, China has experienced rapid economic growth with the financial and technological boost from abroad (Jia and Lamming, 2013; Quer and Claver, 2008). Whilst China has been one of the fastest-growing economies for about four decades, Chinese firms gradually have developed themselves into global players. By 2016, China turned into the second largest home country for outward foreign direct investment, with an outflow of 183 billion dollars, next to US (UNCTAD, 2017). There were only 16 Chinese companies entering the list of Fortune Global 500 in 2005, but the figure increased dramatically to 115 in 2017, reflecting the rise of private Chinese firms and the power of the market in China's economic transformation (Shi, 2017; Hong et al., 2017).

During the significant integration of China into the global economy, an increasing number of Chinese firms have adopted or converged to Western HRM best practices (Zhu et al., 2013). While multinational companies tend to integrate their operations in China into their international management systems, Chinese companies are keen to learn Western management practices and theories (Warner, 2014; Walsh and Zhu, 2007). The transfer of Western management practices mainly includes the use of formal organisational systems and processes for organisational coordination and control (Westrup and Liu, 2008; Child and Warner, 2003). The convergence to Western HRM practices involves the introduction of the routines for work organisation, high-performance HRM systems and talent management programmes and the notion of individualised employment contract, performance assessment and performance-related pay etc. (Cooke, 2013; Heikkila, 2013; Fu, 2012; Zhu et al., 2007). Underpinning Western HRM is classical organisational role theory, which provides a framework for the allocation of job roles to employees and assumes that every employee performs an assigned job role for the organisation to

function as a goal-oriented social entity (Wickham and Parker, 2007). Because organisational role theory, which is developed in Western developed economies, focuses on pre-planned roles that individuals enact in formal organisations (Wickham and Parker, 2007), the transfer of Western HRM practices to Chinese firms is based on the use of Western formal job role system.

The convergence to Western HRM practices is embedded in Chinese cultural practices of Guanxi, one of the most fundamentally characteristics of Chinese culture (Ma et al., 2014). Literally meaning relationships or connections (Zhang and Pimpa, 2010), Guanxi is described as an informal, particularistic interpersonal connection bounded by an implicit psychological contract following the social norms of Guanxi (Chen and Chen, 2004). The origin of Guanxi has strong links with the teaching of Confucianism (Law and Jones, 2009), which traditionally assumes that people exist in a web of harmonious and orderly relationships (Zhang and Zhang, 2006) and are therefore fundamentally social or relational beings (Tsui et al., 2000). With the tendency towards particularism, the situational, relational obligations are emphasized in Chinese interpersonal interaction (Worm and Frankenstein, 2000).

Deeply embedded in the mindset of Chinese, Guanxi reflects delicate fibres woven into every aspect of Chinese society (Park and Luo, 2001). In Chinese society, Guanxi has served as an information institution to overcome the deficiency of political and economic institutions during Chinese economic reform (Zhan, 2012). For Chinese businesses, Guanxi helps them leverage connections with appropriate partners, obtain access to insider information, facilitate international expansion and secure competitive advantage for their market performance (Barnes et al., 2011). For Chinese individuals, while the development of Guanxi is accepted as an essential fact of life (Wong, 2010), Guanxi sets the fundamental interaction mode for Chinese individual behaviour (Huang et al., 2011). Although the establishment of market institutions in Chinese economic reform may reduce reliance on Guanxi, its significance in developing trust, lessening transaction cost and offering mutual support to those who share reciprocal relations remains in Chinese society (Qi, 2013).

Chinese cultural practices of Guanxi have constrained the transfer of Western HRM practices, hindering the functioning of Western job role system in the firms operating in China. According to Schmidt et al. (2013), firms operate in the context of two different levels of culture: national culture and organisational culture, the sets of common beliefs and values of a nation or an organisation. The national culture plays a significant role in constructing the organisational culture and management styles by influencing employee attitudes, behaviour and expectations (Wong, 2010). As a result, the transfer of Western HRM practices deeply rooted in Western national culture is often limited by the common

beliefs and values in Chinese firms shaped by Chinese national culture (Heikkila, 2013; Child & Yan, 2001). It is found that the diffusion of Western HRM policies has been influenced by the emphasis on Guanxi in recruitment and promotion (Zhu et al., 2013), which are critical for setting organisational expectations on the performance of job roles. It is also reported that such transfer has been hindered by the cultural demands of Guanxi including the respect for hierarchy, emphasis on harmony and face saving and significance of interpersonal relationships within groups (Hartmann et al., 2010), while team work is important for the collaboration between employees performing different job roles. Consequently, HRM practices in China are not only convergent with Western management practices and but also with Chinese local practices (Björkman et al., 2008).

There is much convergence—divergence debate about the transfer of Western HRM practices in China. Whilst the convergence perspective argues that the firms in emerging economy should adapt Western HRM policies and practices for improving performance, the divergent perspective assumes that these firms need to localise the Western models to adapt to local culture and suit local needs (Zhu and Warner, 2017). Based on such debate, many scholars posit the emergence of a hybrid model of HRM practices in China with the coexistence of many mutually exclusive ideas and practices (Zhu and Warner, 2017; Ng et al., 2008; Chan et al., 2005). When conflicts occur between Chinese and Western approaches, the hybridisation becomes dysfunctional and destructive, impairing the achievement of organisational goals (Horak and Yang, 2017). Moreover, Gamble and Huang (2009) argue that the convergence or divergence with local practices is not an event but a dynamic, contested and shifting process. Whilst Chinese cultural practices of Guanxi has constrained the transfer of Western HRM practices in China, the influx of Western HRM practices affect the practice of Guanxi in Chinese firms (Zhu et al., 2008). There thus may be a dynamic interplay between Chinese Guanxi and Western HRM practices including the use of Western job role system. As Hong and Engeström (2004) point out, Western management know-how and Chinese Confucian practices coevolve in the mixed organisational practices. It is important to understand the dynamic interplay between Chinese Guanxi and Western job role system because it is relevant for both Chinese domestic firms and the foreign-invested firms operating in China.

1.2 Challenges and opportunities of coordination in Chinese firms

Coordination, the integration of interdependent tasks, is an essential goal for any organisation (Leonard et al., 2012). While roles in organisations represent organisational expectations placed on individuals in certain positions (Lynch, 2007), job roles are identified as one of the major coordination mechanisms allowing individuals to realise

collective performance (Okhuysen and Bechky, 2009). The dynamic interplay between Western job role system and Chinese cultural practices of Guanxi could result in coordination challenges and opportunities in Chinese firms.

A comparison of Western management and traditional Chinese management shaped by Guanxi culture indicates a distinction between Western and traditional Chinese approaches. Chinese cultural practices of Guanxi result in a relationship-based management philosophy in traditional Chinese management in line with Confucian ethics (Yuan, 2013; Wright et al., 2000). Due to the criticalness of Guanxi, the traditional Chinese management places heavy value on fostering long-term harmonious relationships, emphasises relational, rule-by-man obligations such as the benevolence of managers and loyalty of subordinates and is featured with nepotism (Wright et al., 2000). The collectivism based on relationships results in the favour to collective achievement and group performance, whilst the particularism stressing situational and relational obligations leads to a high tolerance for ambiguity, a preference for flexibility and room for the reinterpretation of procedural rules and thus little reliance on universal principles (Leung and Kwong, 2003).

In contrast, some scholars suggest that Western management has a rationalistic, individualistic and universalistic paradigm (Westwood et al., 2004). There is an emphasis on individual performance and meritocracy and a preference for explicit, universalistic obligations (Vanhala and Stavrou, 2013; Worm and Frankenstein, 2000). Moreover, the rationalistic paradigm stresses impersonal rule-by-law obligations and universalistic rules so that Western management has a heavy reliance on the use of formal organisational systems and processes (Yan, 2003; Child and Yan, 2001). However, the distinction between traditional Chinese and Western management may be a relative rather than absolute phenomenon. Chinese culture involves not only substantial contribution of Confucianism but also a school of legalism with elements resembling Western ideas of rule of law (Pan et al., 2012), whilst contemporary Western management practices have some inventions such as high-performance work systems emphasising high commitment of employees (Wood & Menezes, 2011).

In general, there is some conflicting logic between traditional Chinese management and Western management (Westrup and Liu, 2008). Whilst traditional Chinese management has more stresses on collective performance and loyalty, Western management has more emphasises on individual performance and meritocracy. While traditional Chinese management pays more attention to affective, relational and situational obligations, Western management places more value on impersonal and universalistic obligations. Whereas traditional Chinese management prefers more flexibility and ambiguity in procedural rules, Western management favours more explicitness of formal organisational

systems and processes. Therefore, the interplay between Chinese Guanxi and Western job role system raises considerable challenges for the coordination of work in the firms operating in China. It is reported that Guanxi is often viewed as a competing form of accountability and control in Chinese operations of foreign-invested firms (Chen et al., 2008) and that Guanxi violates principle of justice under universalistic formal procedures and undermines merit-based competitiveness of organisation (Chen et al., 2013).

Nevertheless, associated with the coordination challenges is an opportunity to utilise Guanxi to complement Western job role system for the coordination of work in Chinese firms. Guanxi often functions as a form of social capital for mobilising resources and bonding individuals for Chinese society (Huang and Wang, 2011; Ou et al., 2010). In Chinese organisations, Guanxi has worked extensively as informal coordination mechanism (Child and Warner, 2003a). It often overrides formal communication channels for internal communications among organisational subunits, between managers and subordinates and among employees and act as social resources to ensure smooth function of Chinese organisations (Chen, 2000). It is reported that Chinese entrepreneurs have succeeded in converting their families into corporate entities and relied on strong relational ties to organise the operations of their family businesses (Zuwarimwe, 2007). It is found that Guanxi contributes to cooperative efficiency both inter-and intra-groups (Wong, 2010) and team work (Chou et al., 2006) in Chinese firms. In addition, it is suggested that Guanxi impacts employees' helping behaviour (Teng et al., 2012) and organisational commitment (Wong et al., 2001), both of which are highly relevant for coordinating work activities towards organisational goals.

On the other hand, the pre-designed formal coordination mechanisms could not adequately satisfy the coordination of work. It is criticised that that the organisational design perspective of formal coordination mechanisms assumes the predictability of environmental contingencies and the feasibility of designing work processes with specificity and precision (Faraj and Xiao, 2006). Therefore, the formal coordination mechanisms have inherent limitations in dealing with emergent coordination demands under the task uncertainty in environment and work process while providing preventive rather than reactive coordination practices (Bechky, 2006b). Moreover, it is commented that relational contracts and norms rather than transactional agreements and formal rules underpin the interaction of organisational members (Leana and Van Buren, 1999). As a result, some organisational scholars have begun to see coordination as a fundamental relational process and developed relational approaches to coordination such as social capital (Gittell, 2009). It is recommended that to sustain coordination overtime, the integrative elements manifest in personal relationships, psychological contracts and informal understanding and commitments need to supplement the

aggregative elements manifest in formal, structural arrangements (Thomson and Perry, 2006).

Based on the above discussions, it is debated that the interplay of Chinese Guanxi and Western formal job role system creates both challenges and opportunities for organisational coordination. To improve the coordination of work in the firms operating in China, Chinese Guanxi and Western formal role system might be synergised to address the tensions and utilise the opportunities. While the issue is important for the coordination effectiveness of the firms operating in China, it requires an understanding on the dynamic interplay between Chinese Guanxi and Western job role system.

1.3 Research objectives

There is a lack of literature on the dynamic interplay between Chinese Guanxi and Western job role system in the firms operating in China. While extensive research has examined the diffusion of Western management in China (Zhu et al., 2013), academic interest has placed increasing weight on the potential influence of Chinese culture in generating a hybrid management model (Danford and Zhao, 2012). However, although the interplay of Chinese Guanxi and Western HRM practices is a dynamic, contested and shifting process, there is a lack of knowledge on the dynamic process in the interplay. Despite of much research on the impact of Guanxi on management transfer, there is a shortage of studies on how the influx of Western HRM practices alters the working of Guanxi in Chinese organisations (Zhu et al., 2008). Scholars like Chen et al. (2017) raise a call for research to understand how cultural values are changing in China while Guanxi is in the centre of Chinese management. Moreover, because Chinese organisations are full of a mix of instrumental and expressive Guanxi relationships, there is a strong need to investigate the working relationships and interpersonal relationships jointly in intra-organisational social networks (Luo et al., 2016). There has been a call for research on how Guanxi networks overlap with formal organisational charts and how they complement or counter each other to affect organisational processes and outcome (Chen et al., 2013).

Further, there is a lack of research on how relational and formal coordination mechanisms interplay to jointly affect the coordination of work. As discussed in Section 1.2, there is an issue on whether Western formal job role system and Chinese Guanxi can be integrated to enhance the coordination effectiveness in Chinese firms. Nevertheless, existing coordination literature has focussed on the formal elements planned by organisations but with little attention on the informal and emergent coordination practices (Okhuysen and Bechky, 2009). Scholars propose that future research is needed to investigate how social

capital, derived from the networks of social relationships, acts upon coordination mechanisms (Gloede et al., 2013) and how coordination may occur through quality relationships (Gittell, 2003). Moreover, there has been a call for research to examine the interplay between formal and informal coordination mechanisms and explore how they jointly affect the coordination of work as a system of practices (Jarzabkowski et al., 2012; Bechky, 2006a).

It is critical to address the lack of knowledge on the dynamic interplay between Chinese Guanxi and Western job role system. Such knowledge is highly relevant not only for the coordination effectiveness of the firms operating in China, but also for advancing mainstream management theory. According to Chen et al. (2017), mainstream management theories should be updated to address key Chinese phenomena like Guanxi. Understanding of Chinese management phenomena provides a stimulus for informing and reshaping the mainstream management theory. Therefore, the present research is designed to understand how Chinese Guanxi interplays with Western formal job role system to affect organisational coordination in Chinese firms. It aims to answer three primary research questions:

Research Question I: How do Guanxi relationships intertwine with formal job role relations, shaping social networks in Chinese organisations?

Research Question II: How do Chinese Guanxi and Western job role system interplay as relational and formal coordination mechanisms in Chinese organisations?

Research Question III: How do the relational and formal coordination mechanisms jointly produce coordination outcomes in Chinese organisations?

The research examines the dynamic interplay between Chinese Guanxi and Western job role system by studying the bi-directional impact and focuses on the social processes underlining the dynamic interplay. The research questions have a subsequent order. To understand the interplay of relational and formal coordination mechanism, it is necessary to understand the intertwining of Guanxi relationships with formal working relationships in the organisations. Then the understanding in the interplay between relational and formal coordination mechanisms offers the foundation to answer how they jointly produce particular coordination outcomes.

The research conducts three case studies in private Chinese information technology (IT) firms. The rapid growth of Chinese firms in the last four decades, as indicated in Section 1.1, implies that it is worth attention to understand how the hybrid of Chinese and Western management practices supports their fast growth. Moreover, because Western HRM

practices have been transferred earlier, faster and more extensively to the private sector than to the public sector in China (Zhu and Warner, 2017), private Chinese firms offers a fine opportunity to study the dynamic interplay. Furthermore, IT firms, which are featured with task uncertainty and complexity (Jarzabkowski et al., 2012), provide an opportunity to understand the joint effects of formal and relational coordination mechanisms under such conditions.

Case studies	Case Organisation	Implementation of Western HRM
Case Study I	Medium-sized Chinese private IT firm	In process
Case Study II	A subsidiary in a large Chinese private IT firm	Completed
Case Study II	A subsidiary in a large Chinese private IT firm	Completed

Table 1. List of case studies

As listed in **Table 1**, the multiple case studies are carried out in a medium-sized Chinese firm in a transition stage of introducing Western HRM practices and two large private Chinese firms that have settled in a relatively stable stage after implementing Western HRM practices. To collect the data, the researcher conducted 35 in-depth semi-structured interviews, each of which took over 60 minutes on average, in the three case studies. The researcher also used informal conversation and secondary data about the three firms to interpret the interview data. To analyse the data, the researcher carried out a within-case analysis first to identify the themes, patterns and causal relationships from the data and then compares them in a cross-case analysis.

With the multiple case studies, the research aims to offer empirical knowledge on how Chinese Guanxi interplays with Western formal job role system to affect organisational coordination. In specific, it will provide an empirical understanding on how Chinese Guanxi and Western job role system affect the working of each other. Such empirical understanding will reduce the literature gap on the dynamic process in the emerging hybridisation of Chinese and Western management practices in China. Moreover, the research will increase empirical knowledge on how relational and formal mechanisms interact and jointly produce the coordination of work, contributing to coordination literature. In addition, by focusing on Guanxi, the research could enrich the mainstream coordination theory with an understanding on Chinese phenomena.

CHAPTER 2. LITERATURE REVIEW

This chapter examines the literature on the interplay between Chinese cultural practices of Guanxi and Western job role system, indicating literature gaps and illustrating key concepts for the research. To conduct the literature review, the researcher searched academic publications on Guanxi, social capital and coordination in last 20 years in business databases and online resources and libraries. The literature search was to find out most relevant academic publications to the research, understand the topics of the research and understand the development of literature on these topics. **Table 2** shows the examples of key words used, key databases and online resources and libraries searched and ten academic journals which are most frequently cited in the literature review as a result of the literature search.

Key words	Sources	Ten most frequently cited journals
Guanxi Social capital Coordination Role HRM in China	Database: ABI/INFORM Global Business Source Complete Emerald ScienceDirect Scopus Web of Science Online resource & library: Google Scholar Warwick Encore Wiley Online library	(From more to less) International Journal of Human Resource Management Asia Pacific Journal of Management Organization Science Academy of Management Review Management and Organization Review Journal of World Business Journal of Management Organizational Behavior and Human Decision Processes Human Resource Management Review Asia Pacific Business Review

Table 2. Examples of literature search

This chapter discusses the literature on Guanxi and on Western job role system as formal coordination mechanism, elaborating key concepts, theories and ideas supporting the research. Then it reviews the literature on the dynamic interplay between Chinese Guanxi and Western job role system, highlighting the gaps for the present research. Last, it concludes with the design of research questions and research framework.

2.1 Chinese cultural practices of Guanxi

As discussed in Section 1.2, while Guanxi restricts the transfer of Western job role system in Chinese firms, it may facilitate organisational coordination as a form of social capital. At the beginning of the literature review, it is essential to understand the Chinese cultural practices of Guanxi. In particular, it is necessary to understand the concept of Guanxi and its influence in Chinese management and examine the view of Guanxi as a form of social capital, a concept developed in Western literature.

2.1.1 Concept of Guanxi

There has been much literature on the term of Guanxi, which literally means relation or relationships, ties or connections (Zhang and Pimpa, 2010). Many Western scholars have described Guanxi as an interpersonal connection, social networking or particular ties based on shared attributions (Law and Jones, 2009), such as kinship, township, schoolmates and colleagues. However, Fan (2002) argues that Guanxi can be developed without the shared attributions and that two persons with shared attributions may not get in touch with each other and thus have no Guanxi. Moreover, literature frequently refers to Guanxi as an interpersonal network for the exchange of favour or service (e.g. Christoffersen, 2011; Park and Luo, 2001). However, such description neither differentiates Guanxi from the social relationships in other societies where favour exchange also exists nor recognises the expressive and emotional aspects of Guanxi, which scholars have identified (e.g. Burt and Burzynska, 2017 ; Bian and Zhang, 2014; Hwang, 1987). In comparison, Chen and Chen (2004:306) define Guanxi according to the way it works and view it as 'an informal, particularistic personal connection between two individuals who are bounded by an implicit psychological contract to follow the social norm of Guanxi such as maintaining a long-term relationship, mutual commitment, loyalty, and obligation'. Such definition is significant, as it distinguishes Guanxi from other kinds of social relationships with its social norm and recognises the particularistic nature of Guanxi. An examination on the culture roots and social norm of Guanxi will provide justifications for such debate.

Guanxi is derived from Chinese culture characterized by Confucianism, collectivism and group harmony, respect for hierarchy, and particularism (Cooke, 2009; Peng et al., 2001). The origin of Guanxi has strong links with the teaching of Confucianism (Law and Jones, 2009), which traditionally assumes that people exist in a web of harmonious and orderly relationships (Zhang and Zhang, 2006). The cultural emphasis on collectivism demands that individuals subjugate their own interests in favour of harmonious relationships (Chow and Yau, 2010). Confucian Wulun defines five cardinal role relationships between ruler and minister, father and son, husband and wife, elder and younger brother, and friends, four of which are hierarchical, and set the rules for the role playing within Guanxi relationships (Jia et al., 2012; Huang and Wang, 2011). According to Wulun, relational individuals need to be sensitive to their social position and behave appropriately according to it and fulfil reciprocal obligations to achieve social harmony (Zhang and Pimpa, 2010). In hierarchical relationships, the power holder has rights but also obligations for the maintenance of harmonious relationships and social order (Westwood et al., 2004). Interestingly, Confucian individuals have considerable freedom to voluntarily define, interpret or even construct Guanxi relationships, putting them at the centre of their Guanxi network (Chen and Chen, 2004). Last, because Confucian ethics is contingent on

situations and relationships rather than on absolute norms (Bedford, 2011), it results in the Chinese tendency towards particularism under which Guanxi stresses particularistic, relational obligations rather than universalistic, rule-by-law obligations (Worm and Frankenstein, 2000). Consequently, with the cultural roots of Confucianism, collectivism and particularism, Guanxi presents as highly interdependent, interpersonal and particularistic.

The literature has explored the social norm and process of Guanxi by identifying interrelated constructs like Renqing, Face, affection, and trust as the components of Guanxi (Barnes et al., 2011; Law and Jones, 2009). Broadly translated as 'favour' in English, Renqing is referred to as unpaid obligations to the other party as a consequence of invoking Guanxi (Luo, 1997). By offering favours and keeping others in debt, one can store up Renqing to initiate or maintain Guanxi (Bedford, 2011). Guanxi participants are accountable for Renqing in the long run otherwise they will lose Face, which implies their integrity, honour and personal equity (Zhang and Pimpa, 2010). Moreover, they do not simply repay the debt; they hold onto it until the right time when the person needs it (Yen et al., 2011). While immediate return of favour closes rather than opens up relationships (Chen and Chen, 2004), Guanxi participants often respond with more generous return to express altruism and intrinsic interests in relationships and create indebtedness in recipients of such largess (Hom and Xiao, 2011). Furthermore, one must also be sensitive to the other's condition and return Renqing with empathy to develop the emotional attachment of Guanxi, which is affection (Bedford, 2011). Through repetitive exchange of favours, trust is gradually developed between them (Yen et al., 2011). With the belief that an ongoing relationship is valuable and Renqing will be repaid in future, Guanxi participants are involved in long-term social exchange and emotional engagement.

Whilst there is a tendency to keep expressive and instrumental relationships separate in Western societies, in Chinese view there are three realms of social interaction (Herrmann-Pillath, 2010). Yang (1993) classifies three types of Guanxi: Family or Family-like Guanxi such as those between close family members or intimate friends, Familiar Guanxi such as those between classmates, colleagues or neighbours, and Stranger Guanxi such as those between mere acquaintances or strangers (cited in Meng, 2017; Chen et al., 2004; Tsui et al., 2000). Scholars recognise that all three types of Guanxi involve both expressive and instrumental exchange, though the extent of the expressive or instrumental exchange may vary according to the type of Guanxi (e.g. Luo, 2011; Chen and Chen, 2004). According to these scholars, Family or Family-like Guanxi is the closest, most affective or expressive; Stranger Guanxi is most distant with limited interaction and little sense of sentiment and obligations; and Familiar Guanxi is semi-close, relatively less affective but more instrumental, with moderate sentiment and obligations cultivated through social and pragmatic favour exchange.

Many advocate that Guanxi is fundamentally a dyadic relationship between actors who develop mutual sentiments of emotional attachment and mutual obligations of reciprocity (Bian, 2017). In contrast, Herrmann-Pillath (2010) posits that Guanxi is not simply a dyadic structure but a triadic one that includes a third party who observes the publicly displayed Renqing and Face, the norms governing Guanxi exchange. While dyadic Guanxi relationships in nature may not be independent but interconnected, such conceptual difference depends on whether one views Guanxi from a dyadic perspective or a network perspective (Chen and Chen, 2004). From a network perspective, Guanxi researchers often allocate different types of Guanxi in one's egocentric Guanxi circle. In such networks, while the self is the centre point, the more inner circle in which Guanxi partner is located, the smaller the psychological distance between the Guanxi partner and the self and the stronger trust, affection and obligations their Guanxi has (Chen and Chen, 2004). In one's egocentric Guanxi networks, the closest Family or Family-like Guanxi is located in the core, the Stranger Guanxi is most peripheral, and the semi-close Familiar Guanxi is located in the middle layer (Luo et al., 2016; Zhang and Zhang, 2006), as described in **Figure 1**.

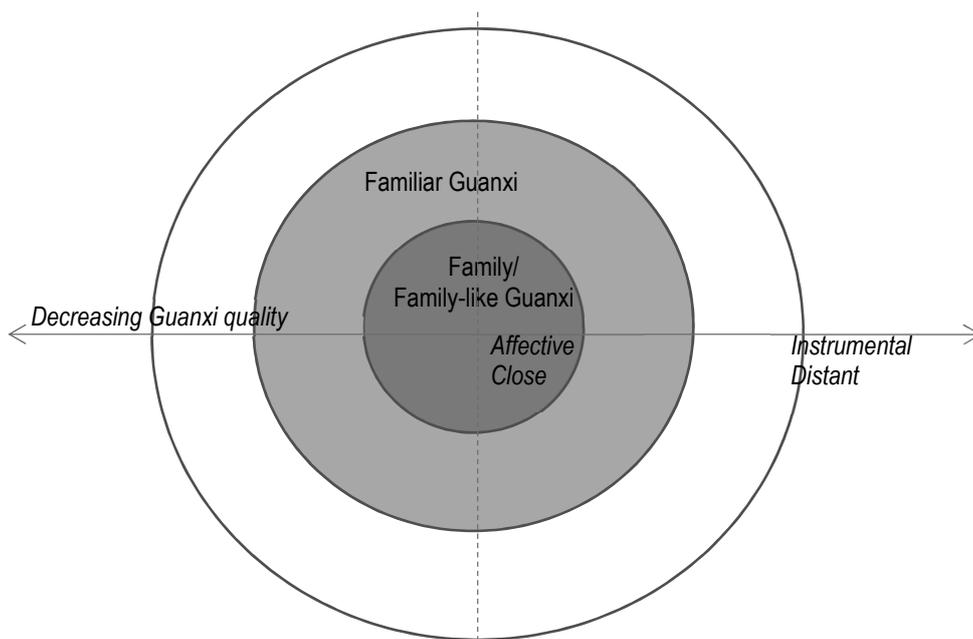


Figure 1. One's egocentric Guanxi network

In addition to the egocentric paradigm, there is a different but complementary paradigm—a whole network paradigm for a macro-level analysis (Provan et al., 2007). A focal actor can be not only the centre of its egocentric networks but also a member of a whole network. Guanxi networks therefore can be analysed at an individual level from the view of a focal actor and also at a macro level with a focus on the whole networks within groups and organisations.

2.1.2 Impact of Guanxi on Chinese management

While Guanxi sets behaviour norms for Chinese individuals (Cooke, 2009), it has fundamental influences on the managerial and organisational behaviour in Chinese organisations (Peng et al., 2001). Chinese management places great emphasis on long-term relationships, hierarchy, loyalty, collectivism, maintenance of Face and harmony, and high tolerance for ambiguity but with little reliance on universalistic principles, resulting in a relationship-based management philosophy (Wright et al., 2000). Whilst it is important to nurture long-term reciprocal relationships, the overlap between formal organisational relationships and informal relationships of Guanxi is pervasive, and the line between work and personal life is rather blurred (Yuan, 2013). There is not only respect on hierarchy and authority (Zhu and Warner, 2017), but also heavy attention to employee well-being and loyalty (Mohr and Puck, 2005; Wong et al., 2001). Moreover, the maintenance of harmony and the preservation of Face are critical considerations in daily communication in organisations (Björkman and Lu, 1999). Because of the collectivist and particularistic tendency, there is a preference for collective achievement and group harmony and for flexibility and room for reinterpretation in procedural rules with the consideration of contextual demands and mutual agreements (Leung and Kwong, 2003; Ahmed and Li, 1996). As a result, the relationship-based management philosophy results in a relatively humanistic management approach in China based on the ideas of moral standards, harmonious relationships and social obligations (Danford and Zhao, 2012; Yau and Powell, 2004).

In Confucian collectivism, 'family—nation—world' is the structure from inside out where each individual ought to be committed to one's given roles, cultivate oneself, support the family, and contribute to the nation and the world to achieve 'ethical consistency in different dimensions of sociality' (Lee, 2013:89). This implies that Confucian individuals have ethical obligations not only towards their given role, but also towards their intermediate family and wider community. While family is the basic unit of Confucian collectivism, familial relationship serves as a model for the organisation and governance of other activities (Chen and Chen, 2009a). Yang (1998) proposed four key features of familial collectivism: mutual dependence, hierarchical power structure, dominance of family interaction over other relationships and the preference for extended family structure (cited in Chua et al., 2009). Traditional Chinese business and current overseas Chinese business are often a family business characterised with centralised decision-making and an informal structure bonded by interpersonal trust and loyalty to the family head (Yan, 2003; Child and Yan, 2001; Swierczek and Hirsch, 1994). A recent qualitative study on Chinese HRM practices finds that Chinese firms are still viewed as an extension of family and their leaders are esteemed as the patriarch of the whole organisation (Yuan, 2013). To the extent that organisational membership is expected to be family-like, the mutual

obligations of familial relationships pertain (Westwood et al., 2004) and employees are encouraged to develop a strong sense of belonging to the organisation (Peng et al., 2001).

In hierarchical Guanxi relationships, there are mutual obligations to be fulfilled to maintain social order and harmony. Confucian ethics requires that persons with superior roles, such as fathers, elder brothers and seniors, treat those with inferior roles, such as sons, younger brothers and juniors with kindness, gentleness, righteousness and benevolence, whilst persons with inferior roles respect their superiors with obedience, submission, deference and loyalty (Farh and Cheng, 2000). The mutual obligations result in Paternalistic Leadership and respect for seniority in Chinese organisations. Recent literature shows that Paternalistic Leadership still exercises a strong influence in Chinese organisations (Chen et al., 2011). Paternalistic Leadership combines strong discipline and authority with fatherly benevolence and moral integrity, consisting of three elements: authoritarianism, benevolence and moral leadership (Farh and Cheng, 2000). Whilst benevolent and moral leadership tends to result in employee loyalty and commitment, organisational citizenship behaviour and employee voice (Davidson et al., 2017; Weng, 2014; Smith et al., 2014), respect for authority and authoritarian leadership results in centralized decision-making (Ahlstrom et al., 2013; Björkman and Lu, 1999).

Moreover, whilst Confucianism assumes hierarchical relationship between senior and junior, the idea of seniority still impacts Chinese organisations (Cooke, 2013). In the organisational context, a narrow definition of seniority often refers to job tenure, length of service, which implies experience and wisdom and therefore commands respect (Horak and Yang, 2017; Chen and Chung, 2002). Scholars have found that the employees with longer work experience, the seniors, tend to enjoy more authority and power in Chinese interpersonal interaction than the juniors do (Cooke, 2013; Chen and Ma, 2002). Because senior employees are deemed loyal to their organisations and have more experiences, they are more likely to be promoted and thus work in higher position, and also provide more contribution and value to their organisation and thus receive higher levels of pay (Cooke, 2013).

In addition, the Guanxi relationships in Chinese organisations support the communication and collaboration between employees. Guanxi relationships in Chinese firms often override formal communication channels and are used as social resources to ensure the smooth functioning of organisations (Chen, 2000). With the norm of reciprocity, Renqing implies not only a normative standard for regulating social exchange but also a social mechanism that an individual can use to strive for desirable social resources (Pablos, 2005). While it is critical to develop affection in a Guanxi exchange, the Guanxi participants tend to grow positive feelings towards each other, desire to maintain cooperative relationships and engage in the exchange of mutual help (Barnes et al., 2011).

Because Confucianism emphasises the mutual dependence of human beings, the tendency towards collectivism presents a genuine preference for mutual interests and benefits (Westwood et al., 2004). Guanxi therefore facilitates the collaboration between employees through long-term reciprocity, affective exchange and collective orientation. Moreover, Guanxi has a profound, though partly invisible, influence on organisational communication (Hong and Engeström, 2004). With the emphasis on relationship harmony, interpersonal trust and reciprocal exchange, there is often a preference for informal, suggestive rather than articulate, communication with few explicit, consistent and enforceable communication rules (Yulong, 2011). As a result, reliance on Guanxi often overrides formal communication channels and dominates the internal communication among management units, between management and employees, and among organisational members (Chen, 2000).

As discussed above, due to the influences of Guanxi, Chinese management traditionally has a relationship-based management philosophy and prefers an organisational form as extended family structure and centralised decision-making. While the Confucian emphasis on social hierarchy and the deference to leaders could bolster top-down control (Warner, 2010), traditional Chinese management may rely on Paternalistic Leadership and respect for seniority for internal control and vertical coordination. Whilst Guanxi often overrides formal communication channels and are used as a social resource to ensure smooth functioning of organisations, Guanxi facilitates horizontal coordination by promoting cooperation and communication. Therefore, the claim is not surprising that Guanxi works extensively as a coordination mechanism in organisations (Child and Warner, 2003). However, although the business studies focusing on Chinese context have discovered Guanxi as one of the new major concepts (Jia et al., 2012), studies on organisational outcomes of Guanxi have paid most attention to the effects of firm-to-firm and firm-to-government Guanxi on firm performance or other financial outcomes (Chen et al., 2013). Little research has looked at how Guanxi affects group dynamics (Chou et al., 2006) and organisational dynamics (Zhang and Zhang, 2006).

2.1.3 Guanxi as Chinese style of social capital

From a network perspective, Guanxi is often viewed as a form of social capital (Wang et al., 2014; Crombie, 2010; Fan, 2002). Nahapiet and Ghoshal (1998:243) describe social capital as 'the sum of the actual and potential resources embedded within, available through and derived from the network of relationships possessed by an individual or social unit'. The central argument of social capital theory is that the networks of relationships constitute a valuable resource for conducting social affairs (Chen and Lovvorn, 2011). As Section 1.1 indicates, Guanxi has functioned as valuable capital for mobilising resources and bonding individuals in Chinese society, organisation and individuals. In the sense that

these benefits are derived from its relational network, Guanxi can be referred to as a form of social capital (Ko and Liu, 2017; Avery et al., 2014).

It is suggested that social capital is simultaneously a cause and an outcome (Portes, 1998). The view of social capital as a cause focuses on the effects of networks on their participants, whereas the view of social capital as an outcome focuses on how actors construct their ego network purposely (Gabbay and Leenders, 2001). According to Herrmann-Pillath (2010), Chinese collectivism is not categorical collectivism based on shared ascriptions or group identity, but rather relational collectivism building on evolving networks, in which individuals take heed of others' interests and are seen as dependent on relationships with others. The relational selves in the centre of their egocentric Guanxi circles are more than socially dependent being performing the role-related behaviour prescribed by Confucian Wulun; they are the architects who initiate and construct their relationships with others outside the family structure (Chen and Chen, 2004). Therefore, Guanxi can be constructed on purpose and mobilised in purposive action to create the resources needed by actors (Wang and Hsung, 2016).

As a cause, social capital offers mainly informational and collaborative benefits, facilitating the access to information and opportunities and promoting collective action (Riemer and Klein, 2008; Gargiulo and Benassi, 2000b). Literature in social capital differentiates two types of social capital: bonding social capital emerges from a closed, dense network consisting of fairly homogeneous, strong and multiplex relationships and promote effective collaboration through relatively strong trust and shared norms and great information sharing with direct connections and communications (Gao et al., 2013; Oh et al., 2006); bridging social capital emerges from loose networks consisting of structural holes—the gaps between disconnected people and therefore indirect and weak ties, and facilitate linkage to external resources and new information (Ellison et al., 2015; Xiao and Tsui, 2007). According to Wang and Hsung (2016), bonding and bridging social capital are not 'either/or' but 'more-or-less' categories, because bonding social capital provide in-group members with social capabilities to extend their relationships to others outside their group and bridging social capital is based on the bonding function that links two or more isolated clusters. In the 'more-or-less' categorisation, Guanxi may result in a unique combination of bonding and bridging social capital, because even loose and weak Guanxi ties can provide strong cement for social interaction because of the essential component of affection and because Guanxi groups remain open groups as their members are able to construct their own egocentric relationships (Herrmann-Pillath, 2010).

Nahapiet and Ghoshal (1998) conceptualize three dimensions of social capital— structural, relational and cognitive, upon which the outcomes of social capital are based. *Structural dimension* refers to the pattern of social connections, such as density, connectivity and

hierarchy; *relational dimension* refers to the assets created and leveraged through personal relationship and interactions, such as norms, trust, obligations, friendship and identity; and *cognitive dimension* refers to the shared representations and meaning systems, such as shared language, codes and mental models (Martín-de-Castro and Montoro-Sánchez, 2013; Schiuma et al., 2012; Xu, 2011). By applying such conceptualisation to Guanxi, it is possible to understand the Chinese cultural elements of Guanxi and its general properties which may have universal relevance. In the structural dimension, Guanxi can be both dense closed networks and also loose weak networks with structural holes (Crombie, 2010). In the relational dimension, Guanxi exchange follows the reciprocal norm of Renqing, which creates unpaid obligations and indebtedness for future exchange, is reinforced by the sanction of Face, and leads to the development of trust and affection. In the cognitive dimension, Guanxi is embedded in Chinese culture of Confucianism, collectivism, particularism and respect for hierarchy. It therefore might be argued that the structural dimension of Guanxi is not unusual in other societies. Whilst the relational dimension of Guanxi might not be unique in the development of mutual sentiments, obligations and trust, the reciprocity of Renqing results in the long-term orientation and the essentialness of affection in Guanxi exchange. In addition, the cognitive dimension characterised by Chinese culture may present the most distinct features of Guanxi.

As the realisation of social capital is context dependent, there is a larger framework into which Guanxi as a Chinese style of social capital can fit it (Herrmann-Pillath, 2010). The present research will employ the social capital concept to discover the potentials of Guanxi in organisational coordination with an awareness that there are limitations in applying the concept to Guanxi due to its Chinese cultural elements. According to Hollenbeck and Jamieson (2015), researchers are still at the beginning stage of exploring how organisational network ties are formed and how these ties affect other organisational outcomes. In the case of Guanxi, because existing research in Guanxi has a strong egocentric network paradigm focusing on the outcomes of Guanxi for focal actors (Chen et al., 2013), it requires further research on the effects of Guanxi on organisational dynamics from a network perspective. Moreover, though Guanxi presents features in the structural, relational and cognitive dimensions, most research has focussed on the relational dimensions of Guanxi (Luo et al., 2016). Furthermore, while social capital is not only a cause but also outcome, there is a lack of studies on how Guanxi relationships and networks are formed (Bedford, 2011; Gao et al., 2012), especially in organisations. In addition, even though many Guanxi relationships are hierarchical relationships, social capital scholarship has mainly focussed on the horizontal structuring of societies and organisations rather than their vertical structuring (Kwon and Adler, 2014). Therefore, there is a large area for further study in using the social capital concept to understand the organisational outcomes of Guanxi.

2.2 Western job role system

As indicated in Section 1.1, Western job role system has been introduced into Chinese firms along with Western HRM practices. This section will explain that Western job role system functions as a form of formal coordination mechanism. It will first introduce the concept of organisational coordination and the use of formal and informal coordination mechanisms. Then it will explain how Western job role system serves as formal role coordination mechanism in Western management practices. Finally, it will propose an integration of social capital approach with the formal job role system to enhance organisational coordination.

2.2.1 Organisational coordination: formal and informal

Organisational coordination is an essential task for any organisation. As Mintzberg (1979:2) point out, every organised human activity has two fundamental and opposing requirements: 'the division of labour into various tasks to be performed, and the coordination of these tasks to accomplish the activity'. On the one hand, the division of labour implies the need to manage the interdependence of the divided tasks. On the other hand, organisations must respond to environmental contingencies to achieve their goals. Coordination therefore is described as the integration of organisational work under the conditions of task interdependence and uncertainty (Faraj and Xiao, 2006). While the constructs of coordination, cooperation and collaboration are often used synonymously in managing dependencies between activities, cooperation and collaboration can be viewed as different forms of coordination (Malone and Crowston, 1994). In comparison, cooperation often reflects a willingness to promote and achieve mutual interests (Chow and Yau, 2010), but collaboration suggests a high degree of collection action (Lofstrom, 2010). Scholars like Thomson and Perry (2006) advocate that cooperation and collaboration differ in the depth of interaction, integration, commitment and complexity, with the former at the low end of continuum and the latter at the high end. The present thesis follows such differentiation when the three terms are used.

Coordination mechanisms are the organisational arrangements that allow individuals to realise collective performance and bring interdependent elements together (Okhuysen and Bechky, 2009). Literature suggests that organisational coordination can be achieved through both formal and informal coordination mechanisms (Gao et al., 2013). With a traditional perspective of organisation design, early literature on organisational coordination, developed in Western developed economies, has focussed on the use of formal coordination mechanisms, planned elements of organisation, to meet the

information-processing demands of the environment (Bechky, 2006b). The formal coordination mechanisms include the formal organisational systems and processes related to plans, roles, role relations, routines, programs and information systems etc. (Salas-Fumás and Sanchez-Asin, 2013; Riemer and Klein, 2008; Thomson and Perry, 2006; Llewellyn and Armistead, 2000). However, the organisational design perspective assumes the feasibility to predict environmental contingencies sufficiently and design work processes with specificity and precision (Faraj and Xiao, 2006). Moreover, while organisational members interact to accomplish their work, the negotiated nature of social interaction implies that the formal arrangements are not unchanging systems but are reinterpreted or recreated in interaction (Bechky, 2006b). Hence, formal coordination mechanisms have limitations in addressing emergent coordination demands in the ongoing, unfolding and interactive work processes, as discussed in Section 1.2.

The concept of social capital informs a new perspective on coordination by focusing on relationship and communication flows embedded in organisational practices (Choudhury, 2011). According to Section 2.1.3, social capital provides mainly collaborative and informational benefits. With its structural dimension, the configuration of social connections shapes the opportunities for the exchange of resources and information (Llewellyn and Armistead, 2000). With its relational contents, trust represents the belief that other parties will behave in a positive way, mutual obligations predict the commitment to future exchange, norms prevent opportunistic behaviour and friendship eases collaboration, all motivating cooperative behaviour (Riemer and Klein, 2008; Miesing et al., 2007; Zuwarimwe, 2007; Chou et al., 2006). Its cognitive system including shared language, code and mental models provides a common ground and a shared reference for effective communication (Riemer and Klein, 2008). Moreover, with distinct advantages, bonding social capital has a strong lock-in effect, enhancing cohesion, solidarity and sense of belonging and knowledge sharing, whereas bridging social capital provides novel resources that can help individuals and groups adapt to change, promote innovation and knowledge creation (Wang and Hsung, 2016; Huby et al., 2014; Staber, 2006). As a result, it is debated that social capital within organisations fosters the willingness of workers to cooperate, prompt mutual coordination activities (Goette et al., 2006) and make feasible the planning of future-oriented collective action with the cohesion among workers (Elsner, 2005).

Although recent studies in coordination have paid attention to informal coordination practices and emergent actions, there is still a shortage of exploration on the social processes behind the working of coordination mechanisms (Bechky, 2011). There is a lack of empirical research on how social capital acts as a relational coordination mechanism to produce the organisational coordination (Gloede et al., 2013). On the other hand, while viewing social capital as an outcome, organisational design can be used to

shape formal intra-organisational networks (Gittell and Weiss, 2004). Nonetheless, previous studies concentrate mainly on the effects of social capital, not the ways and means of developing social capital (Gao et al., 2012). As a result, there has been a lack of research on such dynamic interplay and on how they jointly affect the coordination of work as a system of practices (Jarzabkowski et al., 2012; Bechky, 2006a; Gittell, 2000). There may be a need for further research on how the formal organisational design shapes the structural, relational and cognitive features of social capital and bonding and bridging social capital in organisations and on how the three dimensions and two types of social capital affect the coordination of work in return.

In comparison, formal and informal coordination mechanisms have their respective strength in organisational coordination under different situations. On one hand, organisational formalisation rationalises and regulates employee behaviour, making it more predictable for the pursuit of specific organisational goals than dependent on personal attributes and interpersonal relationship (Scott and Davis, 2016). However, formal coordination mechanisms are less useful in uncertain situations and in complicated coordination tasks that are difficult to define and formalise (Jarzabkowski et al., 2012). On the other hand, under high level of task uncertainty and task interdependence, informal communication and mutual adjustment are more effective for coordinating partners to adapt to each other in uncertain situations (Gloede et al., 2013), and quality relationships have a greater impact on coordination with reciprocal interaction (Gittell, 2000). As a result, whilst formal and informal coordination mechanisms provide preventive and reactive coordination practices respectively (Bechky, 2006b), formal mechanisms promote the security of coordination and informal mechanisms facilitate the flexibility of coordination. Moreover, formal coordination mechanisms can be more effective in the settings with low levels of task uncertainty and interdependence by reducing the need for social interaction; informal or relational coordination mechanisms may be more useful in the settings with high levels of task uncertainty and interdependence by facilitating reciprocal interaction (Gittell, 2009). To achieve enhanced coordination outcomes, there is a need to integrate the formal and informal coordination mechanisms (Thomson and Perry, 2006).

2.2.2 Western job role system as formal role coordination mechanism

In Western culture, human being is often viewed as independent, self-contained and autonomous entity who comprises a unique configuration of internal attributes like traits, abilities, motives and values and behaves primarily as a consequence of these attributes (Tsui et al., 2000; Markus and Kitayama, 1991). Self-interest and individual goals therefore take priority over group interest and goals, and getting their own work done is more important than maintaining group harmony (Barkema et al., 2015). This results in individualistic HRM practices that emphasise individual performance and meritocracy and

promote competition (Vanhala and Stavrou, 2013; Ramamoorthy et al., 2005). Moreover, Western culture has a relatively low power distance so that people are less willing to accept the unequal distribution of power in organisations than Chinese do (Hofstede, 2007). It is regarded as fair to treat everyone the same based on a set of universal principles and rules rather than differently based on interpersonal relationships (Trompenaars and Hampden-Turner, 2012). Therefore, Western culture has a universalistic tendency that emphasises impersonal, rule-based norms of equal treatment for equal performance and universalistic obligations (Worm and Frankenstein, 2000). The emphasis on impersonal obligations and universalistic rules result in a rationalistic paradigm in Western management, especially those in Anglo-Saxon organisations, with a reliance on formal organisational systems and processes for the coordination of work (Westrup and Liu, 2008; Yan, 2003; Child and Yan, 2001).

Role within organisations is recognised as one of major coordination mechanisms (Okhuysen and Bechky, 2009). While the intra-organisational role presents a set of expectations that the organisation places on the individual that occupies a certain position (Lynch, 2007; Biddle, 1986), every employee performs an assigned job role in order for the organisation to function as a goal-oriented social entity (Wickham and Parker, 2007). Roles in organisations are often closely linked with the concept of jobs. Jobs refer to the bundle of tasks performed by employees and function as the routines of inter-connected and repeated organisational activities (Cohen, 2013). In comparison, roles in organisations describe a broad sense of jobs, go beyond particular tasks assigned to employees, and refer to the obligations of employees towards their teams and organisations (Srikanth and Jomon, 2013). With the rationalistic paradigm in Western management, organisational role theory has stressed role development in a formal organisation (Teh et al., 2012). With deliberate formalisation, roles and role relations are prescribed independently of personal attributes and interpersonal relationships and particular rules are prescribed explicitly to govern role behaviour, rationalizing behaviour in organisations (Scott and Davis, 2016). Since role behaviour is often viewed as a system-relevant behaviour in formal organisations (Shivers-Blackwell, 2004), the formalised job roles, role relations and organisational rules constitute the formal job role system in Western management.

Western formal job role system emphasises the design of individualistic and impersonal job roles and universalistic rules governing role behaviour and on the principle of meritocracy. As Worm and Frankenstein (2000) point out, while universalistic culture prescribes rule-based norms and universalistic obligations, individual employees fill out impersonal predefined roles in organisations. Moreover, the formal job role system and other formal organisational systems and processes complement each other in coordinating work activities (Nadler and Tushman, 1997). For example, formal

performance management system is often adopted to guide the action and behaviour of employees (Stivers and Joyce, 2000), the role occupants, defining individual objectives, assessing individual performance and providing performance-based rewards (Dransfield, 2000). Nevertheless, the extensive use of formal organisational systems and processes in Western management does not suggest the ignorance of informal aspects in the working of the formal job role system. As a central topic of organisational studies, organisational culture is recognised to have an informal influence with its value, belief and behaviour norms on the task performance of and the behaviour expectations between employees (Werner, 2000; Nadler and Tushman, 1997; Denison and Mishra, 1995).

The formal job role system functions as a formal role coordination mechanism in Western management through formal differentiation of job roles and formalisation of role relations and organisational rules. Intra-organisational roles are often formally differentiated by jobs, teams and organisational hierarchy (Sheard and Kakabadse, 2007). While each employee performs an assigned job role, jobs structure organisational action in a constant, ubiquitous manners (Cohen, 2013) and thus providing the continuity and regular pattern of role behaviour (Lynch, 2007). Moreover, the literature has indicated that organisations divide teams by grouping interdependent tasks into the same team or according to environmental similarities surrounding the teams or subunits (Zhou, 2013). The division of teams augment the ability of senior managers to gather, process and disseminate information and pools expert resources to promote the efficiency of large-scale coordination (Nadler and Tushman, 1997). In addition, the horizontal division of labour is usually accompanied by a vertical hierarchy that provides oversight and separate managerial work from production (Scott and Davis, 2016). The hierarchical differentiation establishes an information infrastructure which allows frontline teams to acquire information from business environments and transfer it to management for decision making, delimitates authoritative lines of command from management to frontline employees and enhance coordination among teams (Zhou, 2013). Therefore, the formal role differentiation through the division of jobs, teams and hierarchies facilitates organisational coordination.

Moreover, organisation architecture defines formal working relationships between employees, the formal role relations, and specify the guidelines directing employees to achieve outcomes (Sherif et al., 2013). While the definition of job roles is not isolated but rather is in relation to each other (Solomon et al., 1985), the formal role relations involve formal working relationships within team, cross-team and between managers and subordinates. According to Scott and Davis (2016), the attempt of formalisation is to make explicit and visible the relationships among roles and allow the depiction of these role relations with work flows, the flows of information or materials and the ways in which employees report to one another. Thus the formalisation of role relations organises

employee behaviour in relation to one another (Bechky, 2006a) and helps employees understand what other interdependent role occupants expect from them, what to expect from the others and how the others react (Sheard and Kakabadse, 2007). In addition, organisations utilise well-designed rules to explain the actions that different employees have to take to complete a joint task, smooth the conflicts in resource allocation and offer agreements and directions to guide the cooperation between employees (Okhuysen and Bechky, 2009). Hence, the formalisation of role relations and organisational rules support the coordination of work between formally differentiated roles.

The formal role coordination mechanism shares the problems of formal coordination mechanisms in assuming the predictability of environment and the feasibility to design work processes with precision. Research has found that organisational change increases role ambiguity and role conflicts (Cleveland and Ellis, 2015), negatively affecting the efficiency of employees in role performance (Tang and Chang, 2010). Moreover, employees interact with each other and construct meaningful relationships so that the role expectations between them evolve overtime during their interaction and exchange (Sheard and Kakabadse, 2007). As Sections 1.3 and Section 2.2.1 indicate, due to the limitations of formal coordination mechanisms, scholars have begun to develop relational approaches to coordination such as social capital. Because organisational members are connected informally through work or non-work-related interactions (Greve and Salaff, 2001), social capital can be derived from the networks of interpersonal relationships in organisations. According to Faraj and Xiao (2006), there is a dilemma of coordination between the needs for tight and formal coordination to ensure a clear division of responsibilities and prompt decision making and timely action and the needs for flexible and informal coordination to respond to complex task interdependence and uncertainty. Whilst formal and informal coordination mechanisms have respective strength in organisational coordination, as discussed in Section 2.2.1, an integration of formal job role system and social capital approach may enhance the organisational coordination.

2.2.3 Integrating social capital with formal role coordination mechanism

An integration of social capital approach with the formal job role system can be achieved in two ways to enhance the organisational coordination. Whilst social capital could be utilised to complement the formal job role system for the coordination of work, the design of the formal job role system could be reconsidered to shape the social networks in a way that enhances the social capital for desired coordination outcomes.

On one hand, social capital can complement the formal job role system by facilitating collaboration and information sharing and promoting flexible work organisation. While the formal role differentiation segments organisation with the division of jobs, teams and

hierarchies, the cultivation of open and trusting social networks are critical for breaking down the horizontal and vertical barriers for the collaboration and information sharing in organisations (Choudhury, 2011). Under the role differentiation within a team, social capital can promote the cohesion and cooperation within a team with shared norms, values and understanding and facilitates the sharing of knowledge and information between team members (Lee et al., 2015). Under the role differentiation by the division of teams, social capital may enhance the coordination between teams (Staber, 2006). For instance, Llewellyn and Armistead (2000) finds that an informal network based on process membership facilitates the reciprocal exchange of favours and helping behaviour within the organisational process beyond functional boundaries. Xiao and Tsui (2007) suggests that in a high-commitment organisation with strong bonding social capital at the organisational level, employees develop spontaneous collaborative relationships with each other because of their common identity and act as brokers themselves to bridge disconnections between groups once they emerge. Under the role differentiation by the division of hierarchies, social capital can facilitate the cross-hierarchical coordination. Zuwarimwe (2007) find that a familial work environment fosters strong relational bond between management and employees, which binds the employees to carry out their duties with little supervision and motivates their commitment to the organisation.

Because informal coordination mechanism has the advantage in the flexibility of coordination, social capital within organisations may promote flexible work organisation. Organisational social capital would facilitate the flexibility of work organisation for the achievement of long-term organisational goals with an emphasis on collective identity and action and the creation of generalised trust between organisational members (Leana and Van Buren, 1999). As an abstract attitude toward people in general, encompassing those beyond immediate familiarity (Freitag and Traunmüller, 2009), the generalised trust would promote cooperative behaviour between organisational members, even those socially distant members. Moreover, social capital can support flexible work practices such as temporary projects and virtual teams, by facilitating the connections between different stakeholders in project-based work and ensuring their commitment to project goals and knowledge integration (Huang and Newell, 2003). While many large organisations adopt network forms of organisation to support interdependent group work such as virtual teams, social capital can help ease tensions and develop trust for information sharing and knowledge sharing (Ellison et al., 2015). Last, whilst bonding social capital enhances a sense of belonging, its development in organisations may promote the emotional attachment of employees to their organisation and result in the commitment of employees which leads them to exceed their job requirements and make discretionary efforts (Morrison, 1994).

Despite above propositions, there is a lack of empirical research on how social capital may act as a relational coordination mechanism complementing the formal job role system. Gittell (2003) propose a concept of relational coordination in which the design of role-based working relationships with shared goals, shared knowledge and mutual respect can improve the coordination between employees. A considerable volume of quantitative studies demonstrates or applies such concept in the medical care sector, such as those done by McDermott et al. (2017), Hartgerink et al. (2014), Lundstrøm et al. (2014) and Cramm and Nieboer (2012). However, because this concept focuses on the design of formal working relationships, there is a need to incorporate interpersonal relationships with formal role relations in studying the relational approaches to coordination (Gittell, 2011). Moreover, social capital in organisations has an impact at not only individual level but also team and organisation levels (Lee et al., 2015). While there is a lack of research on how social capital acts as a relational coordination mechanism, as indicated in Section 2.2.1, it requires further study on how social capital complements the formal job role system at individual, team and organisation levels.

On the other hand, organisational structure and practices can affect the development of social capital within organisations (Huang and Newell, 2003). The functioning of the formal job role system can shape the structural, relational and cognitive dimensions of social capital and the types of social capital in organisations. In the structural dimension, the position of employees in organisational structure and hierarchy shapes their access to relationships (Huby et al., 2014). As a result, there is sometimes a lack of social ties between employees whose job roles are horizontally or vertically differentiated (Oh et al., 2006). In the relational dimension, Evans and Davis (2005) suggests that a high performance work system valuing interpersonal skills and providing above-market wages and team-based rewards can lead to the development of trust, norms of reciprocity and mutual interests between employees. In the cognitive dimension, Huang and Newell (2003) indicates that team division leads to difficulties to develop shared narratives and codes across teams without frequent cross-team communication and collaboration. Due to these influences, the formal job role system can affect the formation of bonding and bridging social capital in organisations. As Gittell (2011) suggests, traditional bureaucratic organisational structures tend to result in strong ties within teams and weak ties between teams, whereas cross-team work organisation, such as cross-team projects and project-based rewards, job role design with flexible boundaries and work protocols spanning boundaries, supports the development of cohesive relationships and networks across teams. However, there are many unanswered questions about how HR strategy and systems affect the relational exchange and interpersonal relationships in organisations (Mossholder et al., 2011).

In addition, despite beneficial outcomes, social capital is sometimes conveyed with social liability. Eligibility to the benefits available for network members can result in the exclusion of outsiders; the building and nurturing of social capital can consume substantial time and efforts; excessive relational obligations may restrict individual freedoms; and there may be downward levelling norms against mainstream values (Staber, 2006; Portes, 1998). The social liability of social capital raises the questions of how to utilise it and shape it for desirable organisational outcomes. Section 2.2.1 indicates the different organisational outcomes of bonding and bridging social capital. While bonding social capital provides strong normative environment for cooperation and support within its network more than bridging social capital does, the strength of bonding social capital may curtail the autonomy of its network members to develop social ties necessary to extend the cooperation beyond the network (Gargiulo and Benassi, 2000a). Scholars suggest that the effects of social capital are contingent on the fit between the types of social capital and organisational tasks, objectives and context (Xiao and Tsui, 2007; Adler and Kwon, 2002). Moreover, because the functioning of the formal job role system can shape the features and types of social networks in organisations, the formal job role system can be redesigned to minimise the social liability and promote appropriate types of social capital for particular organisations. Nonetheless, due to the lack of research on the dynamic interplay between social capital and the formal job role system, this topic remains a question for further research.

2.3 Interplay of Chinese Guanxi with Western job role system

As discussed previously, the interplay of Chinese Guanxi and Western job role system in Chinese firms results in coordination challenges and opportunities (Section 1.2). While Guanxi can be viewed as a Chinese style of social capital (Section 2.1.3), an integration of social capital approach with Western job role system can have enhanced coordination outcomes (Section 2.2.3). To achieve a synergy between Chinese Guanxi and Western job role system for organisational coordination, further study is needed to understand the dynamic processes involved in the interplay between Chinese Guanxi and Western job role system. According to Section 1.3, there is a need to understand how Chinese Guanxi and Western job role system alters each other's practices in Chinese organisations, how Guanxi relationships overlap with formal working relationships in the organisations, and how relational and formal coordination mechanisms interact to affect organisational coordination. This section will examine the literature on these topics in detail and highlight the gaps for present research.

2.3.1 Coevolution of Chinese Guanxi and Western job role system

To understand how the dynamic interplay affects organisational coordination, it is fundamental to understand how Chinese Guanxi and Western job role system alters each other's practices in Chinese organisations. According to Section 2.1.2, Chinese cultural practices of Guanxi results in relationship-based traditional Chinese management, which stresses relational and situational obligations, collective performance and group harmony, loyalty, respect for hierarchy and the guidance of particularistic Confucian ethics. According to Section 2.2.2, with a rationalistic, individualistic and universalistic paradigm, Western job role system emphasises formal organisational expectations, individual performance and competitiveness, meritocracy, and the governance of explicit universalistic organisational rules. The following will examine the literature on how Chinese Guanxi and Western job role system coevolve in Chinese organisations by altering each other's practices.

On one hand, the adoption of Western practices and norms may reduce the centrality of Guanxi in Chinese management. Because Western managerial norms have been introduced into Chinese firms, Child and Warner (2003) and Huang et al. (2011) suggest that Chinese employees dissociate themselves from Chinese traditional values and replace these with more Western values at work. Moreover, the rationale of formalisation in Western management, to some degree, is to make the functioning of organisations independent of feelings, and, as a result, discourage the development of emotional ties between employees because the emotional ties could deploy employees' rationality (Scott and Davis, 2016). The rationalistic paradigm could discourage the development of Guanxi relationships because affection is a key component of Guanxi and reduces the preference for family-like interaction in Chinese organisations. Furthermore, the gradual adoption of Western management practices could change the way in which Guanxi is used in the organisational context, such as favouritism based on interpersonal relationships (Chua et al., 2009). In addition, the introduction of Western management practices may affect the practices of Confucian authority (Hong and Engeström, 2004). Because Western management practices use formal organisational provisions for organisational control (Westrup and Liu, 2008), the use of Western job role system could reduce the need for Confucian relational hierarchy for top-down control. The strong emphasis on individual responsibility and performance has lessened the use of seniority as the predictor of pay in Chinese private firms (Cooke, 2013).

However, there is a lack of empirical research on how the implementation of Western formal job role system alters the influence of Guanxi on Chinese management. There has been a need for examinations of how the influx of Western HRM practices alters the practices of Guanxi in Chinese firms (Zhu et al., 2008). For instance, Chen et al. (2017)

suggest the need to study how values are changing in China while Guanxi is in the centre of Chinese management. Chua et al. (2009) advise further research to investigate the perceptions of fairness or legitimacy of the use of personal ties in organisations. Furthermore, while extant literature has focussed on the outcomes of Paternalistic Leadership, there is a call for research on the evolution of the leadership in China under the dual influence of Confucian traditions and 'modern' Western management practices (Barkema et al., 2015; Chen et al., 2011).

On the other hand, despite the transfer of Western management practices, Guanxi still exercises an influence in Chinese management nowadays (Warner, 2014). A recent qualitative study on Chinese managerial values shows that some Chinese hotels claim the organisation as a big family and address some colleagues as brothers, elder brothers or elder sisters and their managers sometimes make an extra effort to care for the parents of employees (Wong and Kong, 2017). Similarly, Yuan (2013) finds that while superiors are supposed to show their authority, humanity and propriety and subordinates are supposed to show respect and deference in Chinese management, the psychological hierarchical order of Chinese employees still exists in many firms. Cooke (2013) demonstrates that despite a Chinese private firm operating a performance-based reward system, its basic pay contains a number of grades that differentiate an employee's seniority and experience.

Due to persisting influences, Guanxi constrains the use of Western job role system in Chinese organisations. There is the issue that employees may prioritise the interests of interpersonal relationships rather than the interests of organisation (Luo et al., 2016). Moreover, the formal demands and rules of the organisations often give way to the practices of Guanxi in Chinese organisations: promotion criteria are often based on interpersonal relationships, seniority and loyalty rather than competence and intelligence; informal interpersonal communication often overrides formal communication channels with explicit, consistent and enforceable communication rules (Yuan, 2013; Yulong, 2011). According to Chen et al., (2013) and Chen et al. (2011), the social exchange beyond formal job roles may benefit the individual involved but not necessarily the organisations; promotion criteria based on interpersonal relationships may harm the principle of meritocracy of Western job role system; and the particularistic rules may conflict with the universalistic norms of Western job role system. Furthermore, the respect for hierarchy can hinder delegation and employee initiatives and voice, the central ingredients of Western management practices (Ahlstrom et al., 2013; Björkman and Lu, 1999). However, these arguments are often conceptual and does not offer empirical explanations the social processes through which Guanxi constrains the functioning of Western job role system.

As a result, there is a lack of empirical literature on how Chinese Guanxi and Western job role system alter each other's practices in Chinese organisations. On the one hand, how the implementation of Western job role system alters the practices of Guanxi is largely unexamined. On the other hand, there is lack of empirical explanations of how Guanxi constrains the functioning of the Western job role system.

2.3.2 Intertwining of Guanxi relationships with formal role relations

As indicated in Section 2.1.2, the overlap between informal interpersonal relationships and formal working relationships is pervasive in Chinese organisations. It is essential to examine such overlap to understand how Chinese Guanxi and Western job role system function as informal and formal coordination mechanisms to affect the coordination of work. According to Lee et al. (2015), social capital and its effect can be studied at different levels: individual, team and organisation. While social capital is derived from the network of interpersonal relationships, the analysis at individual level can be based on dyadic interpersonal relationships and the analysis at team and organisation levels can be based on within-team, cross-team and intra-organisational network. This subsection will examine the literature on how Guanxi relationships intertwine with formal role relations at dyadic level and network level.

First, as indicated in Section 2.2.3, formal organisational structure and practices shape the structural, relational and cognitive dimensions of social capital and thus the features of interpersonal relationships and social networks in organisations. While the literature on this issue is limited (Section 2.2.3), there is a need for further study of how Western job role system shapes the structural, relational and cognitive dimension of Guanxi in Chinese organisations. In the structural dimension, little research has investigated the intra-organisational networks comprising of both vertical and horizontal ties (Luo et al., 2016). There is a need to examine the structuring of social networks in Chinese firms (Luo, 2011), including the density, connectivity and hierarchy of social ties. In the relational dimension, although much research illustrates relational features of Guanxi, such as Renqing obligation, the norm of Face and affection as its key components, existing research focuses on the outcomes of Guanxi (Luo et al., 2016) rather than the development of Guanxi (Gao et al., 2012), such as the development of relational contents of Guanxi shaped by Western job role system. In the cognitive dimension, due to the introduction of Western job role system, Western managerial norms, rationalistic and universalistic values could reduce Guanxi-related values in Chinese organisations. However, there is a lack of studies how Guanxi-related values are changing in China (Chen et al., 2017).

At the dyadic level, there is limited literature on which types of Guanxi relationships, such as Family-like Guanxi, Familiar Guanxi and Stranger Guanxi, intertwine with the formal

role relations in Chinese organisations. Employees in Chinese firms carry out their daily jobs through interactions with each other and develop relationships over time that involve affective components to complete tasks at work (Bedford, 2011). Scholars have recognised the very mix of expressive and instrumental exchange at Chinese workplace (Zhang and Zhang, 2006; Chen and Chen, 2004) and suggest the existence of Familiar Guanxi (Luo, 2011). Moreover, a quantitative study in a large Taiwanese manufacturing organisation identifies the presence of pseudo-familial ties, familiar ties and acquaintance ties (Luo, 2011), which correspond with the definition of Family-like Guanxi, Familiar Guanxi and Stranger Guanxi between mere acquaintances. However, the researcher of that quantitative study points out that the research design results in the study of Guanxi relationships clustered within departments, making it difficult to distinguish different types of Guanxi among organisational members. In addition, with the quantitative method, such research does not explain the social process through which the formal job role system shapes the types of Guanxi relationships in the organisation.

In particular, it is not very clear how Family-like, Familiar and Stranger Guanxi relationships intertwine with manager-subordinate role relations, within-team role relations and cross-team role relations. According to Chen et al. (2013), Guanxi relationships are differentiated by psychological closeness but also by the hierarchy in Confucian social structure, whilst hierarchical relationships are governed by reciprocal Confucian mutual obligations, such as the superior providing care and the subordinates showing loyalty. It thus is important not only to differentiate the types of Guanxi relationships overlapping with the formal role relations but also to distinguish the hierarchical and non-hierarchical Guanxi relationships intertwining the formal role relations, to understand social exchange, in particular dyadic Guanxi relationships. Nonetheless, because existing understanding is limited on the types of Guanxi relationships in organisations, there remain many unanswered questions about the overlap of the three types of Guanxi relationships, which can be hierarchical or non-hierarchical, with manager-subordinate, within-team and cross-team role relations. For instance, is it possible to differentiate three types of Guanxi relationships between managers and subordinates? Moreover, Chen and Chung (2002) suggest that there are hierarchical and non-hierarchical Guanxi relationships within teams and non-hierarchical Guanxi relationships across teams. However, while four of the five cardinal Guanxi relationships defined by Confucian Wulun are hierarchical, is there any hierarchical Guanxi relationships within teams other than the manager-subordinate relationships?

At the network level, there is limited research on how Guanxi networks overlap with organisational networks (Chen et al., 2013). Since Guanxi is a combination of bonding and bridging social capital in the more-or-less category (Section 2.1.3), there is a question as to whether Guanxi networks in Chinese organisations have more features of bonding

social capital or bridging social capital. According to Gao et al. (2013), because Guanxi participants highly value interpersonal harmony, cohesiveness and the achievement of collective goals and mutual interests, the nature of Guanxi corresponds with the goal of achieving network closure. As a result, many Chinese firms tend to cultivate mutual affinity among employees by sponsoring social events and vacation trips and to develop closed networks spanning organisational community (Hom and Xiao, 2011). However, there is a debate that Chinese organisations are not as closed as predicted (Luo, 2011). With considerate freedom to construct relationships, Chinese employees tend to develop their own egocentric Guanxi networks and there are many bridging ties connecting these networks (Luo and Cheng, 2015).

In particular, there is a lack of knowledge about the existence of bonding and bridging social capital at different organisational levels. Gittell (2011) claim that traditional bureaucratic organisational structures tend to result in strong ties within teams and weak ties between teams, while cross-team work organisation supports the development of relationships and networks across teams. It is not clear how the interplay between Chinese Guanxi and Western job role system shapes the bonding and bridging social capital within-team, cross-team and intra-organisational Guanxi networks. A survey in four Chinese high-tech firms show that high-commitment HRM practices involving empowered teams, flexible work designs and collective incentives reinforce the network closure of Guanxi in the organisations (Hom and Xiao, 2011). However, the survey data neither explains the social process underlying the causal relationship, nor illustrates the full picture on the two types of social capital at different organisational levels in Chinese organisations.

Therefore, as discussed above, there is a lack of understanding of how Guanxi relationships intertwine with formal role relations at dyadic level and network level. At the dyadic level, there is a need for further studies on how Family-like, Familiar and Stranger Guanxi overlap with manager-subordinate, within-team and cross-team formal role relations. At the network level, there is a need for further examination of the existence of bonding and bridging social capital in the within-team, cross-team and intra-organisational Guanxi networks.

2.3.3 Effects of the dynamic interplay on organisational coordination

While Chinese Guanxi and Western job role system alter each other's practices in Chinese firms, Guanxi relationships intertwine with formal role relations in the organisations at dyadic level and network level. This interplay of Chinese Guanxi and Western formal job role system has an ultimate effect on the coordination of work in Chinese organisations. On one hand, whilst Guanxi is a Chinese style of social capital, social capital can

complement the formal job role system by facilitating collaboration and information sharing between formally differentiated roles and by promoting flexible work organisation (section 2.2.3). On the other hand, Chinese Guanxi and Western job role system constrain each other with their conflicting logic. The dynamic interplay therefore could have double-edged effects on organisational coordination. This subsection will examine the literature on the double-edged effects of the dynamic interplay on organisational coordination.

As a form of social capital, the intra-organisational Guanxi networks consisting of both hierarchical and non-hierarchical relationships strengthen the collaboration and information sharing within organisations and promote flexible organisation. In a hierarchical order, Paternalistic Leadership could result in the obedience, loyalty and affective commitment of the subordinates to the superior (Zhu and Li, 2016), whilst respect for seniority is viewed as a way to secure employee loyalty since they will be valued for staying at the firm and as a way to provide training and mentoring because seniors are valued for their experiences (Chen and Miller, 2010). In a non-hierarchical order, Family-like, Familiar and Stranger Guanxi relationships distinctly impact the collaboration and communication within organisations. A quantitative analysis on inter-firm Guanxi suggests that strong, close Guanxi relationships have more positive effects on the mutually beneficial collaboration between competitors than weak Guanxi relationships do (Wong and Josvold, 2010). Another survey demonstrates that higher level of expressive ties promotes higher level of knowledge sharing than higher level of instrumental ties does within organisations (Chen, 2012). In addition, because the implicit and informal contracts in Guanxi relationships are not specified in an external document but rather entirely depend on the social exchange in the enduring relationships, they introduce assurance for future exchange and promote future collaboration under unforeseen contingencies (Qi, 2013). As a result, as a form of social capital, Guanxi relationships and networks may complement Western job role system by facilitating collaboration and information sharing and flexible organisation.

It remains largely unexamined how the assets owned essentially by individuals are transformed into group dynamics and organisation dynamics (Chen et al., 2013; Zhang and Zhang, 2006). There is limited empirical literature on how Guanxi relationships and networks may strengthen the coordination between roles. Among the limited empirical literature, the majority are quantitative studies. In terms of the coordination between the roles of managers and subordinates, there are many quantitative studies that demonstrate the effects of Paternalistic Leadership on employee satisfaction, commitment, loyalty and turnover intention, in-role and extra-role performance, such as those done by Mejia et al. (2018), Wong (2017) and Wong et al. (2003). However, these quantitative studies do not explain the social processes through which Paternalistic Leadership results in these work-related outcomes. There is a need for further study to understand how the hierarchical

exchange takes place in the various mix of expressive and instrumental ties and affect the role behaviour of employees (Luo et al., 2016).

In terms of coordination within teams, there is a lack of qualitative studies to explain the social processes through which Guanxi relationships and networks affect the coordination between team members. Two quantitative studies on top management teams demonstrate that group harmony is positively associated with help behaviour and team performance, increases knowledge sharing and reduces task-related conflicts within teams (Ünal et al., 2017; Chen et al., 2016). A study of 60 customer service teams based on mainly quantitative analysis prove that collective goals can support open-minded discussion of diverse views within teams (Wang et al., 2010). Similarly, a survey with 253 Chinese professionals finds that the relational elements of Guanxi lubricate team work and collaboration (Ou et al., 2010). However, these quantitative studies have not offered explanations on the social processes underlying these effects.

In terms of coordination across teams, there is limited empirical literature on how Guanxi relationships and networks affect the coordination between cross-team colleagues. There is survey evidence that Guanxi eases interpersonal conflicts and thus improves cooperative efficiency between teams (Wong, 2010; Chou et al., 2006). Moreover, a quantitative study suggests that temporary project teams, as an approach to cross-team work organisation, develop the cohesion between project participants to use their Guanxi networks within and outside their project teams to generate creative ideas (Chen, 2009). Nevertheless, these quantitative studies fail to explain the social processes underlying such impact. A case study by Liu (2013) with the interviews of a local Chinese government discovers that Guanxi relationships between department leaders benefit cross-team coordination by promoting communication and social exchange across departmental boundaries. However, this study is insufficient to illustrate how Guanxi relationships affect cross-team coordination because cross-team Guanxi relationships are much more than the relationships between team leaders.

While there is a lack of empirical studies on how Guanxi complements the formal role coordination mechanism, there is a particular need to understand how Guanxi networks affect the coordination of work at group level and organisational level. As discussed, the three types of Guanxi relationships have a distinct impact on the collaboration and information sharing in organisations. While formally-defined teams and cross-team projects are both forms of work groups, little is known about how group-level networks composed of close and/or distant ties result in differential group dynamics and effectiveness (Chen et al., 2013). Moreover, there is also a lack of understanding how Guanxi networks influences the coordination of work at organisational level. For instance, whilst familial collectivism, a cognitive feature of Guanxi networks, persists in Chinese

organisations, the employee's emotional attachment and sense of belonging to the organisation could positively impact the employee's commitment and contribution to the organisation (Wong et al., 2001). However, it still requires further studies to explore how Guanxi culture in the workplace affect employee commitment and behaviour at the organisational level (Wong and Wong, 2013; Wong et al., 2010).

In addition, although Guanxi has a strong potential to complement the formal role coordination mechanism, the interplay of Chinese Guanxi and Western job role system have negative effects on organisational coordination. As mentioned in Section 1.2, the conflicting logic between Chinese and Western management practices result in many coordination challenges. For instance, in the Chinese operations of foreign-invested firms, Guanxi is often viewed as a completing form of formal accountability and violates the principles of procedural justice. Moreover, while Paternalistic Leadership consists of benevolent, moral and authoritarian leadership, authoritarian leadership are sometimes negatively associated with the in-role and extra-role performance of employees and employee voice (Davidson et al., 2017; Chen et al., 2011). Furthermore, the respect for seniority might be abused for gaining personal interests (Chen and Chung, 2002). In addition, as a form of social capital, Guanxi itself is associated with social liability. For example, while Chinese tend to develop ego-centred Guanxi networks, the so-called Guanxi circles in Chinese sense, there are sometimes poor communication, misunderstanding and even political fighting between two or more Guanxi circles (Luo and Cheng, 2015). Nonetheless, Guanxi research has primarily focussed on describing Guanxi-related behaviour and the potential benefits, rather than costs (Chen et al., 2017).

Moreover, no existing studies have illuminated what kinds of underlying mechanisms motivate or inhibit the use of Guanxi for organisational welfare (Chen et al., 2013). As discussed, the implementation of Western job role system alters the practices of Guanxi and shapes the features of Guanxi relationships and networks in Chinese organisations. Chen and Chen (2009) posit some ideas to reduce the negative externalities of close Guanxi relationships on organisations, such as rewarding merit-based performance higher than relationship-based activities, establishing ethical standards for Guanxi-related conflicts of interests, promoting transparent HR decision-making and the principles of universalism, and building a strong organisational identify to encourage the use of Guanxi for organisational welfare rather than individual welfare. However, there is a lack of empirical studies on how the design and functioning of Western job role system may amend the negative organisational outcomes associated with Guanxi in Chinese firms.

In other words, there is a need for empirical research on the double-edged effects of the dynamic interplay on the organisational coordination in Chinese firms. While there is a lack of empirical evidence on how Guanxi relationships and networks complement the

formal role coordination mechanism at individual, team and organisation levels. Further, there is a shortage of understanding of how the dynamic interplay has negative effects on the organisational coordination. Besides, there is a lack of understanding on how Western job role system can be implemented to amend the negative organisational outcomes associated with Guanxi.

2.4 Research framework

As discussed in previous sections of this Literature Review, there are many literature gaps on how Chinese Guanxi and Western job role system interplay to affect the coordination of work in Chinese organisations. There is a lack of empirical literature on how Chinese Guanxi and Western job role system alter the practices of each other, how informal Guanxi relationships intertwine with formal role relations and how the dynamic interplay results in double-edged outcomes in organisational coordination. These issues are inter-related rather than isolated from each other. The coevolution of Chinese Guanxi with Western job role system occurs in the intertwining between Guanxi relationships and the formal role relations and in the interplay between the informal and formal coordination mechanisms. Moreover, the coevolution and mutual constraint between the Chinese and Western approaches account for some of the negative coordination outcomes. Furthermore, the intertwining of formal and informal relationships results in the interplay between the formal and informal coordination mechanisms.

To fill the literature gaps identified, the present research is designed to understand How Chinese Guanxi interplays with Western job role system to affect the organisational coordination in Chinese firms. Due to the inter-related nature of the above literature gaps, the research involves three primary research questions:

Research Question I: How do Guanxi relationships intertwine with formal job role relations, shaping social networks in Chinese organisations?

Research Question II: How do Chinese Guanxi and Western job role system interplay as relational and formal coordination mechanisms in Chinese organisations?

Research Question III: How do the relational and formal coordination mechanisms jointly produce coordination outcomes in Chinese organisations?

With these three primary questions, the research focusses on the social processes underlying the dynamic interplay between Chinese Guanxi and Western job role system.

The first research question will address the literature gaps related to how Guanxi relationships intertwine with the formal role relations while Chinese Guanxi and Western job role system alter each other's practices. The research will find out how the dynamic interplay affects the structural, relational and cognitive features of Guanxi in the organisations and therefore shapes the Guanxi relationships and networks in the organisations. In specific, the research will discover how Family-like, Familiar and Stranger Guanxi relationships overlap with the manager-subordinate, within-team and cross-team role relations, forming the bonding and/or bridging social capital in the within-team, cross-team and intra-organisational Guanxi networks. The research will also reveal how hierarchical and non-hierarchical Guanxi relationships intertwine with formal role relations, constituting the hierarchical structure of the Guanxi networks in the organisations.

Based on the above understanding of the development of Guanxi relationships and networks in the organisations, the second research question will address the literature gaps related to how Chinese Guanxi and Western job role system interplay as informal and formal coordination mechanisms. The research will reveal how Guanxi relationships and networks may support the functioning of the formal job role system and how the formal job role system may mitigate the negative organisational outcomes of Guanxi. It will also illustrate how the Chinese and Western coordination mechanisms hinder each other with their conflicting logics. Then, with the understanding created by the first and second research questions, the last research question will address the literature gaps related to how the dynamic interplay results in positive or negative outcomes in manager-subordinate, within-team and cross-team coordination and overall organisational coordination. The answers will explain how and under which conditions the positive and negative coordination outcomes are produced.

The research will conduct empirical studies to understand the social processes underlying the dynamic interplay between Chinese Guanxi and Western job role system at multiple levels. While the management and organisation research in Chinese context lacks systematic empirical evidence (Jia et al., 2012), the empirical research is important for addressing the literature gaps identified. Moreover, because the research on the transference of social capital from individuals to organisations requires multi-level design (Chen et al., 2013), the empirical research will involve analysis at individual, group and organisation level. With the attention to the dyadic Family-like, Familiar and Stranger Guanxi relationships, which intertwine with formal role relations, the research could discuss the social processes underlying the dynamic interplay at the individual level. With the attention to the Guanxi networks including the within-team, cross-team and intra-organisational networks, the research could analyse the social processes underlying the dynamic interplay at group and organisational levels.

Because the intertwining of the informal and formal relationships results in the interplay between the relational and formal coordination mechanisms, such intertwining is a fundamental issue for studying the dynamic interplay between Chinese Guanxi and Western job role system. Hence the empirical research has a critical focus on the intertwining between the Family-like, Familiar and Stranger Guanxi relationships and the manager-subordinate, within-team and cross-team formal role relations. Moreover, it is important to note that while formal organisational rules direct employee behaviour in their formal roles (Cleveland and Ellis, 2015), Confucian ethics guides Chinese interactive behaviour in Guanxi relationships (Wong, 2010). Therefore, the research will examine the dynamic interplay under both formal organisational rules and informal Confucian ethics. In addition, to understand the joint effects of the relational and formal coordination mechanisms, the research will employ Okhuysen and Bechky's (2009) conceptualisation of three integrating conditions that enact organisational coordination. According to the two scholars, 'coordination is enabled when the interdependence among parties, their responsibilities, and the progress on the task are all made visible through accountability'; moreover, 'coordination relies in the ability of interdependent parties to anticipate subsequent task related activity, that is, predictability'; last, 'a shared conception of activities and how they are performed, or common understanding, also enables coordination' (Okhuysen and Bechky, 2009:491). Such conceptualisation is particularly useful for understanding the effects of both formal and informal coordination mechanism under the same framework so that it is adopted in this research. As a result, the research will be carried out under the framework in **Figure 2**.

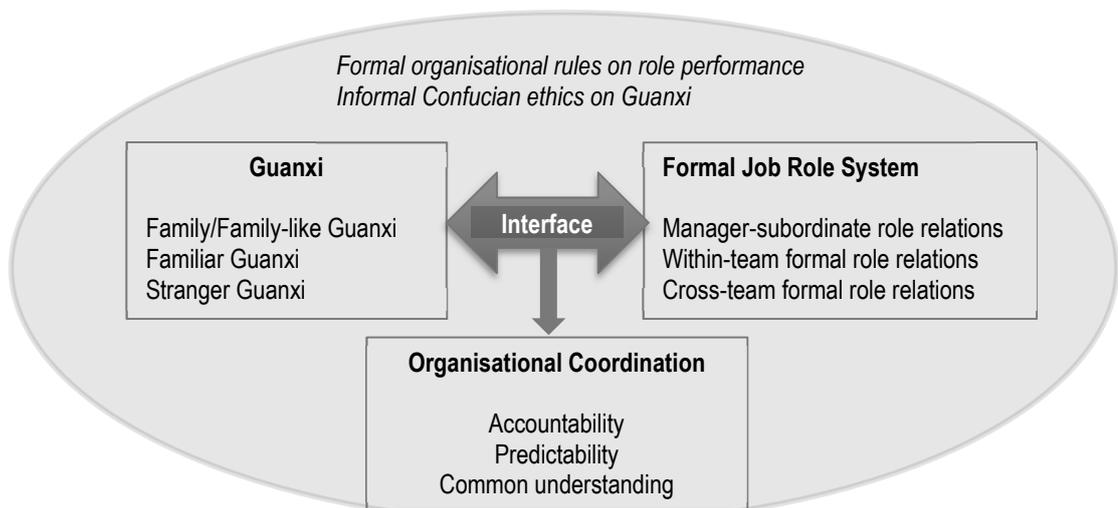


Figure 2. Research Framework

Consequently, the present research will contribute to literature and practice. It will provide empirical evidence on the intertwining of Guanxi relationships with formal role relations, reducing the literature gaps on the overlap between informal and formal relationships in

Chinese organisations. Moreover, the research will offer empirical understanding of how the relational and formal coordination mechanisms complement and hinder each other, narrowing the literature gaps on the interaction and joint effects of both mechanisms in the organisations. Because the dynamic interplay between the informal and formal relationships and between the relational and formal coordination mechanisms involve the issue of how the Chinese and Western approaches alter each other's practices, the research will increase the knowledge on the coevolution of Chinese Guanxi and Western job role system in Chinese organisations. Therefore, the research will contribute to coordination literature with the empirical understanding on how relational and formal mechanisms interact to jointly produce coordination outcomes. By focusing on Guanxi, the research could enrich the mainstream coordination theory with the understanding of Chinese phenomenon. The research also could contribute to the literature on the emerging hybridisation of HRM practices in China with the empirical knowledge of the dynamic coevolution of Chinese Guanxi with Western job role system.

The present research also will have strong implications for practices. With the insights into the social processes underlying the dynamic interplay between Chinese Guanxi and Western job role system, it is possible to develop an enhanced system of coordination practices to improve organisational coordination in the firms operating in China. To do so, such enhanced system of coordination practices could integrate the strengths of both formal and informal coordination mechanisms and synergise the best features of the Chinese and Western approaches, mitigating the negative organisational outcomes associated with Guanxi and minimising the conflicts between the Chinese and Western approaches.

CHAPTER 3. RESEARCH METHODOLOGY

To understand How Chinese Guanxi and Western job role system interplay to affect the coordination of work in Chinese organisations, this empirical research employs multiple case studies. In each case study, the research uses semi-structured interviews as the major method for data collection. Then thematic analysis is carried out within each case study and cross-case analysis is conducted afterwards. This chapter illustrates research methodology in detail, including the design of multiple case studies, data collection, data analysis and the issues related to research quality.

3.1 Multiple case studies

The present research adopts the design of multiple case studies. Case studies are appropriate for investigating real-life phenomenon, examining social relations and processes involving complex social interactions and explaining causal relationships in a wide context (Yin, 2014; Kitay and Callus, 1998). Thus, such research design is particularly useful for understanding the social processes underlying the dynamic interplay between Chinese Guanxi and Western job role system and the casual relationships between the dynamic interplay and organisational coordination in Chinese organisations. Moreover, case studies have the strength to generate insights that are closely grounded in real-life experience, in contrast to more speculative 'armchair' theorising (Thomas, 2004). Furthermore, the research employs multiple case studies, which allow a cross-case comparison to identify the similarities and variations across the cases. While the similarities may enhance the validity of the research, the variations offer an opportunity to seek further explanations to advance the analysis.

The research involves three case studies in one medium-sized and two large Chinese private IT firms in Shenzhen Municipal, China. As a touchstone for China's national reform (SZGOV, 2014), Shenzhen has achieved significant economic development with an influx of people from all over China so that the development of Guanxi is viewed as most dynamic and voluntary (Chen and Chen, 2004). The choice of location is appropriate for the research because the Guanxi relationships there are constructed voluntarily to a large extent rather than dominated by family relationships. Moreover, Western HRM practices have been transferred earlier, quicker and more extensively to the private sector than to the public sector in China (Zhu and Warner, 2017). The Chinese firms in the private sector are suitable sites for studying the dynamic interplay between Chinese Guanxi and Western job role system. Furthermore, IT firms are featured with task uncertainty and complexity (Jarzabkowski et al., 2012). Because informal coordination mechanisms may

have an advantage under the conditions of task uncertainty and complexity (Section 2.2.1), IT firms provide a useful organisational context to explore the effects of informal coordination mechanism interplaying with formal coordination mechanism.

The multiple case studies are carried out in a medium-sized Chinese private IT firm that was in the process of introducing Western HRM practices during the time of data collection, and two large Chinese private IT firms that had settled into a relatively stable stage after implementing Western HRM practices. The selection of research sites is significant. First, it is observed that Guanxi exercises a strong influence in small Chinese firms so that their management practices tend to be informal (Yulong, 2011). This suggests that Guanxi may have different levels of impact in the organisations with different sizes. Moreover, because the medium-sized firm was in the transition process of introducing Western HRM practices, the organisation offers a fine opportunity to understand the tensions involved in the dynamic interplay. Furthermore, as the two large IT firms had settled into the relatively stable stage after implementing Western HRM practices, these two firms provide an opportunity to understand how Chinese Guanxi and Western job role system may settle in their interplay. According to Yin (2014), the selection of each case in multiple case studies follow replication logic that each case study either predicts similar or contrasting results for anticipatable reasons. It might be assumed here that the case studies in the two large firms may predict some similar findings to each other, but different findings from the case study in the medium-sized firm due to their organisational size and their stages of implementing Western HRM practices.

The case study in the medium-sized firm is coded as Case Study I, and the case studies in the two large firms are coded as Case Study II and Case Study III. The case studies in the two large firms were conducted in their subsidiaries because the two companies are rather big so that the case organisations in Case Study II and Case Study III are referred to as the two subsidiaries. Moreover, among the three case studies, the researcher collected data for Case Study I twice in August 2015 and May 2016. The company started to introduce ISO standards to formalise its operation since the middle of 2015, and afterwards, it gradually defined its formal job role system and then implemented its formal performance management system in early 2016. The data was collected twice in August 2015 and May 2016 to better capture the formalisation and transition process of this company and the tension in the interplay of Guanxi and the formal job role system. After Case Study I, the researcher collected the data for Case Study II in July 2016 and for Case Study III in August 2016.

In addition, the research defines formal job role system as the subject of the case studies. By focusing on the formal job role system, it is feasible to study how the formal job role system affects Chinese cultural practices of Guanxi and how Guanxi relationships and

networks influence its working and how the dynamic interplay results in particular coordination outcomes. Moreover, the focus on the functioning of the formal job role system allows for multi-level analysis including individual, group and organisation levels. With an attention to the interpersonal interaction between two employees occupying differentiated job roles, it is possible to analyse the dynamic interplay at individual level. With an attention to the social exchange within formally-differentiated teams or other work-related groups such as project teams, it is feasible to discuss the dynamic interplay at group level. With an attention to the social exchange within the whole organisations, it is likely to understand the dynamic interplay at organisation level.

3.2 Data collection

To obtain access to the research sites, the researcher used personal contacts to reach the senior management of the three companies. After the senior managers agreed with research access, each company appointed a coordinator to support the researcher to collect data. With the help of the coordinators, the researcher first obtained an initial understanding of the organisational structure and business operation of each company. Then the researcher was able to identify micro formal job role systems within the organisation structure, which are potential suitable for the research. A micro formal job system appropriate for the research would include a senior manager overseeing two functional teams, two line managers of the teams and two staff in each team but at different jobs (see **Figure 3**). Therefore, the micro formal job role system would consist of the job roles formally differentiated by organisational hierarchy, subunits and jobs within subunits and involves manager-subordinate, within-team and cross-team formal role relations. And under the same senior manager, there is some task interdependence, direct or indirect, between the teams and between any two roles within the micro formal job role system. The researcher chose a micro formal job role system for the research according to the availability of potential participants working within such micro system and with a consideration to minimise interruption to the business.

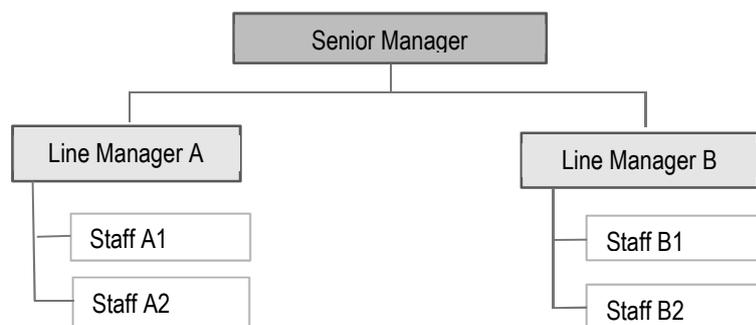


Figure 3. Micro formal job role system

The multiple case studies used semi-structured interviews as the primary method of data collection. After confirming the micro formal job role system for the research, the researcher distributed an information leaflet about participating in the research to the potential participants by meeting them in person or by emails. The information leaflet explained the research project, interview topics, the benefits and risks of participation, and the rights of withdrawal etc. In particular, the information leaflet elaborated that the researcher must receive the permission of the participants to record interviews, that without specific permission both the companies and the individual participants will be anonymous and unidentifiable in this research thesis, and that various measures are taken to ensure data confidentiality and security. Before carrying out the interviews, the researcher received informed consent from all participants and the permission of the interviewees to either record interviews or take notes. Initially, the researcher planned to have seven participants occupying the seven job roles in the micro formal job role system in each case study. During the field work, the researcher involved more interviewees within or outside the micro formal job role systems to achieve a sufficient understanding of the functioning of the micro formal job role system and the HRM practices of the companies. As a result, the research involved 35 interviewees on total. **Table 3.1** shows the number of the interviews held in each case study.

Case studies	Data collection period	Number of interviews	Consent with recording interview or taking notes
Case Study I	August 2015	10	7 consent with recording interviews; 3 consent with taking notes
	May 2016	8	8 consent with recording interviews
Case Study II	July 2016	10	5 consent with recording interviews; 5 consent with taking notes
Case Study III	August 2016	7	6 consent with recording interviews; 1 consent with taking notes

Table 3.1 Number of interviews in three case studies

As the primary method of data collection, semi-structured interviews well serve the purpose of the research. As guided open interviews, semi-structured interviews not only offer the chance to focus on the most relevant topics but also provide the flexibility to open up new dimensions of a problem and identify non-verbal clues to discover the connections between information (Easterby-Smith et al., 2008; Whipp, 1998). While few studies have used in-depth interviews to explore the dynamics and consequences of Guanxi (Chen et al., 2013), the semi-structured interviews in this research support the researcher to understand the interplay between Guanxi and the formal job role system with a clear focus and with the flexibility to extend the pre-defined interview topics. The researcher develops seven guiding topics for the interviews from the three primary research questions. During the interviews, the researcher, also the interviewer, organised the interview topics flexibly

according to interview atmosphere and what have been talked about to make the interviews flow naturally. Moreover, with the guiding topics, the researcher adjusted interview questions and asked new questions to clarify the information provided and discuss new topics emerging in the process of the interviews.

<p>Topic 1. The job roles of participants</p> <p>Topic 2. The role relations between participants</p> <p>Topic 3. The rules, formal or informal, governing role performance</p> <p>Topic 4. How do the participants perform their job roles in relation to their team colleagues, cross-team colleagues and their managers or subordinates?</p> <p>Topic 5. How do the participants perceive their interpersonal relationships with their team colleagues, cross-team colleagues and their managers or subordinates?</p> <p>Topic 6. How do the participants comment coordination outcomes, in terms of manager-subordinate coordination, within-team coordination, cross-team coordination and organisational coordination in general?</p> <p>Topic 7. How the participants perceive the existence of Guanxi in their companies?</p>
--

Table 3.2 Interview topics

The seven guiding topics for the interviews are shortlisted in **Table 3.2**. With the first and second topics, the researcher asked about the specification of the job roles of the participants and the relations between their roles. With the third topic, the researcher asked to the participants to describe the issues they needed to consider for their role performance to understand formal and informal rules governing their role behaviour. In the fourth topic, the researcher asked the participants to describe their daily performance in relation to each other to understand the social processes underlying their coordination with team colleagues, cross-team colleagues and their manager or subordinates. In the fifth topic, the researcher asked the participants to describe their interpersonal interaction and relationships with team colleagues, cross-team colleagues and their manager or subordinates. In the sixth topic, the researcher asked the participants to evaluate their coordination with team colleagues, cross-team colleagues and their manager or subordinates and comment organisational coordination in general. In particular, they were asked to comment on the accountability, predictability and common understanding in their coordination of work and the outcomes of formal and relational practices respectively. Last, the researcher asked the participants about the existence of Guanxi, the emphasis on harmonious interpersonal relationships, in their workplace.

The majority of interviews took from 45 minutes to 1.5 hours to complete, with an average interview time of over 60 minutes. Two interviews lasted less than 30 minutes, and one interview lasted for four hours while it was held at a cafeteria and in a relaxing way. In addition, during the field work, the researcher was able to access some company documents, have some informal conversations with employees other than the participants, and conduct some field observations about the atmosphere of the companies and the

behaviour of their employees. The researcher wrote down field notes to capture some important information from the company documents, field observations and informal conversations. These field notes were not used directly in the data analysis but instead offered background understanding for the data collection and for interpreting the interview data.

During the data collection, Guanxi exercises an influence on the negotiation of research access and the collection of interview data. To negotiate research access through intermediary personal contacts, the researcher did not simply ask for help from the intermediary contacts but initiate social gatherings with them before asking for the favour since the social exchange of Guanxi involves the emotional element of affection (Bedford, 2011). The senior management of the three companies agreed with the research access with a consideration of Renqing that they offered to the intermediary contacts and would be repaid in future in some ways. After that, the researcher conducted the interviews in a rather personal but not professional way to obtain operation from individual participants. At the beginning of the interviews, the researcher expressed a sincere interest in developing interpersonal relationships and keeping in touch with the interviewees beyond the research. Because mutual self-disclosure is a gesture of one's desire to start Guanxi relationships (Chen and Chen, 2004), the researcher spent some time in explaining personal background first and familiarised the interviewees with the researcher before the interviews. Most individual participants were cooperative and answered interview questions to their best capacity because they value an opportunity to extend their ego-centred interpersonal Guanxi networks.

3.3 Data analysis

The analysis of interview data mainly includes within-case analysis and cross-case analysis. According to Eisenhardt (1989), within-case analysis involves writing-up of each single case study as a stand-alone entity, giving investigators a rich familiarity with each case and allowing the unique patterns of each case to emerge, whilst cross-case analysis pushes the researcher to go beyond initial understanding through diverse lenses and seek patterns across a series of case studies. The researcher first conducted the within-case analysis to have a solid understanding of each case, identified most relevant themes emerging from each case and captured distinct characteristics of each case. As a result of the within-team analysis, the researcher wrote up the description for each case study. Then the researcher carried out the cross-case analysis to identify the patterns among the three case studies in conjunction with literature. As a result of the cross-case analysis,

the researcher used the three case studies to extend the understanding of the three primary research questions.

In the within-case analysis, the thematic analysis method was used to analyse the interview data and develop a case description for each case study. To conduct the thematic analysis, the researcher followed the six phases of thematic analysis described by Braun and Clarke (2006). First, the researcher transcribed all interview data, familiarising herself with the data and making notes of initial impressions. Second, the researcher looked for the ideas generated from the data that might be relevant for the research questions, coding these ideas and collating data extracts to match each code. Third, the researcher identified potential themes from the codes of ideas, fitting the codes into the potential themes and gathering the data extracts into each proposed theme. Fourth, the researcher checked whether the potential themes worked in relation to the coded data extracts and whether the themes were internally coherent and consistent among all interviewees or there were low-frequency examples or controversial themes. Fifth, the researcher refined the proposed themes and drew an overall story by linking the themes and focusing on the most important message. Last, the researcher drafted a case description for each case by selecting compelling examples, and if necessary, by relating to literature. During the thematic analysis, the researcher often went back to previous phases and repeated some phases, especially when identifying the potential themes from the codes of ideas, checking the themes against data extracts and refining the themes for drawing an overall story. Appendix I offers an example for the thematic analysis of the interview data.

The within-case analysis started with Case Study I. With the data collection at the two periods and thus double number of interviews, the case study provided a large volume of data and thus produced a comprehensive set of themes, inspiring the analysis of the other two cases. In the analysis of Case Study I, the researcher incorporated the data collected in the two periods with some attention to the differences of the data in the two periods for understanding the transition process of the gradual implementation of Western HRM practices. During the thematic analysis for Case Study I, the researcher used more a bottom-up than a top-down approach to widen the potential themes emerging from the data. When writing up the description of Case Study I, the researcher narrowed the range of the themes to focus on the most significant and relevant themes to answer the research questions. Then the researcher moved to the analysis of Case Study II and Case Study III. With an attention to, but not being limited by, the themes from Case Study I, the thematic analysis in Case Study II and Case Study III kept open to new themes emerging from the data. While following the six phases of the thematic analysis, the researcher recognised that there are many similar and different themes across the three case studies but did not compare them in the within-case analysis.

With the within-case analysis, the researcher drafted a case description for each case study by integrating the most significant and relevant themes emerging from the data. After drafting the case descriptions, the researcher established a descriptive framework with some overarching themes under the three primary research questions because the interview topics were designed to answer the three research questions and also there were some features existing across the cases. The descriptive framework with the overarching themes is illustrated in **Table 3.3**. Last, with the descriptive framework, the researcher revised the case descriptions for all three case studies to include either similar or different themes under the overarching themes. As a result, the within-case analysis identifies the themes and the relationships between the themes in each case study for answering the three primary research questions.

<p>Overarching theme 1. Background of case study</p> <p>1.1 Roles and role relations of participants</p> <p>1.2 Coordination demands</p> <p>1.3 Management style</p> <p>Overarching theme 2. Intertwining of Guanxi relationships with formal role relations</p> <p>2.1 Impact of formal role relations on Guanxi relationships</p> <p>2.2 Impact of Guanxi relationships on formal role relations</p> <p>2.3 Mapping Guanxi relationships in intra-organisational network</p> <p>Overarching theme 3. Interplay between relational and formal coordination mechanisms</p> <p>3.1 Guanxi networks interplaying with formal role coordination mechanism</p> <p>3.2 Relational structure interplaying with formal role coordination mechanism</p> <p>3.3 Particularistic rules interplaying with formal role coordination mechanism</p> <p>Overarching theme 4. Coordination outcomes</p> <p>4.1 Within-team coordination</p> <p>4.2 Cross-team coordination</p> <p>4.3 Manager-subordinate coordination</p>
--

Table 3.3 Descriptive framework of within-case analysis

The descriptive framework made it easy to carry out cross-case analysis. The researcher compared the three case studies in terms of themes and subthemes under the three primary research questions, discovering the similarities and differences among the cases. Then the researcher looked for an explanation for the similarities and differences among cases, furthering the analysis to next level. With the similarities among cases, the cross-case analysis supports the discovery of the patterns among cases, reinforcing the findings. With the differences among cases, the cross-case analysis produces rival explanations to enrich and deepen the analysis. Moreover, with the replication logics of selecting the three companies, special attention was given to the similarities between Case Study II and Case Study III and the differences between them and Case Study I. Such attention is important for explaining why the different organisational sizes and stages of implementing Western HRM practices may account for these similarities and differences. Besides, the researcher

compared the findings of the cross-case analysis with the literature, furthering the understanding of the themes under the three primary research questions.

As a result, the within-case analysis led to a case description for each case study, illustrating the themes and the relationships between the themes emerging from each case. Chapter 4, 5 and 6 will present the case descriptions of Case Study I, II and III. Then the cross-case analysis extended the understanding on the themes related to the three primary research questions. Chapter 7, 8 and 9 will present the cross-case analysis under the Research Question I, II and III.

3.4 Issues of research quality

There are some issues related to the quality of the research, such as validity, reliability and generalisability. According to Saunders et al. (2007), reliability refers to the extent to which data collection procedures can produce consistent results; validity concerns whether research findings are really about they appear to be, for example the validity of the causal relationship between variables; and generalisability is about whether the findings can be applied to other research settings such as other organisations. Various measures have been taken in the data collection and data analysis to improve the quality of research.

In the empirical research relying on qualitative data collection, the threats to the reliability of data collection mainly involve the issues of interviewee bias and researcher bias. In the semi-structured interviews, the participants were asked to talk about their performance and comment on their interpersonal relationships with others and their coordination with others. The interviewees may have felt pressure to give positive answers or respond differently according to their perceptions of whether the researcher understood and empathised with their concerns, whilst the researcher may have been subjective in understanding the information provided (Jensen and Laurie, 2016).

To improve the quality of data collection in terms of the extent to which the data reflected the interviewees' knowledge and experience, some measures were adopted to reduce the researcher bias and interviewee bias. To reduce interviewee bias, the researcher conducted the interviews mostly in the meeting rooms of the companies and occasionally in the cafeteria by the companies to ensure the privacy of the interviews, minimise interruptions and ease the interviewees. Moreover, the researcher started the interviews by asking about the working day, about their responsibilities and about their daily tasks to relax the interviewees before asking more sensitive questions such as their relationships

with others. The researcher often expressed her interest about the topics that the interviewees brought up and asked for specific details to widen and deepen such topics or to raise a new topic. As a result, most interviewees were happy to extend their answers so that the researcher received in-depth and wide information in most interviews. Where some interviewees did not feel comfortable speaking in-depth, the researcher invited new participants to obtain the information needed. Besides, the researcher was conscious about not commenting what the interviewees said to minimise the influences on their response. On the other hand, to reduce researcher bias, the researcher did all the interview transcription herself by using interview recording and notes to avoid wrongful interpretation of the data.

Because the present research aims to understand how Chinese Guanxi interplay with Western job role system to affect the organisational coordination, there are some validity issues related to the findings, such as the causal relationships between Guanxi and Western job role system and between their interplay and the coordination outcomes. In case studies aiming to answer how and why questions, the validity of the findings is related to the issues on whether the interference between causes and effects is correct, whether rival explanations and possibilities are considered and whether the evidence is convergent (Yin, 2014). To enhance the validity of the findings, it is useful to judge the strength and consistency of the casual relationships within and across cases and compare the findings with extant literature (Eisenhardt, 1989).

There were some efforts in the within-case analysis and cross-case analysis to strengthen the validity of the findings of the present research. In the within-case analysis, the researcher attempted to ensure that the data extracts gathered within each theme demonstrate the theme. To do so, the researcher compared the data extracts within each theme to check the consistency of the data within a same interview, compared the viewpoints of different interviewees and seek explanations for significantly low-frequency or controversial examples. In the writing of the case descriptions, the researcher grounded the analysis with concrete evidence, built up the relationships between themes by considering other possibilities, and developed casual relationships by thinking of rival explanations. After that, in the cross-case analysis, the researcher compared the themes, the relationships between themes and the casual relationships across cases to seek for confirmations or variations. With the variations, the researcher looked for further explanations. Last, in the discussion of the findings from the cross-case comparison, the researcher compared the research findings with existing literature to see whether existing literature supports the findings and looks for explanations again if it does not. The rival explanations and possibilities in each stage not only deepen the data analysis but also strengthen the validity of the findings.

Finally, the improvements on the reliability of the data collection and the validity of the findings would strengthen the generalisability of the case studies. The use of case studies is frequently criticised for the generalisability of the conclusions due to the limited number of cases (Kitay and Callus, 1998; Whipp, 1998). However, it is important to note that the findings of case studies are to generalise to theory rather than to populations and that it is the quality of theoretical reasoning that is critical for the assessment of generalisation (Bryman and Bell, 2007). Therefore, the researcher pays most attention to improve the quality in the development of the themes and the relationships between the themes, in the establishment of the patterns between the case studies and in the creation of the conclusions based on the explanations that appears most congruent with the data (Thomas, 2004).

CHAPTER 4. CASE STUDY I

Case Study I was conducted in a medium-sized private Chinese IT firm. The researcher carried out data collection twice in August 2015 and May 2016, during which the company had been implementing Western management practices such as the rules from International Organisation for Standardisation and the system of key performance indicators. The data collection in the two periods is to understand better the interplay between Chinese Guanxi and Western job role system during the transition process. This chapter presents the within-case analysis of Case Study I under the descriptive framework as indicated in Section 3.3. After describing the background of the case study, it illustrates the intertwining of Guanxi relationships with formal job role relations and the interplay between relational and formal coordination mechanisms and then analyses coordination outcomes due to the dynamic interplay.

4.1 Background of case study

Established ten years ago with less than ten staff members, the company had grown into a medium-sized organisation with about 100 employees and aimed to double its revenue in a couple of years. The researcher collected data with ten semi-structured interviews in August 2015 and another eight interviews in May 2016, which took over 60 minutes on average. During the field work, the researcher conducted some informal conversations with two interviewees after the interviews and with a manager coordinating the data collection. Moreover, while collecting the data in the company office, the researcher was able to carry out field observations on employee interaction. The informal conversations and field observations provided the researcher with some background understanding for interpreting the interview data.

There were sixteen participants in total, two of whom were invited to the interviews in both time periods. The sixteen employees included a deputy general manager overseeing business (coded as DGM), six functional team leaders (coded as RDM, SDM, TSM, RSM, PCM and QCM), and nine staff from four functional teams (coded as IS, DS, RDE1, RDE2, RDE3, PC1, PC2, QC1 and QC2). The participants formed a micro formal job role system with reporting relationships and team memberships illustrated in **Figure 4.1**. In August 2015, DGM, IS, DS, RDM, RDE1, RDE2 and RDE3 participated in the interviews, while SDM, TSM and RSM were interviewed to offer additional data about the implementation of the international standards and the operation of the company. In May 2016, PCM, PC1, PC2, QCM, QC1 and QC2 participated in the interviews, while IS and DS were interviewed for the second time to offer extra data on the transition process.

Hence, in both periods of data collection, there were manager-subordinate, within-team and cross-team role relations involved.

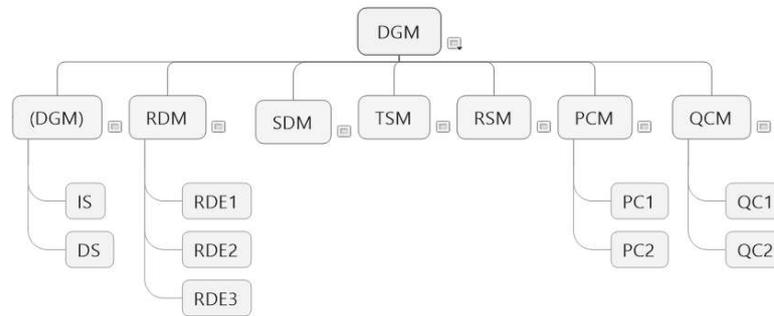


Figure 4.1 Micro formal job role system in Case Study I

There was direct task interdependence between any two functional teams in the organisation because each functional team played a part in its design—production—sales circle of work organisation. Therefore, there was direct or indirect task interdependence between any two roles in the micro formal job role system. Moreover, the task interdependence was often stronger between team members than between cross-team colleagues because the team members dealt with similar tasks, same clients or same products (RDE3 & IS). Furthermore, due to the organisational objective in fast revenue growth, the company regularly reviewed the performance of existing products and attempted to introduce new products and design personalized products for big clients (DGM, RDM, IS & DS). To ensure the competitiveness of its products in terms of quality and price, the company often changed production materials and manufacturing services providers (QCM & PCM). As a result, the changing needs of market and internal operation resulted in many emergent tasks and coordination demands (IS, RDE1 & QC1).

Between August 2015 and May 2016, the case organisation underwent a significant formalisation process. To compete in the international market and improve organisational effectiveness, the company started to implement the rules of International Organisation of Standardisation in the middle of 2015, formalising organisational structure, the definition of individual job roles, the work flows between job roles and organisational expectations on role performance (SDM). Before that, the company used to divide tasks verbally and organise work activities informally (SDM, IS, DGM & TSM). At a similar time, the company introduced an IT-based management system to formalise its product development processes (RDM & QC1). Then in early 2016 the company introduced a system of key performance indicators to formalise its performance management, stress individualised, merit-based performance, and apply universal performance management rules (SDM, QCM, IS & DS). As a result, the company implemented Western formal job role system

during the two periods of data collection, by defining individualised job roles, structuring impersonal role relations with formal organisational structure and work flows, and applying universalistic merit-based performance management rules.

During the formalisation, the company attempted to transition from relational to formal management practices. At the entrepreneur stage, the employees worked hard to please their colleagues in their coordination and senior managers invested much in their interpersonal relationships with staff to obtain their commitment (PC1 & PCM). After the organisational size grew, interpersonal interaction was weakened between the senior management and staff and between cross-team colleagues (IS & RDE1). The decreased interpersonal interaction between the senior management and staff increased the difficulty to develop trust between them and led to the loss of relational commitment of the staff (PC1). Moreover, due to the efforts of formalisation, cross-hierarchy and cross-team communication became more formal than before (RDE1) and the emphasis on formal role responsibilities weakened the emphasis on the relational obligations between employees (PC1). In addition, the stress on formal management practices reduced the organisational investment in the development of interpersonal relationships (PCM). As a consequence, the reliance on relational practices had been weakened due to the grown organisation size and the efforts of formalisation, as implied by PCM:

'After growing bigger, the company emphasises formal procedures and does not spend much on employees as it did before [for example paid dinner or bought takeaway for employees] ... Now the mentality in the company is not as good as before. Previously, ... after I finished my work, I would help you without being asked if you hadn't accomplished your tasks. Now I only deal with my own jobs. Other things are not relevant to me.' (PCM)

Even though the senior management was determined to formalise its operation and management (DGM), the formalisation had not been completed. The interviewees in August 2015 perceived that it was not practical to follow fixed procedures or document many work activities (TSM & SDM). By May 2016, the interviewees had started to realise the benefits of formalisation and commented that the implementation of the international standards had stabilised the work process with formal procedures, facilitated cross-team communication by regularising cross-team meeting and reinforced formal accountability of the functional teams (QCM, QC1 & DS). However, there were still complaints that the standardised procedures were not flexible enough in dealing with emergent issues and that the efforts of formalisation were not persistent (IS, QCM & QC2). It was also found that the formal performance management system had not been fully completed, due to the difficulty in dividing joint responsibilities between teams, the lack of enforcement on formal performance requirements and the lack of understanding of performance criteria

among the employees (PC1, QC2, IS & DS). As a result, there had been very limited use of formal organisational systems and processes in the company (DS & PCM).

Last, the management practices in the company still presented strong features of relationship-based traditional Chinese management, which emphasises the humanistic management approach based on harmonious relationships and is featured with centralised decision-making through an informal structure bonded by the loyalty to the business head (Section 2.1.2). The managers of the company highlighted their preference for humanistic management style and harmonious organisational culture and their expectation that employees were not only colleagues but also friends (DGM, PCM & QCM). Although there was seldom formal recognition or development of the organisational culture (RDE1 & PC2), there was overwhelming stress on the criticalness of maintaining harmonious interpersonal relationships in the workplace and a positive view among managers about the influences of Guanxi in the company (DGM, TSM, SDM, IS, PC1 & QC2). Moreover, there was strong centralised decision-making with limited employee participation in decision-making and problem-solving (IS, DS, QC1, PC1 & QC2). In addition, there was strong respect and loyalty towards the head of the organisation, who increased employee salaries when the company did not profit, offered jobs to employees' family members and valued heavily senior employees with a long service period (SDM, DS, QC1, RDE1, PCM & QCM).

4.2 Intertwining of Guanxi relationships with formal role relations

Because employees are connected by both work-and non-work-related interactions (Greve and Salaff, 2001), the implementation of Western formal job role system resulted in the intertwining of informal Guanxi relationships with the formal job role relations in the case study. This section shows that while the formalisation of job role relations shaped the features of Guanxi relationships, Guanxi relationships affected the interpersonal interaction and social exchange in formal working relationships. As a result, the dynamic intertwining of the formal and informal relationships resulted in the formation of an intra-organisational Guanxi network embedding a relational structure of Guanxi.

4.2.1 Impact of formal role relations on Guanxi relationships

The formalisation of job role relations affected the structural, relational and cognitive features of Guanxi relationships in the case organisation. As analysed in this subsection, the formalisation of job role relations resulted in more frequent interpersonal interaction and the development of more interpersonal affection, trust, obligations and mutual

understanding between team members than between cross-team colleagues, and hierarchical differentiation between managers and subordinates and between senior and junior team members. Moreover, the stress on formal organisational obligations and professional values competed with the influence of relational obligations and values, enhancing and discouraging the relationship intention of employees in the organisation.

In the **structural** dimension, the formalisation of job role relations shaped the frequency and hierarchy of interpersonal interaction. It was found that there was generally more frequent interpersonal interaction within teams than across teams due to stronger task interdependence within teams, shared team membership, close physical proximity between team members, and more time of team members working together (IS, RDE1, RDE2, RDE3, RSM & QC2). However, because some sales staff responsible for different sales regions had little task interdependence and some quality control employees worked in different offices, they had less frequent interaction with their team members than with their cross-team colleagues (IS & QC2). Due to frequent management meetings, team leaders interacted frequently with each other (QCM).

It was also shown that the formalisation of job role relations resulted in hierarchical differentiation between managers and subordinates and between senior and junior team members. Due to hierarchical differentiation between the roles of managers and subordinates, there was obvious hierarchical distance between them and the subordinates were strongly aware of the importance of respecting the authority of their managers and be cautious about communicating with the managers (QCM, SDM, TSM & QC2). Moreover, because the company recognised the value of senior employees by offering seniority-based benefits, involved senior employees in decision-making and relied on them to manage junior team members, there was respect towards the authority of the senior (SDM, QC1, DGM, RDE2 & RDE3). In other words, the functioning of the formal role relations legitimised the hierarchical differentiation between senior and junior team members.

In the **relational** dimension, the formalised job role relations impacted the development of trust, affection, obligations and mutual understanding between employees by shaping the frequency of interpersonal interaction. The employees developed trust in each other if they often fulfilled their organisational obligations towards each other and behaved consistently in frequent interaction (IS). Moreover, interpersonal affection was nurtured while the employees developed positive experience with each other in frequent interaction (PCM, PC1 & RDE1). Furthermore, some managers felt obliged to offer favour to their subordinates after they worked together for many years (DGM). In addition, while formal team differentiation defined shared team goals and priorities, the frequent interpersonal interaction within teams further promoted the development of mutual understanding

between team members (DS, QC1, QCM & QC2). Therefore, the frequent within-team interpersonal interaction resulted in the development of more interpersonal trust, affection, obligations and mutual understanding between team members than between cross-team colleagues. However, it was indicated that the nature of formal role relations influenced the development of trust between employees. Because some sales staff competed with each other for customers, limited trust was developed between them (IS & DS).

In the *cognitive* dimension, the formalisation of role relations resulted in the stress on organisational obligations and professional values, reducing the influences of relational obligations and values. Many interviewees recognised the importance of fulfilling organisational obligations prior to relational obligations because the failure to fulfil organisational obligations had negative consequences on employees (PC1, DS & RSM). Moreover, the interviewees highlighted some professional values, such as rationality, but not letting interpersonal affection jeopardise work nor making work-related issues personal (QC1, PC1 & QCM). However, it was reported that relational obligations often overrode organisational obligations and task-related conflicts often turned into relational conflicts (DGM, SDM & PC1). As a result, there was constant competition between the organisational obligations and professional values and the relational obligations and values. PC1 reported some frustrations about the competition between the organisational and relational obligations:

'He [my line manager] ever said: 'if you take me as brother, you should do your job well. You are not my brother if you did not fulfil your responsibilities.' (PC1)

The stress on organisational obligations and professional values both enhanced and discouraged the intention of employees to develop Guanxi relationships. On one hand, the task interdependence in formal role relations enhanced the employees' intention to develop and maintain interpersonal relationships for fulfilling their organisational obligations. Many interviewees emphasised that the development and maintenance of interpersonal relationships were important for obtaining cooperation from colleagues (TSM, IS, SDM & DS). Sometimes employees performed their colleagues' tasks to develop good interpersonal relationships to smooth the way for future collaboration (SDM). On the other hand, the competition between organisational and relational obligations discouraged employees from developing close interpersonal relationships. The interviewees reported that close interpersonal relationships with colleagues made it difficult to fulfil organisational obligations and command colleagues to comply with organisational requirements due to a concern for interpersonal obligations, as illustrated in **Table 4.1**.

Interviewee	Quotes
IS	'Sometimes close Guanxi relationships are not beneficial for work. Afterall, in a company we have to take responsibilities. ... I tell him the truth that what you do crosses my bottom line, ..., and hurt work-related interests [of the company] ...If I have told you that you cross my bottom line and you shouldn't but you still demand me to do that [for you], you are hurting me and our Guanxi relationships will be broken. If you understand my points, apologize and promise that you will not do that anymore, we will become better friends.'
QC1	'It is sometimes not very good if we are too familiar [close] with each other. ...When there is a problem, from my [job] perspective I ask him to made a correction but he may think that the problem does not matter or not significant When we are too familiar, it is impossible to directly demand him to do that due to the consideration of interpersonal affection and his Face.'

Table 4.1 Competition between organisational and relational obligations discourages close Guanxi relationships in Case Study I

As a result, it was rather favourable for employees that their interpersonal relationships with colleagues were not too close because of the competition between organisational and relational obligations, but also not too distant for the need of cooperation (QC2, PCM & RDE1).

4.2.2 Impact of Guanxi relationships on formal role relations

Despite of the impact of formalising job role relations on interpersonal relationships, Guanxi relationships have a strong influence on the formal organisational relationships between roles. As discussed in this subsection, while Guanxi relationships strongly influenced interpersonal interaction and social exchange between employees, the intertwining of Guanxi relationships with formal role relations resulted in the formation of team-based Guanxi groups with strong exclusivity, Paternalistic Leadership with strong benevolent leadership and hierarchical Senior-junior Guanxi in the organisation.

First of all, Guanxi affected the interpersonal interaction and social exchange with its emphasis on the maintenance of harmony, the preservation of Face and long-term reciprocity of Renqing, as **Table 4.2** demonstrates.

Interviewee	Quotes
Maintenance of harmony	
IS	'If you are not good at maintaining interpersonal relationships, others won't appreciate or recognise you. Your capability becomes meaningless... Afterall, people live in a collectivity, but not independent being ... It might be difficult to let everyone like you, but as least you should not let anyone dislike you.'
PC1	'If a colleague speaks behind your back to another colleague and then speaks behind the other colleague to another colleague, [the colleagues] in a whole circle will not interact with him anymore Everyone [in the circle] would greet him when [they] meet but will never mention his name [in the circle] when going out for meals or entertainments together [without him].'
Preservation of Face	
IS	'I may remind some colleagues who are sensible in communication. But I could not criticise him that he did not perform well on this or that. ... Between colleagues, everyone needs Face.'
Long-term reciprocity of Renqing	
DS	'When I wanted to have a job transfer [6 years ago], the boss offered me an opportunity. I must remember the favour and be ready to return it.'
DS	'It is important to take care of Renqing in the company. When colleagues have family celebrations and weddings, I must attend and bring red envelopes with cash once [I] receive an invitation. Even with new colleagues who I barely know, I must attend [for potential relationships].'

Table 4.2 Impact of Guanxi on interpersonal interaction and social exchange in Case Study I

Employees strived to develop and maintain harmonious, if not close, Guanxi relationships. Many interviewees highlighted the criticalness of maintaining relational harmony with colleagues (DGM, PC1, IS, QC1, QC2, TSM, SDM, QCM and RSM). There was a strong tendency of conflict avoidance in the interaction between employees so that they carefully adjusted their communication styles and expressed different opinions indirectly or kept silent when they have controversial views to avoid offending each other (DS, IS, QCM & QC1). Where there were interpersonal conflicts, employees often kept superficial harmony in public, though they may not interact privately (SDM, QC1, QCM & PC1). Because Face embodies an individual's integrity, honour and personal equity in Guanxi exchange (Zhang and Pimpa, 2010), employees endeavoured to preserve each other's Face in interpersonal interaction and did not criticise each other directly or publicly (IS, SDM & PCM).

Moreover, employees conducted affective social exchange under the long-term reciprocity of Renqing, which is referred to as unpaid obligations as a prerequisite to initiate Guanxi and the obligations expected to be returned in future but not in the immediate term (Yen et al., 2011). The interviewees expressed their willingness to offer favours to others, believed that their kindness would be repaid in future, and sometimes felt obliged to offer favours only to express an interest in interpersonal relationships (PCM, QC2, SDM & DS). While Renqing entails an element of empathy for the development of emotional attachment of Guanxi—affection (Bedford, 2011), the interviewees perceived it unethical to interact for sole instrumental purpose, but they stressed the development of interpersonal affection in their favour exchange (IS, RDE2 & PC1). As a result of the

affective social exchange, there was an overlap of private and professional relationships between employees (RDE2).

Under formal team differentiation, the Guanxi relationships between team members resulted in the formation of team-based Guanxi groups. According to Section 4.2.1, there was more frequent interpersonal interaction and thus the development of more trust, affection, obligations and mutual understanding between team members than between cross-team colleagues. In fact, the within-team Guanxi relationships presented some features of familial collectivism, such as an awareness of mutual dependence and a preference for hierarchical power structure. Team members were aware of the collective interests of their team and of the interdependence between their role performance so that they supported each other in team performance (RDE3, RDE2 & PC1). Moreover, due to the hierarchical differentiation between managers and subordinates and between senior and junior team members, there was a hierarchical power structure within teams. As a result, the relatively strong affective social exchange within teams and the familial collectivism shared by team members and reinforced by common team leaders led to the formation of team-based Guanxi groups (IS & RDE1). It was shown that the team-based Guanxi groups presented strong exclusivity towards outsiders. Team members often defended each other and blamed other teams for problems that occurred and the conflicts between team leaders had a strong negative effect on cross-team coordination (DGM, PCM, RDE1, IS & PC1).

Along with formal hierarchical differentiation between managers and subordinates, Confucianism dictates mutual obligations of power holders and those in inferior roles in hierarchical Guanxi relationships to sustain social harmony (Westwood et al., 2004). The relational obligations of managers and subordinates led to the formation of Paternalistic Leadership, which combines strong discipline and authority with fatherly benevolence and moral integrity couched in a personalistic atmosphere and thus consists of benevolent, moral and authoritarian leadership (Farh and Cheng, 2000). First, there was strong benevolent leadership in the organisation. While managers emphasised the importance of looking after subordinates and their mood and caring for their private life and family members, employees perceived the strong benevolence of senior management (PCM, TSM, DGM, QC1, SDM, DS & QCM). Second, the moral leadership was also observed. The management of the company stressed their moral obligations of empathy, reasonableness and supportiveness towards employees, listening to employees and treating them as friends but not abusing their authority (DGM, TSM, PCM & QCM). Third, strong authoritarian leadership was identified under obvious hierarchical distance between managers and subordinates. While the managers tended to dominate communication with their subordinates, the subordinates seldom argued or confronted the

managers or pointed out their mistakes in public to show respect towards them and protect their Face in public (IS, SDM & QCM).

In addition, while the functioning of formal role relations legitimised the hierarchical differentiation between senior and junior team members, Confucian Wulun defines Senior-junior Guanxi as a type of hierarchical Guanxi relationship with mutual obligations such as the kindness and gentleness of the senior and the obedience of the junior (Bedford, 2011). Such mutual obligations were found in the interaction between the senior and junior team members. While senior team members had ethical obligations to train junior team members, the senior sometimes felt obliged to protect the junior and not to disclose their mistakes to management (DGM, IS, DS, RDE2, QC1 & RDE1). Moreover, junior team members often accepted the authority of the senior and obeyed with the senior's instruction, even if such instruction went against the company's expectations (DGM, RDE2 & RDE3). In other words, the relational obligations of the senior and junior team members caused the development of hierarchical Senior-junior Guanxi relationships.

Interviewee	Quotes
Team-based Guanxi groups	
RDE1	'There are many small (Guanxi) circles in the company... They are team-based. They are helpful for the collaboration within teams. But negative side is that team members exclude outsiders - team against team. When problems occur, the teams play ball games with each other.'
Paternalistic Leadership	
DGM	'I feel some obligations towards my staff. ... After they follow me for such a long time, sometimes I count how many of them have brought their own properties and cars. It is very realistic need. Sometimes I think of how much value the company can create for them.'
QCM	'The communication between managers and subordinates is straightforward. There is no space for negotiation.'
Senior-junior Guanxi	
DGM	'This often happens between senior and junior sales staff. The junior sales are required to deal with many administration tasks [rather than customer visit]. ... This is not our expectations.'
RDE1	'If the relationship [between senior and juniors] is too close, it is difficult to blame him for his problem or report the problem to management when they ask because I have to consider his feeling.'

Table 4.3 Features of team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi in Case Study I

Table 4.3 highlights the strong exclusivity of the team-based Guanxi groups, the strong benevolent and authoritarian leadership in the Paternalistic Leadership and the features of hierarchical Senior-junior Guanxi in the organisation. While the formalisation of job role relations defined formal organisational structure, the team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi constituted a relational structure of Guanxi within non-hierarchical and hierarchical interpersonal relationships. As a result, the relational structure of Guanxi paralleled the formal organisational structure.

4.2.3 Mapping Guanxi relationships in intra-organisational network

The literature differentiates three types of Guanxi relationships: Family-like Guanxi is the closest and most affective; Familiar Guanxi is semi-close, relatively less affective but more instrumental, with moderate sentiment and obligations cultivated through social and pragmatic favour exchange; and Stranger Guanxi is the most distant with little or limited interaction (Section 2.1.1). After discussing how the formal and informal relationships affected each other, it is feasible to identify different types of Guanxi relationships around formal role relations and draw the features of the intra-organisational Guanxi network.

According to Section 4.2.1, it was favourable that the Guanxi relationships between colleagues were neither too distant nor too close due to the task interdependence between employees and the competition between organisational and relational obligations. Many interviewees perceived that their Guanxi relationships with colleagues are not close in general (QCM, PCM, QC1, PC1 & RDE3). One interviewee who claimed many colleagues as friends but then highlighted that those who he trusted and shared everything with were a limited minority (DS). Therefore, the closest Family-like Guanxi was a minority in the interpersonal relationships in the organisation, which included within-team, cross-team and manager-subordinate interpersonal relationships.

As discussed in Section 4.2.1, there was more frequent interpersonal interaction and thus the development of trust, affection, obligations and mutual understanding between team members than between cross-team colleague. As a result, the Guanxi relationships between team members were perceived as closer than those between cross-team colleagues (SDM, IS & QC1). Many interviewees reported that their interpersonal relationships with team members are generally good and there is sometimes close friendship developed (RDE1, RDE2, RDE3, PC1 & QC1). Hence, semi-close Familiar Guanxi was the majority and the closest Family-like Guanxi was the minority in the within-team interpersonal relationships. In comparison, some interviewees suggested that where there was direct task interdependence between cross-team colleagues, there was frequent interpersonal interaction and so the development of interpersonal affection (RDE2, TSM & DS). However, because there was less task interdependence across teams than within teams (Section 4.1), some interviewees felt not very familiar with many cross-team colleagues (PC1 & QC1). Therefore, there were many Familiar Guanxi and also many Stranger Guanxi with Family-like Guanxi as the remaining minority in the cross-team interpersonal relationships.

Regarding the Guanxi relationships between managers and subordinates, who worked in the same team, the majority was Familiar Guanxi with Family-like Guanxi as the minority. Many interviewees perceived some affection in the manager-subordinate interpersonal

relationships although the interpersonal interaction between managers and subordinates may not be frequent beyond work (SSW, RDE2, TSM, DS, IS, SDM, QC2, QCM & PCM). The perceived interpersonal affection might be because of the strong benevolent leadership, which stressed the care and well treatment towards subordinates (Section 4.2.2). Moreover, it was indicated the minority Family-like Guanxi mainly existed between managers and senior subordinates. Managers invested much in the interpersonal relationships with senior subordinates to win their affective commitment, offering excessive care, providing jobs to their family members and lending cars to them for holiday use; in return the senior subordinates strongly supported that managers wherever needed, advocating the managers to achieve team cohesion and working on any assignments from the managers (RDE1 & DGM). Because managers relied on senior subordinates in team performance, there was stronger task interdependence between them than between the managers and junior subordinates, enhancing the managers' intention to develop interpersonal relationships with the senior subordinates.

By identifying the three types of Guanxi around the formal role relations, it becomes possible to draw the features of the intra-organisational Guanxi network in the case study. While the within-team and manager-subordinate Guanxi relationships were Family-like Guanxi in minority and Familiar Guanxi in majority, the within-team Guanxi networks were composed of relatively strong, harmonious and multiplex Guanxi relationships. Moreover, shared team membership caused some level of network closure. As a result, the within-team Guanxi networks were dense, closed Guanxi networks with relatively strong relational ties. In comparison, because the cross-team Guanxi relationships had many Stranger Guanxi, the cross-team Guanxi networks were relatively loose due to the many gaps between disconnected people and thus were comprising of many indirect ties.

In other words, the intertwining of Guanxi relationships with formal role relations resulted in the formation of the intra-organisational Guanxi network consisting of the dense, closed within-team Guanxi networks and the loose cross-team Guanxi networks. Because the structural dimension of social networks refers not only to the density and connectivity but also to the hierarchy of the networks (Section 2.1.3), the relational structure of Guanxi with hierarchical and non-hierarchical social ties was embedded in the intra-organisational Guanxi network.

4.3 Interplay of relational and formal coordination mechanisms

Based on the understanding in the intertwining of Guanxi relationships with formal role relations, this section discusses the interplay of Guanxi with the formal job role system as

relational and formal coordination mechanisms in the organisation. It elaborates that the relational mechanism interplayed with the formal role coordination mechanism through the intra-organisational network, the relational structure and some particularistic rules, producing double-edged organisational outcomes.

4.3.1 Guanxi networks interplay with formal role coordination mechanism

According to Section 4.2.3, the intertwining of Guanxi relationships with formal role relations resulted in the formation of the intra-organisational network consisting of dense, closed within-team Guanxi networks and loose cross-team Guanxi networks. As presented in the following, the intra-organisational Guanxi network supplemented the formal role coordination mechanism with collaborative and informational benefits, whereas its relational obligations and values often overrode organisational obligations and professional values.

To understand the effects of the intra-organisational Guanxi network, it is useful to analyse the effects of three types of Guanxi relationships on the coordination of work. First, it was indicated that close Family-like Guanxi had strong collaborative and informational benefits. With strong interpersonal affection and relational obligations, Family-like Guanxi offered strong collaborative benefits, facilitating proactive helping behaviour between employees. Many interviewees stated that the employees with close interpersonal relationships worked hard to help each other and shared resources important for their performance and proactively took workloads from each other (PC1, DGM & IS). Moreover, Family-like Guanxi greatly enhanced the quality of information sharing with the strong interpersonal affection and relational obligations. It was mentioned that the sales staff who had close interpersonal relationships were willing to share valuable customer information with each other, though they competed for customers (IS).

Second, despite being less affective but more instrumental, Familiar Guanxi also had strong collaborative and informational benefits but in different ways. It was found that Familiar Guanxi offers strong collaborative capacity by engaging employees in long-term and affective, but not purely calculative, social exchange of Renqing. Under the long-term reciprocity of Renqing, the colleagues in Familiar Guanxi were willing to help each other without an expectation of intermediate return and even actively offered favours for future exchange (QC2, SDM, DS & PCM). With the element of empathy in Renqing exchange, the interviewees stressed the importance of understanding others' difficulties and being considerate and thus were willing to go beyond their duties and work overtime to help others (IS, QCM, QC1, QC2, PC1 & RSM). Moreover, it was indicated that Familiar Guanxi greatly increased the amount of information sharing by providing communication channels and smoothing communication with interpersonal understanding. The colleagues in

Familiar Guanxi often obtained information in the interpersonal interaction through online social networking tools, at social gatherings and at the office (PCM, PC1, RDE3, RSM, IS & DS). Whilst employees were often cautious about expressing different views and pointing out the mistakes of others to avoid conflicts and hence preferred indirect expression and being silent (IS, SDM & QC2), they became open and direct with those whom they knew personally (SDM, RSM, QCM & QC2).

Third, Stranger Guanxi, the most distant with little affection and sentiment, still had some collaborative benefits. Many interviewees perceived that the employees who were not familiar with each other often passively responded to each other's request and only cooperated under formal instructions and when they had to (SDM, PC1, QCM & IS). However, it was suggested that Renqing can be initiated to promote collaboration between the employees in Stranger Guanxi. For example, a newly-joined employee ever proactively performed some tasks for other employees to develop interpersonal relationships for future collaboration, whilst another employee sometimes actively gave favours to cross-team colleagues with whom he had little interaction to receive their help in future (SDM & IS).

Interviewee	Quotes
Family-like Guanxi	
RDE2	'We are quite close. When his workload is heavy but mine is light, I must help him. He doesn't ask me but I will go to help him proactively.'
IS	'When you both visit a same client, the other sales may worry that you grab his client... But with close sales colleagues, we can share all kinds of information and be very open.'
Familiar Guanxi	
DS	'If the sales colleagues in good relationships [with me] have difficulties in selling, I would help them win clients. ...Sales bonus still goes to him. Of course, he will share good things or opportunities with me in future and look after me when there is a problem.'
RSM	'When colleagues have good relationships, it is convenient to discuss everything. [You] have to be [overly] courteous when talking to unfamiliar person but could talk freely with familiar person.'
Stranger Guanxi	
SDM	'Many tasks should be performed by others but I performed for them. Why did I do that? Because it helps me in future collaboration. If I did not do these preparations, it is difficult to carry on my jobs. These [favours] help me ... develop good relationships with them.'

Table 4.4 Effects of three types of Guanxi relationships in Case Study I

Table 4.4 demonstrates the effects of the three types of Guanxi relationships. Because the dense, closed within-team Guanxi networks comprised minority Family-like Guanxi and majority Familiar Guanxi, the within-team Guanxi networks could have strong collaborative and informational benefits, promoting effective collaboration and information sharing within the team. In comparison, the loose cross-team Guanxi networks consisting of minority Family-like Guanxi, many Familiar Guanxi and many Stranger Guanxi could provide some collaborative and informational benefits for cross-team coordination. However, cross-team colleagues in Stranger Guanxi can initiate Renqing to facilitate their

collaboration and explore collaborative opportunities through shared contacts. Due to the large size of the cross-team networks, a big potential pool of resources and information can be derived from the networks. In other words, the intra-organisational Guanxi network supplemented the formal role coordination mechanism with effective collaboration and information sharing through the dense, closed within-team Guanxi networks and with a big potential pool of resources and information through the loose cross-team Guanxi networks.

However, it was found that the relational obligations and values associated with the intra-organisational Guanxi network often overrode organisational obligations and professional values. First, the relational obligations and helping behaviour between employees sometimes worked against organisational expectations. While strong interpersonal affection and relational obligations made it difficult for employees in Family-like Guanxi to push each other to fulfil organisational obligations (SDM & QC1), employees in Familiar Guanxi sometimes prioritised tasks according to relational obligations but not organisational instructions, as indicated by DGM:

'The company has defined the importance of clients. A sales staff having good private relationship with [a production staff] may require his client's order to be prioritised.Then (the production staff) prioritises neither unimportant nor urgent orders but leaves important urgent orders behind.'
(DGM)

Second, while task-related conflicts sometimes turned into relational conflicts in the organisation (Section 4.2.1), the relational conflicts often caused a lack of cooperation because of negative feelings and the loss of trust (IS, DS, PC1, PCM & QCM). Third, there were some concerns that small closed Guanxi networks between some team leaders and between some cross-team colleagues pursued the interests of network members at the expense of out-network employees and the company (DGM, SDM & DS). These negative organisational outcomes suggest that due to the incomplete implementation of formal performance management system and the lack of development of organisational culture and values, the organisational obligations and professional values had not been enforced sufficiently to surpass the relational obligations and values of Guanxi.

4.3.2 Relational structure interplays with formal role coordination mechanism

According to Section 4.2.2, the intertwining of formal and informal relationships led to the formation of the relational structure consisting of team-based Guanxi groups with strong exclusivity, Paternalistic Leadership with strong benevolent and authoritarian leadership, and hierarchical Senior-junior Guanxi. The relational structure interplayed with the formal

role coordination mechanism, creating double-edged organisational outcomes, as discussed in this subsection.

It was found that the team-based Guanxi groups were featured with team cohesion and solidarity, proactive mutual support, flexible task distribution and tacit understanding. First, while the emphasis of Guanxi on group harmony resulted in cohesive atmosphere within teams, the awareness of mutual dependence under the familial collectivism caused some team solidarity (PC1, QC2 & QCM). Secondly, due to the relatively strong and affective social exchange between team members, they proactively supported each other to accomplish tasks, substituted those who were not at the office and looked after each other at work and in private life (RDE2, PC1 & DS). Third due to the awareness of mutual dependence and task interdependence, team members often jointly distributed team tasks, did not limit themselves to predefined formal roles but were flexible in task distribution (RDE3 & QC2). Besides, the frequent interaction within teams led to abundant information sharing and thus the development of tacit understanding between team members (PCM & PC1). As a result, team members often coordinated with each other autonomously without the intervention of their team leaders (RDE 3 & PC1). Therefore, the team-based Guanxi groups strongly supported the formal role coordination mechanism in within-team coordination.

Moreover, it was demonstrated that the Paternalistic Leadership resulted in the obedience, loyalty and commitment of employees, supporting the formal role coordination mechanism in the manager-subordinate coordination. According to Section 4.2.2, the Paternalistic Leadership consisted of moral leadership and strong benevolent and authoritarian leadership. The authoritarian leadership had a consequence of employee obedience. Many interviewees pointed out that employees respected and obeyed management even when they had disagreements (SDM, QCM, RDE1 & IS). Moreover, the strong benevolent leadership and the moral leadership promoted employee loyalty and commitment. Though the company did not offer competitive salary, its staff turnover was low because employees appreciated the strong benevolence and well treatment of senior managers (SDM & DGM). In addition, many employees were committed to their jobs because of their affection on the strong benevolent leadership and the moral leadership (DS, IS & QCM). In particular, due to close Family-like Guanxi between managers and their senior subordinates, the senior subordinates presented strong commitment, asking for challenging tasks proactively and showing strong ownership without holding any share of the company (DGM, RDE1, QC1, DS & QCM).

Furthermore, it was discovered that the Senior-junior Guanxi in the company offered a relational hierarchy for the coordination between senior and junior team members. Section 4.2.2 revealed the relational obligations in the hierarchical Senior-junior Guanxi, such as

support and protection from the seniors and respect and obedience from the juniors. While senior team members dominated task distribution within teams and set work standards for their junior counterparts, the juniors obeyed the seniors' instructions (RDE2, RDE3 & DGM). Moreover, the senior team members are responsible for training the junior team members and supporting the skill development of the juniors in the company (RDE1, RDE2 & QC1). Not only so, the senior team members, who presented strong commitment and work ethics to honour their close relationships with managers, often played as a role model for the junior team members to follow (SDM & RDE2). In other words, the Senior-junior Guanxi sustained the coordination between the senior and junior team members within teams, further supporting the formal role coordination mechanism.

However, despite the relational structure of Guanxi facilitated within-team and manager-subordinate coordination, it was often associated with negative organisational outcomes. Firstly, the team-based Guanxi groups presented strong exclusivity, harming cross-team coordination (Section 4.2.2). Secondly, the relational obligations in the hierarchical Senior-junior Guanxi sometimes worked against organisational obligations because the seniors felt it difficult to disclose the juniors' bad performance and the juniors were unable to refuse the task distribution of the senior that went against organisational expectations (Section 4.2.2). In addition, the Paternalistic Leadership with strong benevolent and authoritarian leadership had some negative effects for performance management and employee participation, as illustrated in **Table 4.5**.

Interviewee	Quotes
Negative effects of strong benevolent leadership	
SDM	'The general manager is very benevolent. ... When disciplining an employee, he may suggest to give up with a consideration of other issues. It is not because the employee's problem is not big enough. ... [It is understandable]. I may hope to have good relationship with my subordinates so that they will be loyal to me ...but then I may have soft heart when they make mistakes and feel that I should not punish them because of our relationships.'
Negative efforts of strong authoritarian leadership	
IS	'Management has most thorough information [about business] ... Sometimes sales staff do not have sufficient information to make best judgement and thus lose customers.'
QC1	'Last time a mass number of products were sent back for re-manufacturing. It was very serious incident.... But I was not informed about this even though my job is most related to such issue. I didn't know why the products were sent back for re-manufacturing, what was the cause, and whether it was my fault.'
PC1	'I am not very clear about the performance assessment. ... I do not know if he [my manager] is assessing me.'

Table 4.5 Negative effects of Paternalistic Leadership in Case Study I

Under the strong benevolent leadership, managers often gave up disciplining or dismissing under-performing employees with formal performance management rules (IS, SDM & DGM). Due to the strong authoritarian leadership, the managers had neither sufficiently listened to employees' feedback for decision-making nor involved employees in problem-solving or in the implementation of new organisational systems (IS, DS, QC1,

PC1 & QC2). In other words, the strong benevolent leadership led to some difficulties in dealing with problematic performance, while the strong authoritarian leadership inhibited cross-hierarchical open dialogue and employee participation, causing centralised decision-making. These negative organisational outcomes show that the relational obligations associated with the relational structure of Guanxi often surpassed organisational guidelines under the incomplete implementation of the formal performance management system.

4.3.3 Particularistic rules interplay with formal role coordination mechanism

Whilst universalistic cultures stress universal, impersonal rules and obligations, the particularistic Chinese Guanxi culture stresses exceptional situation and situational obligations based on interpersonal relationships (Worm and Frankenstein, 2000). The particularistic tendency of Guanxi culture resulted in some particularistic rules governing role performance in the organisation. As discussed in this subsection, these particularistic rules included ambiguous but flexible role specification, a strong preference for relational coordination practices, and particularistic emphasis on employee behaviour input, supplementing and hindering the formal role coordination mechanism.

First of all, the particularistic tendency of Guanxi caused ambiguous but flexible role specification, encouraging employees to go beyond their formal role definition in their coordination. According to Section 4.3.2, due to the awareness of mutual dependence and task interdependence between team members, there was flexible task distribution within the team. Due to the strong commitment of senior team members, team leaders were able to assign extra tasks to them and place them in any duties which they were able to perform (DGM & STM). Furthermore, the Familiar Guanxi between cross-team colleagues promoted less calculative social exchange and thus flexible distribution of some ambiguously defined tasks between them (TSM). In addition, under the relational collectivism of Guanxi, employees sometimes perceived whatever they were able to contribute to the company with their skills as their responsibilities (RDE3). In other words, the ambiguous but flexible role specification stimulated extra-role behaviour of employees in the coordination of work.

Moreover, there was a strong preference for relational coordination practices, such as informal interpersonal communication, relational exchange for collaboration, interpersonal trust for management control and relational approach for performance management. First, there was a reliance on informal interpersonal communication rather than formal communication. Employees strived to communicate issues and solve disagreements through informal interpersonal conversation and only brought the issues to management after informal communication failed, because such failure was often viewed as a lack of

collaborative attitude from both parties (DS, RSM, PCM & DGM). Second, there was a strong preference for relational exchange for organisational collaboration. It was seen as essential to develop harmonious interpersonal relationships to receive cooperation from colleagues, and it was regarded as a common strategy to develop relational obligations for strengthening support and collaboration (QC2, RDE3, SDM, IS, DS & DGM). Third, there was a heavy reliance on interpersonal trust for management control. Managers gave important tasks and high autonomy to the subordinates whom were believed to be proactive and reliable, but utilised formal organisational rules to monitor and restrict subordinates who were viewed to be passive at work (DGM & RDE3). As a result, the strong preference for relational coordination practices supported organisational communication and collaboration and management control under the very limited use of formal organisational systems and processes.

Furthermore, because the formal performance management system had not been fully implemented, there was a preference for relational approach of performance management in the organisation. Under the lack of explicit performance requirements and universalistic reward rules, there were informal mutual understanding and agreements on performance expectations and rewards (IS, DS, RDE2, PCM & DGM). While performance assessment was quite informal, managers recognised proactive and conscientious work attitude as an informal performance criterion and assessed such attitude with informal feedback from other employees (DGM & TSM). In the performance assessment, relationship skills had become critical because the lack of relationship skills often caused negative feedback from other employees (PC1 & IS) and managers had to reconcile relational conflicts between employees to maintain harmony and thus valued the relationship skills (DGM & PCM). As a result of the informal performance assessment, managers often adopted a relational approach to deal with under-performing employees, such as, by demanding them to work overtime or on hard-laboured tasks or damaging their Face in public (PCM & RDE3). **Table 4.6** offers some indications about the relational approach of performance management, which supported performance management in the organisation under the lack of formal performance management system.

Interviewee	Quotes
DGM	'If you are not conscientious, your colleagues are all watching you. Some of them may complain about their coordination with you and tell me that someone [you] delay work again ... It is tiring for me. But if the issue continues, I have to fire the person who affects the efficiency and mentality of whole team. ... Sometimes I have to explain to comfort both parties.'
PCM	'If someone is not competent, the company normally suggests him to resign. ... Rather than tell directly that he is fired, the company offers other reasons to reserve his Face. He will then resign. ... If [a subordinate] makes repetitive mistakes, ... I must not discipline him. At most I ask him to work overtime for me, or work on some hard-laboured tasks for me.'
RDE2	'If he is not conscientious, [the manager] will ask about his progress in weekly team meeting and demand him to learn from other team members about how to perform. If he still does not perform well, he would normally resign after three months [of public humiliation].'

Table 4.6 Relational approach of performance management in Case Study I

In addition, there was strong particularistic emphasis on the behaviour input of employees, such as employee proactivity and commitment. The interviewees highlighted the criticalness of individual proactivity for good performance and recognised performance problems as an issue of proactivity (IS, RDE2 & DGM). Moreover, managers stressed the importance of winning employee commitment rather than monitoring employee performance closely because the employee commitment would save the time and energy of the managers so that they can focus on other issues (DGM). It is argued here that the strong particularistic emphasis on employee behaviour input made up the very limited use of formal organisational systems and procedures in the company for the control of work processes and outcomes. However, due to grown organisational size and the process of formalisation, the decreased interpersonal interaction and organisational investment on the development of interpersonal relationships but increased emphasis on formal management practices resulted in the loss of relational commitment and conscientious input of employees (Section 4.1).

As a consequence, the particularistic rules of Guanxi strongly supplemented the formal role coordination mechanism by promoting extra-role behaviour of employees, organisational communication and collaboration, and management control, and by making up the very limited use of formal organisational systems and procedures. However, it was discovered that the particularistic rules hindered the implementation of formal role coordination mechanism in the organisation. First, the ambiguous but flexible role specification altered the formal definition of role responsibilities. There were some role conflicts between senior team members and team leaders, as suggested by QC1, a senior employee:

'Because it is the team leaders' job to coordinate with another team [leaders], it is awkward for me to do so. Sometimes my team leader is in charge of cross-team coordination but I am required to

communicate [with other team leaders]. I am not a manager and am not very sure which role I shall represent in the communication.' (QC1)

Second, the strong preference for relational coordination practices distorted universalistic formal organisational rules. It was viewed impossible to demand employees to fully comply with impersonal organisational rules due to the consideration of Renqing and affective obligations (DGM). Under the relational approach of performance management, it was difficult to ensure the workplace fairness perceived by employees (PC1) and to implement universalistic formal performance management system in the company due to the concerns of relational obligations (DGM & QC1). These negative outcomes suggest that because the company had not formally developed its organisational culture or values, the particularistic values of Guanxi often overtook universalistic and rationalistic values of the formal role coordination mechanism. As a result, the particularistic rules interplaying with the formal role coordination mechanism produced double-edged organisational outcomes for the coordination of work.

To summarise, Section 4.3 indicates that while the relational coordination mechanism supplemented the formal role coordination mechanism, it often overrode the formal role coordination mechanism, resulting in many negative organisational outcomes. Moreover, due to the incomplete implementation of formal performance management system and the lack of formal development of organisational values, the formal role coordination mechanism had not addressed these negative organisational outcomes by enforcing organisational expectations.

4.4 Coordination Outcomes

After discussing the intertwining of formal and informal relationships and then the interplay of formal and informal coordination mechanisms, this section analyses the coordination outcomes due to the dynamic interplay between Chinese Guanxi and Western job role system. Overall, organisational coordination was perceived as unsatisfactory at both data collection periods. In August 2015, five of six respondents who made comments on the organisational coordination perceived it as unsatisfactory. In May 2016, six of seven respondents perceived the organisational coordination to be dissatisfactory again. In specific, there was strong dissatisfaction with cross-team coordination, limited satisfaction with manager-subordinate coordination and satisfaction with within-team coordination in both periods. To understand these coordination outcomes, this section employs the conceptualisation of Okhuysen and Bechky (2009) about three integrating conditions for coordination: accountability, predictability, and common understanding, as discussed in

Section 2.4. With a focus on the final coordination outcomes in May 2016, this section discusses how the relational and formal mechanisms jointly created the three integrating conditions for the within-team, cross-team and manager-subordinate coordination with respective advantages.

The majority interviewees were satisfied with the ***within-team coordination*** in both data collection periods, despite an overall dissatisfaction with the organisational coordination. Under incomplete formalisation, Guanxi mechanism strongly contributed to the creation of three integrating conditions for the within-team coordination. Regarding accountability, under ambiguous role definition within teams, individual responsibilities and work progress were made visible mainly through frequent interaction between team members, whilst team members were not calculative but collaborative and proactive in supporting each other (IS, QC1, QC2 & PC1). Regarding predictability, team members were able to anticipate subsequent work activities through a tacit understanding of informal routines and frequent interpersonal communication (QCM, QC2 & PC1). Regarding common understanding, with some limited formal organisational rules creating a shared understanding on the schedule and standards of work (QC1 & QC2), team members relied on interpersonal interaction for reaching the mutual understanding about how to work together (PCM & PC1). As a result, Guanxi mechanism strongly created the accountability, predictability and common understanding with frequent interpersonal interaction and affective social exchange for within-team coordination.

The majority of interviewees also expressed their dissatisfaction with ***cross-team coordination***, with some of them reporting great dissatisfaction in both data collection periods. The combination of formal and relational mechanisms had not adequately created the three integrating conditions for the cross-team coordination. Regarding accountability, though team responsibilities and some cross-team work flows had been formally clarified, there was a lack of accountability on some joint responsibilities shared by teams (QCM, QC1, QC2, PC2 & IS). Although Familiar Guanxi facilitated cross-team collaboration, there was a lack of direct relational ties between cross-team colleagues (QC2, IS, PCM & PC1). Regarding predictability, though the formalised work flows increased the ability of cross-team colleagues to anticipate sequent work activities, they still had to rely on interpersonal interaction to understand detailed work progress of each other (DS, QC1 & PC1). But because there were many Stranger Guanxi between them, they were sometimes unclear about the detailed progress of each other (QC2 & PCM). Regarding common understanding, though formal documentation and the use of an IT-based management system promoted shared understanding in the schedule and expectations of some cross-team tasks, there was still a lack of common work standards and a lack of awareness of organisational interests rather than team interests (DS, QC1, QC2, IS & PCM). In other words, due to the lack of formalisation and the existence of

many Stranger Guanxi across teams, the formal and relational mechanisms had not created sufficient integrating conditions for cross-team coordination.

The strong dissatisfaction with cross-team coordination mostly related to the exclusivity of the team-based Guanxi groups and relational conflicts between cross-team colleagues. Many interviewees highlighted that the functional teams emphasised their own interests, blamed each other when there was a problem and responded to their coordination passively (DGM, RDE1, SDM, IS, DS, QCM, PCM, PC1, QC1, & QC2). Moreover, task-related conflicts in cross-team coordination often turned into relational conflicts between cross-team colleagues, further damaging their coordination (PC1). Therefore, the strong exclusivity of team-based Guanxi groups and the relational values of Guanxi overriding professional values deteriorated the cross-team coordination.

Furthermore, there was about half-to-half satisfaction and dissatisfaction with **manager-subordinate coordination** in both data collection periods. The relational and formal coordination mechanisms jointly created the three integrating conditions, but with many problems, for the manager-subordinate coordination. Regarding accountability, while formalisation process clarified the responsibilities of managers and subordinates, Guanxi mechanism enhanced the accountability with the relational obligations of Paternalistic Leadership and the particularistic emphasis on employee behaviour input (OCM, QC1, QC2, PCM, PC1, PC2 & IS). However, it was found that subordinates were overly dependent on their managers in accomplishing tasks (QC1 & PC1). Regarding predictability, whereas managers were able to anticipate subordinates' work activities through formal reports and interpersonal interaction, the subordinates had the difficulty to predict the managers' work activities due to the lack of top-down information sharing (QC1, QC2, PC1, PC2, PCM & IS). Regarding common understanding, there was a lack of mutual understanding in manager-subordinate coordination, due to the lack of employee participation in decision-making, the lack of top-down information sharing and the difficulties in disciplining under-performing employees (QC1, PC1, IS & DS). These findings indicate that under the incomplete implementation of formal performance management system, Guanxi mechanism had strongly supported the creation of the three integrating conditions for manager-subordinate coordination. Nonetheless, the strong authoritarian leadership hindered cross-hierarchical open dialogue and employee participation and the strong benevolent leadership led to the difficulties in addressing problematic performance, causing many problems for the manager-subordinate coordination.

In addition, the formal and relational coordination mechanisms had their own advantages in the security and flexibility of coordination while creating the integrating conditions. It

was found that the formal role coordination mechanism had the advantage of strengthening the security of coordination. While formal organisational procedures and documented communication ensured coordination tasks to be performed rather than to be forgotten after oral communication (QC1), formal organisational systems regulated work activities and thus improved the predictability of work processes and outcomes (QCM). In comparison, there was a lack of stability and predictability in interactive coordination activities and a weak enforcement on relational obligations (PC1, QC1 & QCM). However, the formal role coordination mechanism had a problem to satisfy emergent coordination demands under the conditions of task complexity and uncertainty. Whilst the formal role coordination mechanism had difficulty to prescribe individual accountability for complicated tasks that were difficult to be divided, it was unable to offer clear accountability for emergent tasks due to the changes in client order and emergency issues (PCM, QCM, IS & DS). In contrast, Guanxi mechanism strongly supported the within-team, cross-team and manager-subordinate coordination with interpersonal interaction and relational obligations in an unplanned and flexible way. While the particularistic tendency of Guanxi stresses situational obligations, the relational mechanism had an advantage of enhancing the flexibility of coordination.

As a result, the formal and relational coordination mechanisms jointly created the integrating conditions for the within-team, cross-team and manager-subordinate coordination but with many problems. Moreover, while the company had many emergent coordination demands, the formal and relational coordination mechanisms had their own advantages in promoting the security and flexibility of coordination. Nonetheless, due to the incomplete formalisation and many negative organisational outcomes of Guanxi, the organisation coordination was dissatisfactory overall.

4.5 Summary

This final section concludes how the interplay of Chinese Guanxi and Western job role system creates the organisational coordination in the case study. **Figure 4.2** maps the major findings of the case study to illustrate the effects of the dynamic interplay on the organisational coordination.

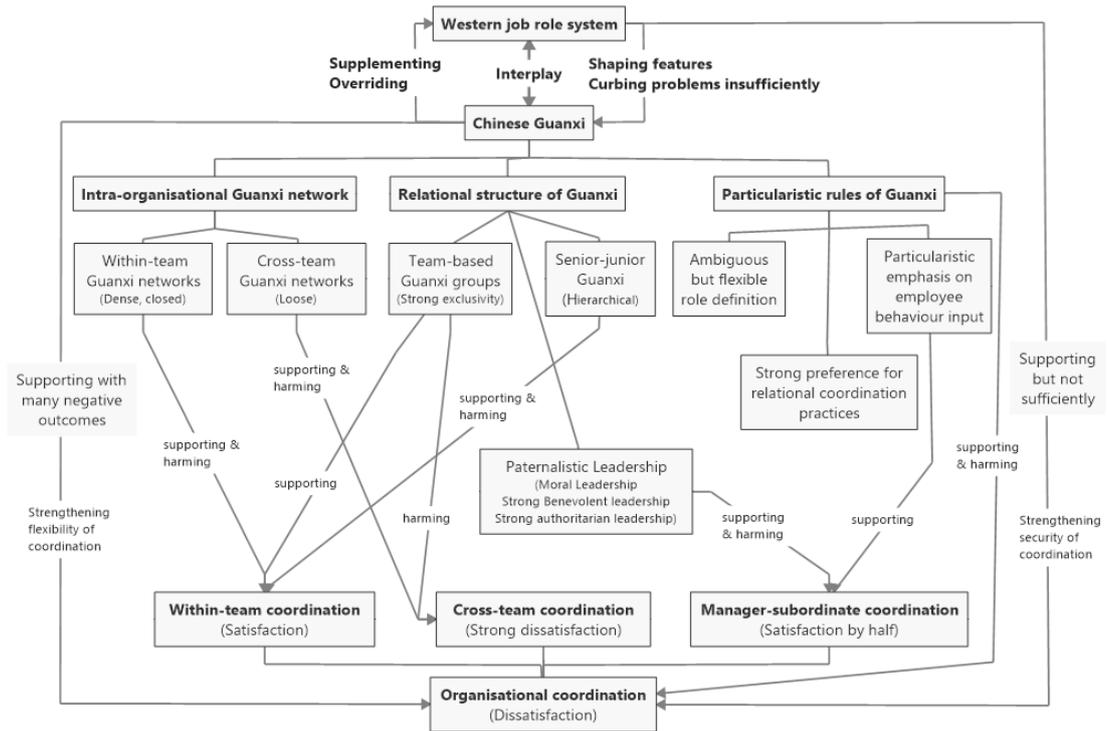


Figure 4.2 Joint effects of Chinese Guanxi and Western job role system on organisational coordination in Case Study I

To summarise, the intertwining of informal Guanxi relationships and formal job role relations results in the formation of an intra-organisational Guanxi network embedding a relational structure of Guanxi, which interplays with the formal job role system to create double-edged organisational outcomes.

On one hand, the intra-organisational Guanxi network embedding the relational structure facilitates the coordination of work. First, dense, closed within-team Guanxi networks and loose cross-team Guanxi networks in the intra-organisational Guanxi network provide collaborative and informational benefits at different levels. Second, in the relational structure, team-based Guanxi groups result in autonomous coordination activities within teams; Paternalistic Leadership leads to employee obedience, loyalty and commitment; and Senior-junior Guanxi offers a relational hierarchy to sustain the coordination between senior and junior team members. Third, under the particularistic tendency of Guanxi, ambiguous but flexible role specification encourages extra-role behaviour of employees; strong preference for relational coordination practices promote interpersonal collaboration and communication, management control and the management of employee performance; and particularistic emphasis on employee behaviour input makes up the very limited use of formal organisational systems and processes for organisational coordination.

On the other hand, the intra-organisational Guanxi network, relational structure and particularistic rules are associated with many negative organisational outcomes. First, in the intra-organisational Guanxi network, relational obligations and helping behaviour between employees sometimes work against organisational obligations; relational conflicts often harm interpersonal collaboration; and small Guanxi groups sometimes pursue the interests of their members at the expenses of other employees and the organisation. Second, in the relational structure, strong exclusivity of team-based Guanxi groups harms cross-team coordination; strong benevolent leadership results in the difficulties to discipline under-performing employees and strong authoritarian leadership hinders cross-hierarchical open dialogue and employee participation; and relational obligations of Senior-junior Guanxi sometimes work against organisational expectations. Third, among the particularistic rules, ambiguous but flexible role specification alters formal role definition; strong preference for relational coordination practices distort universalistic organisational rules and constrain the implementation of formal performance management system.

Therefore, the interplay of Chinese Guanxi and Western formal job role system leads to the problematic organisational coordination in the case study. While the implementation of the formal job role system shapes the features of the intra-organisational Guanxi network and the relational structure, Guanxi hinders the implementation of the formal job role system by distorting the formal role definition, universalistic organisational rules and formal performance management system. Moreover, under the incomplete implementation of the formal role coordination mechanism, Guanxi strongly sustains the organisational coordination but with many negative organisational outcomes. In within-team coordination, the within-team Guanxi networks and team-based Guanxi groups have successfully supported the coordination between team members. In cross-team coordination, the cross-team Guanxi networks have not made up the incomplete implementation of formal role coordination mechanism due to the existence of many Stranger Guanxi, whilst the strong exclusivity of team-based Guanxi groups worsens the cross-team coordination. In manager-subordinate coordination, whereas the Paternalistic Leadership and the particularistic rules support the hierarchical coordination, the strong benevolent and authoritarian leadership has negative effects on performance management and employee participation.

It is concluded that under incomplete formalisation, Guanxi has largely substituted the formal job role system in the organisational coordination. As discussed, Guanxi not only constrains the implementation of the formal role coordination mechanism but also supplements the formal role coordination mechanism. Moreover, the findings that the relational obligations and values often override organisational obligations and professional values suggest that Guanxi surpasses the formal job role system in the organisation

coordination. Hence, it is not surprising that the management practices of the company still present strong features of relationship-based traditional Chinese management (Section 4.1). Due to the incomplete process of formalisation and the overwhelming influences of Guanxi, there is very limited use of formal organisational systems and processes. Last, though the formalisation of job role relations weakens the influences of relational obligations and values (Section 4.2.1), organisational coordination still relies more on a relationship-based system than on formal organisational systems and processes, both of which may continue to compete with each other in future in the company.

CHAPTER 5. CASE STUDY II

Case Study II was conducted in an early subsidiary of a large Chinese private IT group, an industry leader, in July 2016. Established about 18 years ago, the IT group had been leading the market trend with constant innovation in its business model. The group started to introduce Western management practices in early 2000 by employing a former senior manager of GE, who helped the group build up formal organisational structure and a human resource management system. This chapter presents the within-case analysis of Case Study II under the descriptive framework detailed in Section 3.3. After describing the background of the case study, this chapter discusses the intertwining of Guanxi relationships with formal job role relations, the interplay between relational and formal coordination mechanisms and then coordination outcomes of the dynamic interplay. Finally, the chapter summarises the findings of the case study.

5.1 Background of case study

The case organisation, the subsidiary of the large IT group, was a business unit set up at early stage and had about 250 employees at the time of data collection. Ten employees in the subsidiary participated in semi-structured interviews in July 2016, which took about 90 minutes on average. During the field work, the researcher conducted some informal conversations with two interviewees at dinner time after their interviews, read some internal publications about how employees work together and carried out some field observations on employee interaction. These additional data provided the researcher with some background understanding for interpreting the interview data.

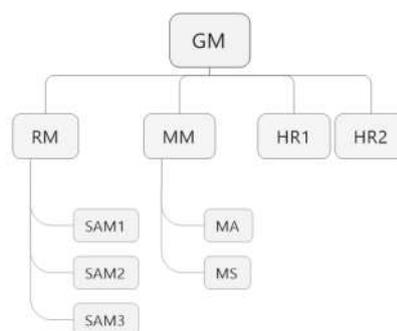


Figure 5.1 Micro formal job role system in Case Study II

As shown in **Figure 5.1**, the ten participants formed a micro formal job role system that consisted of manager-subordinate, within-team and cross-team role relations. There were

a general manager overseeing the subsidiary (coded as GM), a regional sales manager and three sales staff (coded as RM, SAM1, SAM2 & SAM3), and a marketing manager and two marketing staff (coded as MM, MA & MS). RM and MM reported to GM and MA and MS reported to MM. Despite SAM1, SAM2 and SAM 3 were not in the intermediate team of RM at the time of data collection, the regional sales managers and staff in the organisation were transferred frequently between regional sales teams with similar structure and practices (SAM2, SAM3, RM & HR2). Hence, it does not significantly affect the research findings to assume the reporting relationships between RM and SAM1, SAM2 and SAM3. Two HR staff (coded as HR1 & HR2) were also interviewed to offer additional data about the management of the case organisation.

There was direct task interdependence between any two teams because marketing team offered marketing strategy and resources to sales teams and HR team supported all functional teams in people management. Therefore, there was direct or indirect task interdependence between any two roles in the micro formal job role system. Moreover, because the functional teams had different priorities but team members shared many overlapping responsibilities, there was relatively stronger task interdependence between team members than between cross-team colleagues (MM, MS, MA & SAM2). Furthermore, as a business unit set up at an early stage, the case organisation strived to reinvent its business models and introduce new products and services to keep its leader position at market (RM, MS, SAM3 & HR2). To support business innovation, the subsidiary often adjusted its work organisation, establishing the new marketing team at that time and frequently transferring employees across teams and restructuring regional sales teams (MM, MA, MS, SAM2, SAM3, RM & HR2). The employees also were encouraged to be innovative in daily practices and constantly upgrade business-related knowledge to satisfy high performance targets (SAM3 & MS). As a result, there were extensive emergent coordination demands for the employees to handle beyond their routines and predictions (MS, SAM3 & HR2).

While the senior management team of the group was keen to integrate Chinese management philosophy and Western management approaches (GM), the case organisation had a mix of Chinese and Western management practices. On one hand, the management practices embodied the relationship-based philosophy in traditional Chinese management which emphasises group performance and a humanistic management approach based on moral standards and relational obligations (Section 2.1.2). Established by collective entrepreneurship, the company carried out regular collective performance review, in which team members commented on each other's performance in team review meetings to ensure their group performance (HR2, MA, SAM2 & SAM3). Moreover, with a stress on the importance of understanding human heart and humanity in management practices (GM & RM), the company paid heavy attention to organisational

warmth perceived by employees, conducting an annual survey on it and taking it as a performance criterion for its managers (RM & HR). The company also developed family culture as a key part of its organisational culture and value heavily interpersonal affection (GM, SAM2 & SAM3). However, despite of the relationship-based management philosophy, the management team had a mixed perception of Guanxi, viewing negatively its particularistic and non-transparent access to resources but encouraging interpersonal interaction for collaboration (GM, SAM2 & SAM3).

On the other hand, the company had implemented Western management practices. By employing the former senior manager of GE, the company established a formal organisational structure and implemented a formal performance management system (GM & MS), introducing Western formal job role system. While the formal organisation structure defined individualised job roles, teams and organisational hierarchy (HR1), the formal performance management had been operated effectively in setting challenging but achievable targets and accurately reflecting employee input and capabilities (HR1, MS & SAM), reinforcing merit-based performance and universalistic performance rules. Moreover, the company utilised client management system and budget management procedures for basic management control (GM & MS). However, the use of the formal organisational systems and processes had been limited. While formal rules and procedures were viewed to be ineffective in front of change, the company had no written manuals, strict rules or formalised work processes, but offered many task toolkits for employee performance, which the employees did not have to adhere to (HR1, HR2, SAM1, SAM2, SAM3, MS, MA & GM). Under the constant change in business operation and the stress on humanistic management approach, the company advocated a concept of 'Grey Zone' in management to promote flexibility and employee autonomy in their performance, as highlighted by HR1:

'There is a concept of "Grey Zone" in the human resource management of the company. If the company relies on job description to define the accountability for every task, ... the effectiveness of the organisation would be low and team work would fall behind. If (employees) only perform according to their job description, [they] would not achieve high performance rating.' (HR1)

Under the limited use of formal organisational systems and processes, the company had established strong organisational culture and values in guiding employee performance (GM, RM & HR1). It was highlighted that the company had successfully internalised its organisational culture and values into employee behaviour, through training, experience sharing, building role models, mutual influences between employees and the inspection of HR staff (SAM2, SAM3, RM, HR1, HR2 & GM). Moreover, in performance review, the company formally assessed employee behaviour against its organisational values by requiring the employees to offer case evidences and gave higher weight on the

demonstration of organisational values than performance outcomes (GM, RM & HR2). As a result, many interviewees perceived a strong experience with the organisational culture, such as family culture, learning culture and battle culture, and recognised strong imprint of the organisational values into employee behaviour, such as integrity, embracing change and team work (MS, MA, SAM2, SAM3, HR1 & GM). In addition, the company had a strong tradition of collective creation, in which employees jointly resolved a problem, innovated a new way of work or planned for the future (MA, MM & HR2).

Interviewee	Quotes
Organisational culture	
GM	'The organisational culture has three key parts. The first is family culture. No matter in which jobs and which departments, colleagues are family members and we advocate the concept of "being together". The second is learning culture. ... We learn constantly and improve ourselves consistently. ... From induction, colleagues call each other classmates rather than colleagues. The third is battling culture. Our sales teams are called battlefront. There are internal competitions between teams.'
Organisational values	
SAM3	'The company is very rare in terms of its integrity. ... In our company, it is absolutely unacceptable to send gifts or red envelopes [within cash]. ... Even sales staff working here for 7 years still work hard like a new employee, very passionately. This is difficult to have in other companies. ... It is not because of how self-disciplined employees are, but because of the company's culture and atmosphere. ... There is an atmosphere in which [employees] are very willing to help each other. I can only say that we have such soil, because our founders created such culture.'
Tradition of collective creation	
MA	'We call it collective creation. We organise a meeting towards an issue to discuss what is the problem and how to resolve it and collectively create an approach [to resolve it]. ... Every team has collective creation, towards an issue, a bottleneck problem, or a future plan. ... There are small collective creation and big collective creation. Big collective creation is often initiated by a department which formally requires us by emails to participate a meeting on a big project at certain time in a certain place.'

Table 5.1 Organisational culture, values and tradition in Case Study II

Table 5.1 offers some illustrations on the organisational culture, values and tradition. As a result, the strong organisational culture, values and tradition had contributed greatly to the success of the organisation in the quick change in business model and work organisation (MS, RM, HR1 & HR2).

5.2 Intertwining of Guanxi relationships with formal role relations

As discussed, while the case organisation strived to reinvent its business models, its management practices were a mixture of relationship-based management philosophy and the use of Western formal job role system under an effective formal performance management system and strong organisational culture, values and tradition. This section

analyses the intertwining of Guanxi relationships with the formal role relations in such organisational context. By discussing how the formal role relations affect Guanxi relationships in the organisation and then how Guanxi influences the formal role relations in the other direction, it illustrates how the dynamic intertwining shapes the relational structure of Guanxi and the intra-organisational Guanxi network in the organisation.

5.2.1 Impact of formal role relations on Guanxi relationships

The formal job role relations in the organisation had a strong impact on the structural, relational and cognitive features of Guanxi relationships. As discussed in this subsection, the design and functioning of formal role relations greatly increased cross-team interpersonal interaction, lessened hierarchical differentiation, promoted interpersonal affection and generalised trust between organisational members, and ensured employees to prioritise organisational rather than relational obligations and values.

In the **structural** dimension, the design and functioning of formal role relations shaped the frequency and hierarchy of interpersonal interaction. On one hand, there was generally more frequent interpersonal interaction between team members than between cross-team colleagues due to relatively strong task interdependence, shared team membership, close physical proximity, frequent team meeting and long-time working together between team members (HR1, HR2, RM, SAM2, SAM3 & MA). However, there was frequent interpersonal interaction between team leaders as the members of the management team (RM). Moreover, frequent cross-team job transfers and frequent cross-team work organisation greatly increased cross-team interpersonal interaction in the organisation. The interviewees perceive familiar with many cross-team colleagues because they used to work in a same team (MS, SAM2 & SAM3). Due to the organisational tradition of collective creation, employees frequently initiated cross-team projects and meetings whenever needed, set up online social networking groups and organised informal social gathering for the cross-team projects and meeting topics, greatly enhancing the cross-team interpersonal interaction (GM, HR1, RM, SAM3, MS & MA).

On the other hand, the functioning of formal role relations reduced traditional respect on hierarchy and authority in Guanxi relationships. Many interviewees highlighted low hierarchical distance between managers and subordinates despite of their formal hierarchical differentiation (GM, RM, HR2, MS, MA, & SAM2). Because the company offered both professional and managerial career ladders, professional staff sometimes had higher job level than managerial staff do (MS), making their hierarchical differentiation vague. Similarly, with the tradition of collective creation, the company advocated strong employee initiatives, engaged employees in defining team goals and individual goals and encouraged them to carry out upward management (MS, MA & RM), further reducing the

hierarchical distance between the managers and subordinates. Moreover, although Confucianism assumes hierarchical Guanxi relationships between seniors and juniors (Cooke, 2013), there was no hierarchical differentiation between senior and junior employees (MS). The company neither offered seniority-based pay nor relied on senior employees leading junior employees, but it required junior employees to lead projects participated by senior employees after induction period (RM, HR2 & SAM1). In other words, there were deliberate efforts to eliminate the senior-junior hierarchical differentiation.

In the **relational** dimension, formal team differentiation facilitated the development of interpersonal affection and mutual understanding between team members. While the generally more frequent interpersonal interaction within teams than across teams resulted in the accumulation of more interpersonal affection between team members, shared team goals and priorities prompted common understandings within teams (HR2, RM, SAM2, MA, MS & MM). However, due to the frequent cross-team job transfer and projects, some interviewees perceived a similar level of affection with cross-team colleagues to the affection with team colleagues (HR2 & MS). Moreover, under the family culture of the organisation and the emphasis on perceived organisational warmth, there was interpersonal affection between organisational members (HR2, SAM2 & RM). Furthermore, due to the strong imprint of the organisational values into employee behaviour (Section 5.1), many interviewees believed that their colleagues were righteous, helpful and collaborative, constructive and open to others' feedback, even if they did not know each other in person (SAM2, SAM3, HR1, HR2, MA, MS & GM). This means that the strong imprint of organisational values led to the creation of generalised trust between organisational members, an abstract attitude towards people in general, encompassing those beyond immediate familiarity (Freitag and Traunmüller, 2009). Therefore, the frequent cross-team work organisation and the strong organisational culture and values promoted the building of interpersonal affection and generalised trust between organisational members, not just team members.

In the **cognitive** dimension, the design and functioning of formal role relations had ensured employees to stress organisational more than relational obligations and values. First, the employees were clearly aware of the essentialness to prioritise organisational obligations rather than relational obligations and executed such priority in daily practices (HR2, SAM2 & MS). Moreover, the employees were confident with not turning task-related conflicts into relational conflicts but rather collaborating with each other regardless of personal feelings (HR2, MS & SAM3). In addition, despite of the concern of Face and harmony in Guanxi interactions (Björkman and Lu, 1999), the employees felt comfortable with giving constructive feedback to team members and expressing controversial views to colleagues and management (HR2, MS, MA, & RM). Because the formal performance

management system effectively enforced formal role responsibilities and merit-based performance and the formally-reinforced organisational values were internalised into employee behaviour (Section 5.1), the company had successfully directed its employees to prioritise organisational rather than relational obligations and values, as **Table 5.2** implies.

Interviewee	Quotes
HR2	'About rules, reasonableness and affection, rules go first, ... then [it is] reasonableness, ... and final consideration is about affection and social obligations. ... We must talk about rules. ... Then we talk about whether you wish to continue your job, are willing to improve and accept punishment. We could go through procedures as reasonably as possible. Finally, when you leave the job, we may ask to have a meal with you, send you some flowers, hold a farewell party to see goodbye or organise a social gathering. This is about the affection.'
SAM3	'I may not like his hobby [personality] but he is very capable at work. Then I would collaborate with him because my needs [for work and for friendship] are different. ... Of course, it would be perfect if our colleagues are good friends. But the most, most important thing is that we come here to well accomplish our jobs together.'
MA	'When I joined [the company], they took it normal and said that you should call directly and ask directly when you have doubts. They felt it natural. When I joined, I felt that I did not adapt [to this]. I was worried that I may offend someone by doing so.'

Table 5.2 Stress on organisational more than relational obligations and values in Case Study II

As a result, the stress on organisational obligations and values both strengthened and discouraged the relationship intention of employees. On one hand, the task interdependence between employees motivated them to develop interpersonal relationships for fulfilling their organisational obligations. While employees desired to socialise with colleagues to understand the big picture of business and extend information resources, the task interdependence encouraged them to interact with and develop mutual understanding and trust for collaboration (HR2, MM, MA, MS & SAM2). On the other hand, the potential conflicts between organisational and relational obligations discouraged employees to develop close interpersonal relationships. There was a view that close interpersonal relationships can be harmful at work due to the conflicts between organisational and relational obligations and hence there was a preference for separate professional relationships from interpersonal relationships (MS & SAM3). However, it was recognised difficult to separate the professional and interpersonal relationships because work was a major part of life and the employees spent most time with colleagues every day (MS & SAM2).

5.2.2 Impact of Guanxi relationships on formal role relations

In the other direction, although the formal role relations stressed organisational obligations and values, Guanxi still strongly affected the interpersonal interaction and social exchange between employees. It was found that employees strived to maintain harmonious interpersonal relationships and engaged in affective social exchange under the long-term

reciprocity of Renqing. First, harmonious interpersonal relationships were highly valued so that employees carefully adjusted themselves in interpersonal interaction to maintain harmony, endeavoured not to break up interpersonal relationships for work-related conflicts and viewed negatively someone whom many colleagues did not like talking with (HR2 & MS). Even though the company had battle culture, employees were urged to compete in a friendly way and managers tried hard not to create conflicts when dismissing under-performing employees (RM, SAM2 & GM). Second, under the long-term reciprocity of Renqing, employees proactively offered favour to each other without the expectation of intermediate return and collaborated with each other to win trust from colleagues for potential future exchange (MS & MA). Third, while Guanxi exchange involves the element of affection (Section 2.1.1), there was a heavy emphasis on the development of affection in the interpersonal interaction between employees (MS, SAM2, HR2 & RM).

Moreover, the family culture of the organisation corresponded with the familial collectivism of Guanxi. It was indicated that the interpersonal interaction and exchange between employees presented many features of the familial collectivism, such as mutual dependence, dominance of family interaction and the preference for extended family structure. First, there was an awareness of mutual dependence among employees. It was stressed that individual performance depended on performance of others and the performance of teams and the organisation depended on the collaboration between employees so that employees must subject individual interests to collective organisational goals (MS, SAM2 & SAM3). Second, there was evidence of family-like interaction among employees. While the company held an annual collective wedding for employees, employees helped each other in family incidents and managers often visited subordinates' family and had 'heart-to-heart' talks with subordinates (HR2, RM & GM). Third, there was a preference for extended family structure in the sense that employees perceived their relationships with colleagues as brother-and-sister relationships more than solely working relationships (GM, RM, HR2 & SAM2). As a result, whilst it was difficult for employees to separate professional and interpersonal relationships (Section 5.2.1), the familial collectivism enhanced the overlap between professional and interpersonal relationships. **Table 5.3** offers some demonstrations on the familial collectivism in the interpersonal interaction between employees.

Interviewee	Quotes
SAM3	'There is almost no task which you can complete all by yourself. ... If you are too selfish or emphasise yourself too much, you are an alien here. ... When you need to give up individual interests for team work, you must do so.'
RM	'Our work is quite intense so that our social circle mainly consists of colleagues and clients. When colleagues get married or have family incidents or personal problems, we go to help immediately.'
HR2	'Actually, our work colleagues are not solely colleagues. We call [them] brothers and sisters, little companions and classmates. We communicate and argue with each other like friends.'

Table 5.3 Familial collectivism in interpersonal interaction between employees in Case Study II

Because the formal team differentiation resulted in generally more frequent interaction and the development of more affection and mutual understanding within teams than across teams (Section 5.2.1), the familial collectivism was particularly strong between team members. There was strong awareness of mutual dependence between team members, who stressed team honour and team responsibilities more than individual ones (SAM2 & MM). There was also a strong preference for family-like interaction and a view of team colleagues as family members. The team colleagues often brought their family members to their social gathering or simply gathered in each other's home, had a deep chat about their private life and helped close team colleagues find a girlfriend (SAM2, MA & MS). As a result of the strong familial collectivism, the team members had strong sense of belonging to their teams (SAM2 & MM), forming team-based Guanxi groups. However, despite Guanxi groups are often exclusive (Worm and Frankenstein, 2000), there were frequent cross-team job transfers and projects and a strong emphasis on the organisation as a bigger family and collectivity than the teams, removing the exclusivity of the team-based Guanxi groups, as implied in **Table 5.4**.

Interviewee	Quotes
HR2	'It is big righteousness to make our organisation succeed in order to take responsibility for the development and future of our brothers and sisters. The big righteousness, is to think about what is the contribution of our units to the whole group and organisation.'
SAM2	In the first few years when I joined the company, I felt that all my team colleagues were like brothers and sisters, like family. Then our teams were restructured.

Table 5.4 Removal of exclusivity of team-based Guanxi groups in Case Study II

According to Section 5.2.1, the functioning of formal role relations reduced traditional respect on hierarchy and authority in Guanxi relationships. Despite Confucian Wulun defines Senior-junior Guanxi as a hierarchical relationship (Bedford, 2011), Senior-junior Guanxi are non-hierarchical in the organisation (MS) due to the elimination of the hierarchical differentiation between senior and junior employees. However, Confucian ethics on the mutual obligations of both power holders and subordinates still led to the formation of Paternalistic Leadership in the organisation, which often consists of benevolent, moral and authoritarian leadership (Farh and Cheng, 2000). Firstly, while managers were expected to be caring and warm-hearted towards the subordinates and understand their concerns (GM, RM & MA), these obligations corresponded with benevolent leadership. Second, the managers were recommended to lead by example, show gratitude and offer mental support to subordinates, be patient with their mistakes, and be reasonable and empathetic with them (RM, GM, HR2 & GM). When dismissing underperforming employees, the managers often hold a farewell party for the dismissed employees to publicly appreciate their previous contribution (RM & GM). These obligations corresponded with the moral leadership. Third, there was authoritarian leadership because the subordinates tended to obey with the managers' demands, even if these demands went beyond their duties (MA). Nonetheless, due to the reduced hierarchical

distance, there was limited emphasis on the authoritarian leadership (GM, HR1, RM & MA).

As a result, because Guanxi still had a strong influence on the interpersonal interaction and social exchange between employees, the intertwining of Guanxi relationships with formal role relations led to the formation of the team-based Guanxi groups without exclusivity, the Paternalistic Leadership with limited authoritarian leadership and the non-hierarchical Senior-junior Guanxi. These team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi with non-hierarchical and hierarchical ties constituted a relational structure of Guanxi paralleling to formal organisational structure.

5.2.3 Mapping Guanxi relationships in intra-organisational network

According to Section 2.1.1, the literature differentiates three types of Guanxi relationships: Family-like Guanxi, the closest and most affective, Familiar Guanxi, semi-close, relatively less affective but more instrumental, and Stranger Guanxi, most distant with limited interaction (Section 2.1.1). After discussing how the formal role relations and Guanxi relationships affect each other, this subsection identifies different types of Guanxi around the formal role relations and then draws the features of the intra-organisational Guanxi network in the organisation.

It was found that Family-like Guanxi was a minority and Familiar Guanxi was a majority in the interpersonal relationships in the case organisation. Despite the task interdependence between employees strengthened their intention to develop interpersonal relationships, the stress on organisational rather than relational obligations discouraged employees from developing close interpersonal relationships (Section 5.2.1). As a result, employees had close interpersonal relationships only with minority colleagues in the organisation (MS, SAM2 & HR2). Moreover, while frequent cross-team job transfer and cross-team projects greatly increased interpersonal interaction across teams, the family culture and the strong imprint of organisational values into employee behaviour led to the development of interpersonal affection and generalised trust between organisational members, not just team members (Section 5.2.1). Therefore, many interviewees felt familiar with a majority of the organisational members (HR2, SAM3, MS & SAM2). In other words, the frequent cross-team work organisation and the strong organisational culture and values caused the prevalence of Familiar Guanxi in the organisation.

According to Section 5.2.1, the design and functioning of formal role relations led to more frequent interpersonal interaction and the development of more affection and mutual understanding between them than between cross-team colleagues. Hence, within-team

interpersonal relationships were closer and were featured with stronger affection and trust than cross-team interpersonal relationships (RM, MS & MA). The interviewees reported good interpersonal relationships with all their team colleagues with certain level of affection, trust and mutual understanding (MS, MA & SAM2). However, it was pointed out that only the minority team colleagues were close, family-like friends (MS, MA, SAM2 & RM). Therefore, in the within-team interpersonal relationships, Family-like Guanxi was a minority and Familiar Guanxi was the majority.

In comparison, there were Family-like Guanxi as a minority, Familiar Guanxi as a majority, and some Stranger Guanxi in cross-team interpersonal relationships. Because the cross-team work organisation and the strong organisational culture and values caused the prevalence of Familiar Guanxi between organisational members, Familiar Guanxi would be the majority in the cross-team interpersonal relationships. Moreover, while Family-like Guanxi was a minority in general, it would have a minor presence between cross-team colleagues. Due to relatively weaker task interdependence between cross-team colleagues than team colleagues, some cross-team colleagues did not know each other at all or mainly communicated through emails (MS & SAM2). As a result, there were some Stranger Guanxi with little or limited interpersonal interaction between cross-team colleagues.

Similar to the within-team Guanxi relationships, the interpersonal relationships between managers and subordinates in the same team had Family-like Guanxi as a minority and Familiar Guanxi as a majority. It was reported that due to potential conflicts of organisational and relational obligations between the managers and subordinates in performance assessment and career development, they were not very close in general (MS). However, it was perceived that the manager-subordinate interpersonal relationships were generally good with much trust developed (RM, MS & MA). In particular, there were some close Guanxi relationships between the managers and their subordinates with strong affection developed in their collective experience, as RM implied:

'[In year-end internal competition between sales teams], when you were upset, someone [from your team] accompanied you. When you faced challenges, [your team] overcame them [with you] together. This kind of interaction was not just about performance achievement, but also about our shared experiences, affections and friendships. [We] dropped tears together and battled together [for team honour]. After experiencing all these, we know we are brothers from eyes when we meet at office.' (RM)

After identifying the three types of Guanxi relationships around the formal role relations, it is feasible to draw the features of the intra-organisational Guanxi network. While the within-team and manager-subordinate Guanxi relationships had Family-like Guanxi in

minority and Familiar Guanxi in majority, the within-team Guanxi networks comprised relatively strong, harmonious and multiplex Guanxi relationships with some level of network closure caused by team membership. As a result, the within-team Guanxi networks were dense, closed Guanxi networks with many strong direct ties. In comparison, because the cross-team Guanxi relationships had some Stranger Guanxi, cross-team Guanxi networks were relatively looser than the within-team Guanxi networks due to the gaps between disconnected people and thus the existence of some indirect ties. Nevertheless, due to the prevalence of Familiar Guanxi in the cross-team Guanxi relationships, the cross-team Guanxi networks were neither very loose nor very dense but with moderate density in the social connections.

As a result, the intertwining of Guanxi relationships with formal role relations resulted in the formation of the intra-organisational Guanxi network consisting of dense, closed within-team Guanxi networks and relatively loose cross-team Guanxi networks but with moderate density. According to Section 5.2.2, the dynamic intertwining also led to the formation of the relational structure of Guanxi consisting of team-based Guanxi groups without exclusivity, Paternalistic Leadership with limited authoritarian leadership and non-hierarchical Senior-junior Guanxi. It is debated here that the relational structure with hierarchical and non-hierarchical ties was embedded in the intra-organisational Guanxi network.

5.3. Interplay of relational and formal coordination mechanisms

While the intertwining of Guanxi relationships with formal role relations resulted in the formation of an intra-organisational Guanxi network associated with the relational structure of Guanxi, there was a dynamic interplay between Guanxi and the formal job role system as relational and formal coordination mechanisms in the case organisation. This section illustrates how Guanxi offered the intra-organisational Guanxi network, the relational structure and some particularistic rules, interplaying with the formal role coordination mechanism in the organisation.

5.3.1 Guanxi networks interplay with formal role coordination mechanism

According to Section 5.2.3, the intertwining of Guanxi relationships with formal role relations resulted in the formation of the intra-organisational Guanxi network consisting of dense, closed within-team Guanxi networks and relatively loose cross-team Guanxi networks but with moderate density. As illustrated in this subsection, the intra-organisational Guanxi network supplemented the formal role coordination mechanism,

whereas the formal role coordination mechanism curbed negative outcomes of the Guanxi network and strengthened its benefits.

Before discussing the outcomes of the intra-organisational Guanxi network, it is necessary to understand the effects of the three types of Guanxi relationships in the organisation. First, it was shown that Family-like Guanxi, the closest and most affective, had strong collaborative and informational benefits. Due to the strong bonding of affection between its participants, Family-like Guanxi had the strong collaborative capacity. Employees in Family-like Guanxi offered strong support to each other without reservation due to strong, family-like interpersonal affection (SAM2 & RM). Because of strong affective interaction, the colleagues in Family-like Guanxi enjoyed working together, were committed to their collective goals and were passionate about their collective experiences in challenging and stressful tasks (RM, MA & HR2). Moreover, Family-like Guanxi had strong capacity in improving the quality of information sharing. The colleagues in Family-like Guanxi often did not mind disclosing information about their private issues and family life to each other (RM & MS).

Second, it was found that Familiar Guanxi, semi-close interpersonal relationships, also had strong collaborative and informational capacity but in different ways. Despite of being less affective but more instrumental, Familiar Guanxi had strong collaborative benefits through long-term affective exchange of Renqing. The colleagues in Familiar Guanxi were willing to go beyond formal duties and offered favour to each other to store up Renqing for future collaboration (MA). While Renqing needs to be returned with empathy to develop the affective attachment of Guanxi (Bedford, 2011), these colleagues cared about each other's interests and personal circumstances and were not purely calculative in their social exchange, further enhancing collaboration (MS & HR2). Moreover, Familiar Guanxi had strong benefits in extending the amount of information sharing with interaction opportunities and mutual understanding developed. It was highlighted that Familiar Guanxi greatly promoted cross-team information sharing by providing informal communication channels, prompting information sharing beyond organisational obligations, and smoothing communication with the mutual understanding established in previous interaction (HR2, SAM3, MS & SAM2).

Third, Stranger Guanxi, distant interpersonal relationships with little or limited interpersonal interaction, had limited informational benefits but still some collaborative capacity in the organisation. It was commented that the communication between the employees who barely knew each other was often limited and superficial because there was a lack of prior understanding about each other; and thus, they were indirect in communication to avoid conflicts (MA & MS). However, Stranger Guanxi still had some collaborative benefits due to the long-term reciprocity of Renqing. According to MA, the

employees who did not know each other were conscious of the possibility of future exchange and therefore had collaborative attitude towards each other.

The understanding in the effects of the three types of Guanxi assists the analysis of the effects of the intra-organisational Guanxi network. Because the within-team Guanxi networks comprised minority Family-like Guanxi and majority Familiar Guanxi, it is argued that the dense, closed within-team Guanxi networks had strong collaborative and informational benefits. In contrast, because the cross-team Guanxi networks consisted of minority Family-like Guanxi, majority Familiar Guanxi and minority Stranger Guanxi, it is debated that the cross-team Guanxi networks had moderate, neither strong nor weak, collaborative and informational benefits. Moreover, because the cross-team colleagues in Stranger Guanxi can explore collaborative opportunities through many shared contacts under the prevalence of Familiar Guanxi, there was a strong potential to derive resources and information from the large-sized cross-team Guanxi networks. In other words, while the dense closed within-team Guanxi networks promoted effective collaboration and information sharing within teams, the relatively loose cross-team Guanxi networks with moderate density offered strong access to a big pool of resources and information for cross-team coordination. Therefore, the within-team and cross-team Guanxi networks supplemented the formal role coordination mechanism in the within-team and cross-team coordination.

In the opposite direction, the formal role coordination mechanism not only curbed negative outcomes associated with the Guanxi networks but also enhanced their benefits in the organisation. According to Section 5.2.1, the effective formal performance management system and the strong organisational culture and values had directed the employees to prioritise organisational rather relational obligations and values. As a result, employees felt comfortable with rejecting an interpersonal request that went against organisational obligations so that even close Guanxi relationships did not affect the application of formal organisational rules, while task-related conflicts seldom caused relational conflicts harming employee collaboration (MS, MA, HR2 & SAM2). Therefore, the formal role coordination mechanism had successfully prevented the relational obligations and values associated with the Guanxi networks from overriding organisational obligations and values, as **Table 5.5** suggests.

Interviewee	Quotes
MA	'If we are too close and our affections are too strong, it is fine for our work here because of the influence of [organisational] culture.'
HR2	'It is not a problem that interpersonal relationships are very close. [Employees] do what [they] ought to do.'
SAM2	'There are seldom relational fights in the company so that we are able to spend all our time at work and work proactively.'

Table 5.5 Prevention of negative outcomes of Guanxi networks in Case Study II

Moreover, the formal role coordination mechanism enhanced the benefits of the intra-organisational Guanxi network by developing strong organisational value on team work, creating generalised trust between organisational members and increasing the presence of Familiar Guanxi. While the strong imprint of organisational value on team work secured the cooperative behaviour of employees, the generalised trust between organisational members on the cooperative behaviour further enhanced employees' confidence in collaboration. It was mentioned that the employees who disliked or did not know each other were cooperative towards each other (SAM2 & SAM3). Furthermore, the frequent cross-team job transfer and projects, the strong family culture and strong imprint of organisational values into employee behaviour led to the prevalence of Familiar Guanxi across teams, greatly strengthening the coordination capacity of the cross-team Guanxi networks.

5.3.2 Relational structure interplays with formal role coordination mechanism

As discussed in Section 5.2.2, the intertwining of Guanxi relationships with formal role relations caused the formation of the relational structure of Guanxi consisting of team-based Guanxi groups without exclusivity, Paternalistic Leadership with limited authoritarian leadership and non-hierarchical Senior-junior Guanxi. As discussed in this subsection, whilst the relational structure supplemented the formal role coordination mechanism in within-team and manager-subordinate coordination, the formal role coordination mechanism inhibited negative outcomes of the relational structure and enhanced its benefits.

It was found that the team-based Guanxi groups were featured with team solidarity, proactive mutual support, flexible task distribution and tacit understanding, strongly facilitating the coordination between team members. First, due to strong familial collectivism within teams (Section 5.2.2), the strong awareness of mutual dependence led to the solidarity of team members in pursuing collective team goals and the strong preference for family-like interaction resulted in the team members proactively supporting each other not only at work but also in private life (SAM2, MM, RM & MA). Second, the team members viewed team goals as collective responsibilities and thus did not have fixed idea about their role definition but distributed the collective responsibilities flexibly (MM, MS & RM). Last, due to abundant interpersonal interaction within teams, the team members reached tacit understanding with each other and thus often collaborated without having to explain the details of coordination demands (RM, SAM3, MM & MS). As a result, the team-based Guanxi groups had autonomous coordination activities between team members (RM, HR2 & MS), greatly supporting the formal role coordination mechanism in the within-team coordination.

Moreover, it was discovered that the Paternalistic Leadership with benevolent and moral leadership but limited authoritarian leadership strengthened the commitment, development, participation and obedience of employees. First, the benevolent and moral leadership led to employee commitment. It was recommended that by treating subordinates well with affection and from true heart, managers can encourage employees to pursue superior performance beyond formal requirements, whereas the formal performance management system can only guarantee the achievement of basic formal requirements (RM & GM). It was also reported that the empathy and moral considerations from managers had a positive impact on employee commitment to the organisation even after they left the company (HR2 & RM). Second, the moral leadership supported employee development by offering mental support, career advice and development opportunities (RM & MS). Third, due to the formal provisions of both professional and managerial career ladders and the strong tradition of collective creation, the reduced emphasis on authoritarian leadership promoted cross-hierarchical open dialogue on controversial views and mutual adjustment between managers and subordinates, enhancing employee participation (GM, MA, MS, RM & HR1). Fourth, as mentioned in Section 5.2.2, the authoritarian leadership, though limited, still had a consequence of employee obedience. As a result, the Paternalistic Leadership in the organisation facilitated the coordination between managers and subordinates, supporting the formal role coordination mechanism.

In addition, it was indicated that although the company made deliberate efforts to remove the hierarchical differentiation between senior and junior employees, it still benefited from the non-hierarchical Senior-junior Guanxi. The company had a tradition that new employees identified a senior team member as their 'master' for on-the-job training (HR1, HR2, RM, MS, SAM1, SAM2 & SAM3). Many interviewees recognised that senior team members not only supported new employees to build job-specific skills and handle work pressure, but also promoted the transfer of organisational culture and values to the new employees because the seniors had a moral duty in demonstrating the organisational culture and values (SAM1, SAM2, SAM3, HR2 & RM). Moreover, because the junior employees were encouraged to lead projects, the removal of the hierarchical differentiation boosted the participation of the juniors in team tasks. As a result, the non-hierarchical Senior-junior Guanxi supported employee development and the maintenance of the strong organisational culture and values and, it also broadened employee participation in the coordination between senior and junior team members, further supplementing the formal role coordination mechanism.

Whereas the team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi supported the formal role coordination mechanism, the formal role coordination mechanism restrained negative outcomes of the relational structure. According to Section

5.2.2, the frequent cross-team job transfer and projects and the stress on the organisation as a bigger collectivity than one's immediate team removed the exclusivity of team-based Guanxi groups, which otherwise could be harmful for cross-team coordination. Moreover, due to the effective functioning of formal performance management system and the strong organisational value on integrity, the benevolent leadership did not lead to the difficulty to deal with problematic performance under formal performance rules (HR2). Furthermore, because the functioning of formal role relations reduced the respect for hierarchy and authority (Section 5.2.1), the limited authoritarian leadership and the non-hierarchical Senior-junior Guanxi promoted rather than hindered employee participation.

Moreover, the functioning of formal role coordination mechanism strengthens the coordination capacity of the relational structure of Guanxi, as indicated in **Table 5.6**.

Interviewee	Quotes
Strengthening the capacity of team-based Guanxi groups	
MS	'If we want to establish a new operation centre, all team members would discuss and debate about it thoroughly to justify the values of doing so. Once we clarify it values, we would distribute tasks together according to everyone's role..... We do not wait for tasks to be allocated but push forward our things. We are the sources of our jobs. According to our [team] goals, we decide what to do and how to proceed.'
Strengthening the capacity of Paternalistic Leadership	
RM	'Before promoting a manager, the manager must have trained and prepared for two successors for his position. ... Our performance review [on managers] is to see whether business and organisational warmth are developed synchronously and whether business is developed too fast but our employees are ignored. HR would challenge operational managers and ask them to offer case evidences on caring employees, and also have roundtable discussions with employees [to understand their feedback].'

Table 5.6 Formal role coordination mechanism strengthens the capacity of relational structure in Case Study II

The formal role coordination mechanism strengthened the coordination capacity of team-based Guanxi groups with strong employee participation in collective target setting and performance review. Employees often proactively participated in setting team goals, distributing team tasks, making decisions of how to achieve team goals and creating innovative solutions for team performance (MA, MS, MM, SAM & HR2). Employees were also engaged in regular collective performance review within teams, giving constructive feedback to team members and advising how to jointly improve their collective team performance (MS, SAM2 & HR2). In addition, the formal role coordination mechanism reinforced the relational obligations of managers in Paternalistic Leadership. The promotion of managers depended on the feedback from employees and the development of successors for their positions and the performance review on the managers required them to offer evidence that they well treat and care their subordinates (GM & RM).

5.3.3 Particularistic rules interplay with formal role coordination mechanism

While universalistic cultures stress universalistic, impersonal rules and obligations, Chinese Guanxi culture stresses exceptional situations and situational obligations based on interpersonal relationships (Worm and Frankenstein, 2000). The particularistic tendency of Guanxi resulted in some particularistic rules governing role performance in the case organisation, such as ambiguous but flexible role specification, the preference for relational coordination practices and particularistic emphasis on employee behaviour input, making up the limited use of formal organisational systems and processes for the coordination of work.

First of all, despite of an explicit and formal definition of job roles, the particularistic tendency of Guanxi caused the ambiguous but flexible role specification. Under the stress on situational and relational obligations, the organisation did not enforce a fixed role definition with a consideration about operational change and sometimes amended role definition according to personal skills and characters of an employee occupying a job role (HR1, HR2, MS, GM, SAM1 & RM). As a result, there were no solid boundaries but only a direction in role specification (HR2, MA, MS, HR1 & RM). Under the relational collectivism of Guanxi, employees stressed their contribution to organisational performance rather than focussed on individual performance and were willing to go beyond their formal role definition for the success of the organisation (HR2, RM, MM, SAM2 & MS). Therefore, the ambiguous but flexible role specification encouraged extra-role behaviour of employees.

Moreover, there was a preference for relational coordination practices, such as a preference for informal interpersonal communication and to the use of interpersonal trust for management control. It was reported that employees often favoured informal communication for reaching an in-depth understanding and informal agreement before using formal communication to confirm the informal understanding and agreement (MA & MS). Similarly, while formal organisational rules were viewed to be cold, managers often preferred to have informal affective communication with subordinates (GM & RM). It is argued here that the informal communication allowed a flexibility to have a thorough understanding of situational issues and engage employees affectively. Moreover, there was sometimes a reliance on interpersonal trust for management control. Even though only formally-promoted line managers had access to a management system, a senior manager ever offered such access to a candidate to be promoted and took personal responsibility for the risk of doing so (RM). In this case, the senior manager must have developed strong interpersonal trust with the candidate so that he was able to predict the

risk. While managers recognised the need to consider situational factors and be humanistic (RM), the preference for relational coordination practices offered the flexibility to address situational and relational obligations.

In addition, there was a strong emphasis on the behaviour input of employees rather than the use of formal organisational systems and processes for the control of work outcome. The organisation strived to maintain strong organisational culture and values to ensure desirable employee behaviour rather than utilised written handbook or formal organisational systems to regulate work process (GM, RM & HR1). Moreover, the organisation developed not only the organisational culture in general aspect but also the culture in guiding specific management practices, as indicated by HR1:

'The company pays heavy attention to [organisational] culture. All tasks are guided by culture, such as promotion culture, performance [management] culture, and recruitment culture.' (HR1)

The organisation also encouraged employees to develop their team culture which suited the needs of their team at a particular time (HR2 & RM). With the particularistic emphasis on employee behaviour input, the organisation can predict work outcomes without regulating work activities through formal organisational systems and processes.

The organisation had successfully developed desirable employee behaviour, such as collaboration, commitment, proactivity and participation. First, while the intra-organisational Guanxi network provided collaborative benefits, the strong organisational value on team work reinforced the collaborative behaviour of employees regardless of whether they knew or liked each other (Section 5.3.1). Second, whilst the Paternalistic Leadership had a positive effect on employee commitment (Section 5.3.2), the family culture and the emphasis on perceived organisational warmth enhanced the employee commitment. It was stated that because the organisation developed a strong family atmosphere and values affection and morality, employees had a strong sense of belonging to the organisation and were willing to work overtime and make discretionary efforts (GM, SAM2 & RM). Third, whereas the tradition of collective creation resulted in employee initiatives and participation (see Section 5.1), the organisation further boosted employee participation by constantly communicating business strategies and organisation goals at all levels, binding organisational goals with individual targets and offering autonomy to employees (HR2, MA, SAM2, MS & SAM3). Finally, the battle culture and the strong organisational value on embracing change stimulated employees to aim high and fight for collective achievement (RM), enhancing employee proactivity.

It was indicated that the particularistic rules of Guanxi supplemented the formal role coordination mechanism, whilst the formal role coordination mechanism not only

prevented negative outcomes of the particularistic rules but also reinforced their benefits. As discussed, the ambiguous but flexible role specification encouraged the extra-role behaviour of employees, the preference for relational coordination practices offered the flexibility to address situational and relational obligations and the particularistic emphasis on employee behaviour input enhanced the predictability of work outcomes without regulating work activities through formal organisational systems and processes. Therefore, the particularistic rules made up the limited use of formal organisational systems and processes for the coordination of work, supplementing the formal role coordination mechanism. In the other direction, because the effective formal performance management system and the strong organisational culture and values had ensured employees to prioritise organisational obligations and values (Section 5.2.1), there was seldom a report on negative organisational outcomes of the particularistic rules. Moreover, while the organisational practices associated with the formal role coordination mechanism had enhanced the desirable employee behaviour, the strong organisational values of team work and embracing change encouraged employees to proactively take responsibilities for emergent tasks under the ambiguous but flexible role definition (MM). As a result, the design and functioning of the formal role coordination mechanism prevented negative outcomes of the particularistic rules and enhanced their benefits.

To sum up, Section 5.3 illustrates that the relational coordination mechanism interplayed with the formal role coordination mechanism through the intra-organisational Guanxi network, the relational structure and the particularistic rules. On one hand, the relational coordination mechanism supplemented the formal role coordination mechanism in the coordination of work. On the other hand, the formal role coordination mechanism not only curbed the negative organisational outcomes associated with the relational mechanism, but also enhanced the benefits of the relational coordination mechanism.

5.4 Coordination outcomes

After discussing the intertwining of formal and informal relationships and the interplay of formal and informal coordination mechanisms, this section analyses coordination outcomes of the dynamic interplay between Chinese Guanxi and Western job role system. In general, there was overall satisfaction with organisational coordination in the case study. All six respondents who commented on the overall organisational coordination expressed their satisfaction. To specify, while the interviewees were generally satisfied with within-team, cross-team and manager-subordinate coordination, there was strong satisfaction with the within-team coordination. To understand these coordination outcomes, this section employs the conceptualisation of Okhuysen and Bechky (2009) of three

integrating conditions for coordination: accountability, predictability, and common understanding, as discussed in Section 2.4. The following elaborates how the relational and formal coordination mechanisms jointly create the three integrating conditions for the within-team, cross-team and manager-subordinate coordination with respective advantages.

In terms of the strongly satisfactory ***within-team coordination***, the relational and formal coordination mechanisms had successfully created the three integrating conditions for the within-team coordination. Regarding accountability, individual responsibilities, task interdependence and work progress were made visible between team members through regular or even daily team meetings and the coordination of within-team project leaders (MS, SAM2, HR2 & SAM1). Regarding predictability, the team members were able to anticipate each other's work activities to proactively coordinate through frequent team meetings, team-based online social networking group and frequent interpersonal interaction (MS, RM, MS, SAM3 & SAM1). Regarding common understanding, the team members were able to achieve the shared understanding of how to work together under common team goals through frequent team meetings and daily interaction and with the tacit understanding developed in frequent interpersonal interaction (MS, RM, HR2, SAM2, MM). To analyse, while the formal role coordination mechanism defined rough role responsibilities, team goals and formal communication mechanism, the team members were strongly aware of their mutual interdependence, proactively supported each other and effectively communicated their work progress and negotiated the common understanding under the effects of team-based Guanxi groups and dense closed within-team Guanxi networks.

In terms of the satisfactory ***cross-team coordination***, the relational and formal coordination mechanisms together had largely supported the creation of the three integrating conditions for the cross-team coordination, but with some challenges. Regarding accountability, the company relied on cross-team projects and meetings and the intervention of team leaders to clarify task interdependence, individual responsibilities and work progress in cross-team coordination, whilst cross-team colleagues often negotiated task distribution through interpersonal interaction and then used emails to document and confirm the agreements reached orally (MM, HR2, MA & MS). Regarding predictability, there were very frequent management meetings and cross-team project meetings for communicating the progress of organisational goals and cross-team projects, whereas cross-team colleagues built up online social networking groups and conducted interpersonal communication to anticipate the subsequent work activities of each other (MA, MS, HR2 & HR1). Regarding common understanding, cross-team colleagues relied on the cross-team meetings, online social networking groups and interpersonal interaction to create the shared understanding of temporary goals, emerging issues and new plans

of working together (HR2, RM, MA, MS & MM). Therefore, while the formal role coordination mechanism defined team priorities, cross-team Guanxi networks supported the creation of the three integrating conditions by facilitating cross-team work organisation with interpersonal interaction.

There were some challenges in cross-team coordination due to relatively loose cross-team Guanxi networks and limited use of formal organisational systems and processes in the organisation. There was sometimes a difficulty to divide tasks between cross-team colleagues and to predict future tasks so that nobody was assigned for some emergent tasks in the cross-team coordination (MA, RM, HR2, SAM3). While the formal role coordination mechanism was unable to prescribe future demands, cross-team Guanxi networks did not sufficiently create the accountability for the emergent tasks due to their moderate, not strong, collaborative and informal benefits. Moreover, cross-team coordination was sometimes inefficient due to a lack of regular information mechanism and control mechanism to secure timely information sharing on cross-team work progress and important change and timely coordination without constant following up (RM). Besides, while functional teams had different priorities, it often required constant negotiation to ensure the common understanding of the direction, approach, schedule and work standards of cross-team coordination (MS, MM, SAM3, RM, MA & HR2). Hence, there was a need for further use of formal organisational systems and processes to guarantee the predictability and common understanding for cross-team coordination.

In terms of the satisfactory *manager-subordinate coordination*, the relational and formal coordination mechanisms supplemented each other in creating the three integrating conditions for the *manager-subordinate coordination*. Regarding accountability, the strong employee participation in target setting and performance review made visible the task interdependence and individual responsibilities of managers and subordinates (RM, MM, SAM2, MS & MA). Regarding predictability, managers and subordinates were able to understand each other's work progress and anticipate the need for support through frequent team meetings, team-based online social networking groups and frequent interpersonal interaction (HR2, MA, MS & SAM3). Regarding common understanding, managers and subordinates achieved the shared understanding on the directions and priorities of their coordination through strong employee participation in target setting and performance review and frequent interpersonal interaction (MA, MM, MS, & MS). To analyse, the formal role coordination mechanism created the three integrating conditions through the formal performance management system with strong employee participation and formal communication mechanism including team meetings. Moreover, the Paternalistic Leadership and the particularistic emphasis on employee behaviour input enhanced the accountability with relational obligations and desirable employee behaviour, whilst the reduced authoritarian leadership in the organisation facilitates cross-hierarchical

open dialogue (Section 5.3.2), strengthening the predictability and common understanding.

As discussed, the relational and formal coordination mechanisms have supplemented each other in the creation of the three integrating conditions or the within-team, cross-team and manager-subordinate coordination. The team-based Guanxi groups and the dense closed within-team Guanxi networks successfully supported the formal role coordination mechanism in the within-team coordination. Moreover, the cross-team Guanxi networks and the formal role coordination mechanism together had largely supported the cross-team coordination despite of some challenges. Last, the Paternalistic Leadership and the particularistic emphasis on employee behaviour input complemented the formal role coordination mechanism in the manager-subordinate coordination. As a result, the relational and formal coordination mechanisms jointly produced the satisfaction with the overall organisational coordination.

Finally, while jointly creating the integrating conditions for coordination, the relational and formal mechanisms offered respective advantages in the flexibility and security of coordination. The formal role coordination mechanism had the advantage of enhancing the security of coordination by stabilizing coordination practices that otherwise may be missed, warranting the collaboration between employees who barely interacted, and ensuring accountability with formal documentation (RM & SAM3). However, there were a difficulty to divide some tasks due to the strong task interdependence in complicated tasks (HR2 & MA) and a difficulty for employees to obtain extra resources beyond existing targets and budgets (SAM3 & MS). In other words, the formal role coordination mechanism did not sufficiently satisfy emergent coordination demands under complicated task interdependence and strong task uncertainty. In contrast, the relational coordination mechanism had the advantage of strengthening the flexibility of coordination in addressing emergent coordination demands through relational exchange and interpersonal interaction. Under the strong organisational value of team work, ambiguous but flexible role specification supported the organisation to achieve collaboration under a quick change in the business market (HR1 & GM). Likewise, the frequent interpersonal interaction between cross-team colleagues was very helpful for them to understand changing needs of each other and to obtain valuable and proactive support beyond a predefined list of tasks (HR2 & MA).

It was highlighted that the organisational coordination was effective despite of the quick changes in business model, operational practices and organisation structure (SAM2 & HR2). According to Section 5.1, these changes resulted in extensive emergent coordination demands in the organisation. While the formal coordination mechanism enhanced the security of coordination, the relational coordination mechanism strongly

promoted the flexibility of coordination, addressing the abundant emergent coordination demands.

5.5 Summary

This final section concludes how the dynamic interplay of Chinese Guanxi and Western job role system affects the organisational coordination in the case study. By mapping the major findings of the case study, **Figure 5.2** illustrates how the dynamic interplay produces the overall satisfaction with the organisational coordination in the case organisation.

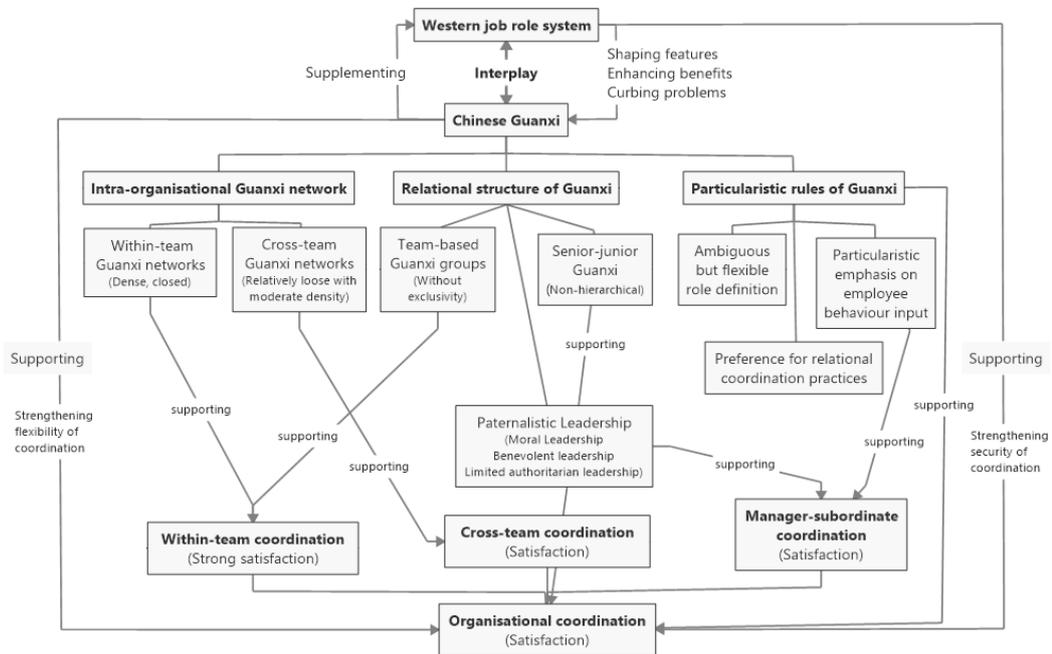


Figure 5.2. Joint effects of Chinese Guanxi and Western job role system on organisational coordination in Case Study II

First, the intertwining of informal Guanxi relationships and formal job role relations results in the formation of an intra-organisational Guanxi network embedding a relational structure of Guanxi. While the intra-organisational Guanxi network consists of dense, closed within-team Guanxi networks and relatively loose cross-team Guanxi networks with moderate density, the relational structure of Guanxi comprises team-based Guanxi groups without exclusivity, Paternalistic Leadership with limited authoritarian leadership and non-hierarchical Senior-junior Guanxi.

Therefore, the interplay of relational and formal coordination mechanisms involves the interplay of the intra-organisational Guanxi network, the relational structure of Guanxi and

some particularistic rules of Guanxi with the formal job role system. While within-team and cross-team Guanxi networks supplement the formal role coordination mechanism in within-team and cross-team coordination, the formal role coordination mechanism prevents relational obligations and values overriding organisational obligations and values and also strengthens the coordination capacity of the cross-team Guanxi networks by increasing the prevalence of Familiar Guanxi. Moreover, whilst the team-based Guanxi groups and Senior-junior Guanxi facilitate within-team coordination and Paternalistic Leadership promotes manager-subordinate coordination, the formal role coordination mechanism curbs the exclusivity of the team-based Guanxi groups, the problem of benevolent leadership in dealing with problematic performance and the challenge of authoritarian leadership for cross-hierarchical open dialogue. The formal role coordination mechanism also enhances the benefits of the team-based Guanxi groups with collective target setting and performance review and the benefits of the Paternalistic Leadership by reinforcing the relational obligations of managers. In addition, whereas the ambiguous but flexible role specification, the preference for relational coordination practices and the particularistic emphasis on employee behaviour input complement the formal role coordination mechanism, the formal role coordination mechanism ensures employees to prioritise organisational obligations and secures desirable employee behaviour. As a result, the relational and formal coordination mechanisms jointly produce the overall satisfaction with the organisational coordination. In particular, the relational mechanism strongly enhances the flexibility of coordination, addressing the extensive emergent coordination demands in the organisation.

It is argued that the case organisation has achieved a synergy between Chinese Guanxi and Western formal job role system in their dynamic interplay. While Guanxi supplements the formal role coordination mechanism in the within-team, cross-team and manager-subordinate coordination, the formal role coordination mechanism not only inhibits the negative organisational outcomes associated with Guanxi but also enhances the benefits of Guanxi. Moreover, the collective target setting and performance review in the formal performance management system correspond with the collectivist value of Guanxi, the family culture of the organisation corresponds with the familial collectivism of Guanxi and the formal assessment of employee behaviour against organisational values corresponds with the particularistic emphasis of Guanxi on employee behaviour input. Therefore, Guanxi and the formal job role system not only enhance the positive effects of each other, but also are integrated in the organisation, as expected by the senior management (Section 5.1).

However, it is worth noting that there remain some challenges in the cross-team coordination due to the lack of the use of formal organisational systems and processes (Section 5.4). According to Section 5.1, while the case organisation prefers to integrate

Chinese management philosophy and Western management approaches, it uses formal organisational systems and processes as options available rather than demands universal implementation. Therefore, the limited use of formal organisational systems and processes may continue due to the fundamental influences of Chinese relationship-based management philosophy.

CHAPTER 6. CASE STUDY III

Case Study III was conducted in a subsidiary of a large Chinese private IT firm, an industry leader similar to Case Study II but in a different market. Established 20 years ago, the firm had experienced fast growth through constant product innovation and technological advancement. The firm had implemented Western management practices by adopting management systems and processes of HP, Google and Microsoft and by employing their former senior managers. This chapter presents the within-case analysis of Case Study III under the descriptive framework illustrated in Section 3.3. After describing the background of the case study, it focusses on the intertwining of Guanxi relationships with formal role relations, the interplay of relational and formal coordination mechanisms and then the coordination outcomes of the dynamic interplay. Last it concludes the findings of the case study.

6.1 Background of case study

The case organisation, the subsidiary of the large IT firm, was maintaining a mature online product of the firm with about 200 employees at the time of data collection. The researcher collected data through semi-structured interviews with seven participants in August 2016, which took about 60 minutes on average. During the field work, the researcher had informal conversations with two employees, who were not interviewees, in private meals, read some external publications about the company, and carried out some field observations on employee interaction. These additional data offered the researcher some background understanding for interpreting interview data.

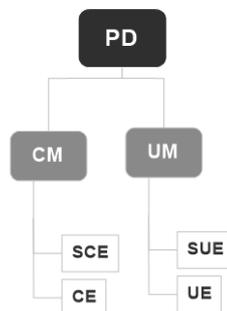


Figure 6.1 Micro formal job role system in Case Study III

As indicated in **Figure 6.1**, the seven participants formed a micro formal job role system that consisted of within-team, cross-team and manager-subordinate role relations. They came from a product centre within a commercialisation team and a user development team. There were a director overseeing the two teams (coded as PD), two team leaders (coded as CM and UM), two engineers from the commercialisation team (coded as SCE and CE), and two engineers from the user development team (coded as SUE and UE). While both teams were responsible for maintaining a same online product, there was direct task interdependence between the two teams and therefore direct or indirect task interdependence between any two job roles from the two teams. However, because employees in the same team often worked on joint tasks and had common team goals, there was relatively stronger task interdependence between team members than between cross-team colleagues (UM, CE & SCE).

As an industry leader, the IT firm strived to lead market trend by advocating internal competition between project teams and incubating new products constantly (CM, UM, SUE & UE). While operating the mature product, the product centre needs to upgrade the product constantly and react to the activities of rival products on the market quickly (UE, SUE). To compete with rival products, employees often bypassed the full test procedure before releasing new product updates but refined the updates according to user feedback (SCE). When there was an emergency, employees were sometimes called to sort it out, even at midnight (CM). The two teams also had a morning team meeting to communicate work progress and initiate and organise new tasks (CM). As a result, there were many project-based work, temporary and emergent tasks that need to be handled efficiently (UE, CM & UM). In other words, due to the changes in business environment and internal operation, there were many emergent coordination demands in the case organisation.

By the time of data collection, the company had implemented the Western formal job role system. There was formal differentiation of individualised job roles, team divisions and organisational hierarchies. Moreover, after introducing the formal performance management system used by a multinational company, HP, the company effectively operated the system to drive employees working towards organisational goals, reinforcing individualised role definition and merit-based role performance. In addition, the company adopted the product development procedures of Microsoft and the online R&D model of Google, strengthening the formalisation of work flows between job roles. However, the company did not demand full compliance with formal organisational systems and processes; rather, it utilised them as available options (PD, CM, CE & SCE). There was also a preference for some ambiguity in setting individual targets to allow further interpretation with the concern of unpredictability in the future (UM & PD). Moreover, while the management team emphasised a humanistic approach of management (PD, CM & UM), employees often viewed formal procedures as impersonal (SUE & UE). The

organisation stressed light procedures and loose organisational rules to promote agility, innovation and employee proactivity (SCE, CE & CM). In other words, there was light reliance on the use of formal organisational systems and processes in the organisation due to the emphasis on flexible and humanistic approach of management.

Under the emphasis on the humanistic approach of management, the company gave employees autonomy to perform their jobs in their own way (CE, SUE & PD). To guide employee behaviour, the company developed its organisational culture and values (UM). Many interviewees reported that employees were aware of and practiced key organisational values, always valuing customer experience, behaving cooperatively and positively and welcoming challenges, and that the company had the culture of taking risks to encourage innovation (CE, PD, UM & CM). Moreover, the company offered high financial incentives and stressed mutual interests in organisational and individual development to stimulate employee proactivity (CM & PD). Furthermore, there was an organisational tradition that employees anonymously reported anything against the organisational culture and values in an online organisational forum and management had to respond to employees' collective voice (PD). In addition, under a centralised decision-making on organisation and team goals and a top-down approach in dividing these goals into individual targets, the company involved employees in the discussions on how to achieve team goals (CM, CE, SCE & SUE). Therefore, the company utilised formal and structural arrangements to stimulate employee participation under some level of centralised decision-making.

Between Chinese Guanxi and Western management practices, the management of the company tended to further the use of Western management practices but accept the influence of Guanxi. On one hand, the company desired to introduce the management practices of globally-successful multinational companies in the IT industry to improve its effectiveness and competitiveness. Moreover, because the company had a strong technician culture, the two teams developed IT-based tools to monitor the progress of team goals and produce daily data on key performance indicators of their teams (CM). On the other hand, while there were seldom negative perceptions among interviewees on the practices of Guanxi, employees recommended investing in Guanxi relationships for collaboration, and the management training programme openly highlighted the importance of Guanxi for cross-team collaboration (SUE & CM). Furthermore, the management advised it essential to consider and take care of interpersonal affection, the key component of Guanxi, when using the formal reward system to reward employees (PD). In other words, whilst the desire to learn Western management practices and the technician culture led to some preferences for the light use of formal organisational systems and processes, the management viewed Guanxi as a positive tool and important management consideration.

6.2 Intertwining of Guanxi relationships with formal role relations

To discuss the interplay of Guanxi and the formal job role system, it is essential to understand how Guanxi relationships intertwine with formal job role relations to shape the intra-organisational social network in the case study. This section presents the findings on how the formal role relations affected Guanxi relationships and then how Guanxi influenced the formal working relationships in the case organisation. Last, it identifies different types of Guanxi relationships with the within-team, cross-team and manager-subordinate role relations, drawing the features of the intra-organisational Guanxi network in the case organisation.

6.2.1 Impact of formal role relations on Guanxi relationships

The formalised job role relations had a strong impact on structural, relational and cognitive features of Guanxi relationships in the organisation. As discussed in this subsection, formal team differentiation resulted in more frequent interpersonal interaction and the development of more affection, trust and mutual understanding between team members than between cross-team colleagues. Moreover, the design and functioning of the formal role relations caused the hierarchical differentiations between managers and subordinates and between senior and junior team members, while reducing hierarchical distance. Last, the functioning of formal job role relations directed employees to prioritise organisational obligations and values, and strengthened and discouraged relationship intention.

In the **structural** dimension, the formal role relations shaped the frequency and hierarchy of interpersonal interaction. It was found that formal team differentiation resulted in much more frequent interpersonal interaction between team members than between cross-team colleagues. Due to relatively strong task interdependence and close physical proximity between team members, employees interacted more frequently with their team colleagues than their cross-team colleagues, professionally and personally (UE, UM, SCE, CE & CM). Furthermore, due to shared team membership, team members had frequent social gathering, ate together every day, had a day out every week and participated in team building events regularly either organised by the organisation or by themselves (CM, SUE & CE). In addition, team members participated in team meetings every morning, whilst there were much less cross-team meetings (SCE). Though the company encouraged the activities of hobby-based employee associations and sometimes organised social events for employees to promote cross-team interpersonal interaction, there was still much less interaction between cross-team colleagues than between team members (CE & SCE).

It also was indicated that the design and functioning of formal role relations shaped hierarchical Guanxi relationships between managers and subordinates and between

senior and junior team members. Formal organisational hierarchy defined the hierarchical differentiation between managers and subordinates, though there was a low hierarchical distance between them and a limited emphasis on authoritarian style of leadership (PD, UE, SUE & CM). While the company offered both professional and managerial career ladders, reducing the hierarchical differentiation between managers and subordinates, there was an emphasis on employee autonomy and participation, thus further lessening their hierarchical distance (CM, SUE & UM). Moreover, the functioning of formal role relations recognised the authority of senior team members over junior team members, causing some hierarchical differentiation between them. The company identified that senior employees with long period of services understood better how to contribute to business than the juniors did and therefore offered seniority-based compensation (PD). Team leaders often relied on senior team members to lead the juniors in projects, involved the seniors in decision-making, valued the seniors' feedback on the juniors' performance and bypassed the juniors in communicating project progress (CM, CE & SCE). It was a kind of management tactics for team leaders to establish such hierarchical differentiation, as CM implied:

'Our team are responsible for four or five projects. I have one core subordinate taking in charge of each of the projects. These core subordinates are quite skilled and outstanding in emotional maturity, work experiences and every aspect. [Their] service periods are long and job levels are also relatively high. ... I discuss with these core subordinates about our targets this year and key approaches to achieve them. ... Then it is about delegation. (I) do not intervene too much into details. If I want to understand the details, I will look for him but not his project members. I would give him more delegation.' (CM)

In the **relational** dimension, while formal team differentiation resulted in more frequent interpersonal interaction between team members than cross-team colleagues, interpersonal interaction facilitated the development of interpersonal affection, trust and mutual understanding. The interviewees mentioned that frequent interpersonal interaction led to the accumulation of interpersonal affection between employees, especially team colleagues (SUE, CM & UE). According to SUE, the team colleagues sometimes spent more time with each other than with their own family because they often worked overtime and as a result much affection was developed between them. Moreover, frequent interpersonal interaction promoted the building of trust between employees so that interpersonal trust was stronger between team members than between cross-team colleagues (SUE, SCE & UM). In addition, whilst team members had common goals and similar tasks and therefore were able to achieve mutual understanding easily, their frequent interaction strengthened interpersonal understanding between them (CE, SUE, UK, CM & SCE). Therefore, the formal team differentiation led to the development of more

interpersonal affection, trust and mutual understanding between team members than between cross-team colleagues.

In the *cognitive* dimension, employees were directed to stress organisational more than relational obligations and values. It was reported that employees organised their tasks according to organisational instructions rather than relational obligations and built shared goals and mutual interests for collaboration, not only relying on relational exchange for collaboration (CE & UM). Moreover, while task orientation was emphasised, it was recommended that employees had arguments for clarifying task-related issues and expressed different views towards management rather than kept silent to maintain relational harmony (PM & CM). Because the company had effectively operated its formal performance management system and developed its organisational culture and values (Section 5.1), the formal performance requirements and the organisational values had surpassed the relational obligations and values.

As a result, the stress on organisational obligations and values both strengthened and discouraged the relationship intention of employees. Due to task interdependence between employees, the company encouraged employees to develop interpersonal relationships for collaboration, socialising new employees into teams, sponsoring regular team building activities and creating opportunities for cross-team interpersonal interaction (SUE & CE). Moreover, it was viewed as important for team leaders to socialise for cross-team collaboration and for employees to extend their social ties for their performance and career progression (CM & CE). In other words, the task interdependence between employees enhanced their intention to develop interpersonal relationships to fulfil organisational obligations. Nevertheless, there was a preference not to develop close interpersonal relationships with colleagues due to potential conflicts between organisational and relational obligations. To satisfy organisational obligations such as keeping pay information confidential and prioritising tasks according to organisational instructions, it was favourable to keep some distance with colleagues and separate private life from working life (UE & CE). However, because team members had very regular and frequent social gatherings after work, it would be difficult for them to completely separate private life from working life.

6.2.2 Impact of Guanxi relationships on formal role relations

Despite the impact of formal role relations on Guanxi relationships, in the other direction Guanxi strongly affected the formal working relationships between job roles. As discussed in this subsection, while employees strived to maintain harmonious Guanxi relationships and engaged in long-term affective social exchange, the intertwining of Guanxi relationships with formal role relations created team-based Guanxi groups with some

exclusivity, Paternalistic Leadership with limited authoritarian leadership and hierarchical Senior-junior Guanxi.

Due to the emphasis of Guanxi on relational harmony and the long-term reciprocity of Renqing, employees strived to maintain harmonious interpersonal relationships and engaged in long-term affective social exchange. First, even though the formal role relations discouraged the development of close Guanxi relationships, employees endeavoured to maintain harmonious relationships with each other (CM, UM & CE) and team leaders took responsibility for maintaining relational harmony between their team members (PD). Second, under the long-term reciprocity of Renqing, employees invested in the development of long-term interpersonal relationships without an expectation of intermediate return but for future social exchange. According to CM, employees sometimes loaned money to their colleagues to strengthen interpersonal relationships for future collaboration, whilst managers consciously invited cross-team colleagues to meals, offered them small favours and applauded their updates in online social network to receive their support in future. Third, whilst Renqing exchange entails the development of affection (Section 2.1.1), employees engaged in affective social exchange, which blurred the boundary between their private and professional relationships. Many interviewees commented that the relationships between colleagues were not purely professional relationships because they often looked after each other not only at work but also in private life (PD, CM, UM & SUE).

Moreover, familial collectivism of Guanxi had a presence in the interpersonal interaction and social exchange between team members, if not between organisational members. First, while familial collectivism is featured with an awareness of mutual dependence, it was perceived that individual performance was for the sake of team goals, that the achievement of team goals depended on the solidarity of team members and that team members must share some collective responsibilities without differentiating individual responsibilities (UM, SUE & UE). Second, there was a preference for family-like interaction between team members, who often had meals in each other's homes, looked for medical resources for each other and proactively helped each other in family incidents (CM, SUE & PD). Third, there was also a preference to view team members as an extended family (SCE). As a result of the familial collectivism, team members were expected to melt into team life, enjoy the collective experience of working and playing together and pursue collective achievements together (SUE, CM & PD). In other words, the team members were bonded by collectivist norms, exchanged favour and resources for professional and private needs and shared mutual benefits eligible for the members of their team, forming team-based Guanxi groups in the organisation. It was reported that the team-based Guanxi groups had some exclusivity, though not much (PD). Sometimes

the lack of positive relationships between team leaders could deteriorate the cooperation between their teams (UM).

Furthermore, while Confucian propriety defines the mutual obligations between superiors and subordinates for maintaining relational harmony (Bedford, 2011), the relational obligations of managers and subordinates led to the formation of Paternalistic Leadership in the organisation, which consisted of benevolent, moral and limited authoritarian leadership. First, managers felt obliged to take care of subordinates at work and in private life and care about their family, marriage and personal circumstances (CM & UM). Second, managers perceived ethical obligations to be a role model, proactively support subordinates in their performance and career progression, and have empathy when dealing with underperforming subordinates (CM & SUE). Third, subordinates tended to show deference towards their managers. When there was a disagreement between them and the managers were wrong but the subordinates were right, the subordinates normally followed the managers' decision and patiently waited the managers to correct their mistake and praised the managers for doing so (SUE). Whilst the excessive care and ethical obligations of the managers corresponded to benevolent leadership and moral leadership, the deference of subordinates reflected authoritarian leadership. However, according to Section 6.2.1, the formal provisions of both professional and managerial career ladders and the emphasis on employee autonomy and participation led to limited emphasis on authoritarian leadership.

In addition, Confucian Wulun defines the relationships between senior and junior friends as hierarchical Guanxi relationships in which the seniors not only have prerogatives and authority but also are obliged to be kind towards the juniors (Chen and Chen, 2004; Farh and Cheng, 2000). These relational obligations were observed in the interpersonal interaction and social exchange between senior and junior team members in the organisation. It was reported that senior team members took care of junior team members at work and in personal life and were tolerant of their mistakes (SCE) and that the juniors respected the seniors as their 'masters' for skill development and seldom challenged their authority (CE & CM). As a result, while the functioning of formal role relations legitimised the hierarchical differentiation between senior and junior team members, Confucian relational obligations of the seniors and juniors led to the formation of hierarchical Senior-junior Guanxi in the organisation.

Interviewee	Quotes
Team-based Guanxi groups	
SUE	'If [someone's] family member is ill, team colleagues will help each other look for hospitals with their own resources [contacts]. Team members often help each other. For example, when someone is buying a car, [team members] will help discuss which car to buy, go for a look and have a test drive.'
Paternalistic Leadership	
CM	'It is necessary to care about [your] subordinate, asking him how is everything recently, how is love fair going and whether he needs help in property purchase or refurbishment. [If needed], we will help [him] together. If he is short of some money, we will borrow him collectively.'
Senior-junior Guanxi	
CM	There is no such issue that a junior employee challenges the management of a core subordinate [senior employee]. ... But there are discussions on a problem. Everyone can offer their suggestions openly.

Table 6.1 Features of team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi in Case Study III

Table 6.1 illustrates some features of the team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi in the organisation. As discussed, while the formal role relations defined formal team differentiation, the familial collectivism of Guanxi resulted in the formation of team-based Guanxi groups with some exclusivity. Whilst the design of formal role relations caused the hierarchical differentiation between managers and subordinates with low hierarchical distance and legitimised the hierarchical differentiation between senior and junior team members, the Confucian ethics on hierarchical interpersonal relationships led to the formation of Paternalistic Leadership with limited authoritarian leadership and hierarchical Senior-junior Guanxi. As a result, the team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi constituted a relational structure within hierarchical and non-hierarchical ties, paralleling to formal organisational structure.

6.2.3 Mapping Guanxi relationships in intra-organisational network

The literature differentiates three types of Guanxi relationships: Family-like Guanxi is the closest and most affective; Familiar Guanxi is semi-close, relatively less affective but more instrumental, with moderate sentiment and obligations; and Stranger Guanxi is most distant with little sense of sentiment and obligations (Section 2.1.1). After discussing how the formal role relations and Guanxi relationships affect each other, it is feasible to identify the different types of Guanxi relationships around the formal role relations and draw the features of the intra-organisational Guanxi network in the case study.

According to Sections 6.2.1 and 6.2.2, while the stress on organisational obligations and values enhanced the relationship intention of employees but discouraged the development of close Guanxi relationships, employees strived to build harmonious, but not close, Guanxi relationships. It may not be surprising that the interviewees perceived

that their Guanxi relationships with colleagues were not close in general (SCE & CE). In other words, Family-like Guanxi was a minority between organisational members in general.

As discussed in Section 6.2.1, there were more frequent interpersonal interaction and the development of more interpersonal affection, trust and understanding between team members than cross-team colleagues. As a result, the Guanxi relationships between team members were relatively closer than the Guanxi relationships between cross-team colleagues (SCE, CE, SUE & CM). The interviewees commented that team colleagues were all familiar and their interpersonal relationships were generally good with a certain level of affection and trust (CE, SCE, SUE & UM). Therefore, it is argued that while Family-like Guanxi was a minority in general, the majority of within-team interpersonal relationships was Familiar Guanxi and the rest minority was Family-like Guanxi.

In contrast, there was many Familiar Guanxi and many Stranger Guanxi in cross-team interpersonal relationships. SCE claimed that he knew the majority of cross-team colleagues except for new employees with whom he had little work-related interaction. Similarly, SUE identified many cross-team colleagues as friends but mentioned some of them as being close and some being distant. Likewise, CE perceived interpersonal affection and acquaintance with many cross-team colleagues because he enjoyed sports and social events organised by the company and colleagues. However, it was suggested that some employees were not very social and thus had limited social ties in the organisation (CE & SCE). Because SCE and SUE worked for the organisation for a long time and CE was socially active, there would be many semi-close social ties, Familiar Guanxi, and many distant social ties, Stranger Guanxi in the case organisation. Whilst Family-like Guanxi was a minority in general, it would be the minority in the cross-team interpersonal relationships.

It is debated that under shared team membership, the interpersonal relationships between managers and their subordinates had Family-like Guanxi in the minority and Familiar Guanxi in the majority. Due to the benevolent and moral leadership, but limited authoritarian leadership, manager-subordinate interpersonal relationships were perceived as very harmonious with a good level of affection developed (CE, CM, UE & UM). However, because there remained some hierarchical distance between them, their interpersonal relationships were mostly not very close (CM). Hence, the manager-subordinate Guanxi relationships were semi-close Familiar Guanxi in the majority. Moreover, as team leaders often relied on senior team members to lead within-team projects, their task interdependence was quite strong. It was reported that the interpersonal relationships between team leaders and senior team members are quite close with strong tacit understanding and trust developed after they worked closely for a long time (SUE).

Therefore, there was a minority Family-like Guanxi between the managers and their senior subordinates.

As a result, the different types of dyadic Guanxi relationships constituted the intra-organisational Guanxi network. Because the within-team and manager-subordinate Guanxi relationships were Family-like Guanxi in the minority and Familiar Guanxi in the majority, within-team Guanxi networks comprised of relatively strong, harmonious and multiplex Guanxi relationships, with some level of network closure caused by team membership. As a result, the within-team Guanxi networks were dense, closed Guanxi networks with relatively strong social ties. In comparison, because the cross-team Guanxi relationships had many Stranger Guanxi together with many Familiar Guanxi, there were many gaps in interpersonal connections and thus many indirect ties in cross-team Guanxi networks. Therefore, the intertwining of Guanxi relationships with formal role relations resulted in the formation of the intra-organisational Guanxi network consisting of the dense, closed within-team Guanxi networks and the loose cross-team Guanxi networks with many indirect ties.

To summarise, Section 6.2 elaborates how the intertwining of Guanxi relationships with formal role relations created the relational structure of Guanxi and the intra-organisational Guanxi network. Because the configuration of social network involves not only the density and connectivity of the network but also hierarchy (Section 2.1.3), the relational structure within hierarchical and non-hierarchical Guanxi ties was embedded in the intra-organisational Guanxi network.

6.3 Interplay of relational and formal coordination mechanisms

During the intertwining of Guanxi relationships with formal role relations, Guanxi and the formal job role system interplayed as relational and formal coordination mechanisms in the case study. This section illustrates how Guanxi offered the intra-organisational Guanxi network, the relational structure and some particularistic rules, interplaying with the formal role coordination mechanism, and elaborates double-edged organisational outcomes of the dynamic interplay.

6.3.1 Guanxi networks interplay with formal role coordination mechanism

According to Section 6.2.3, the intertwining of Guanxi relationships with formal role relations resulted in the formation of dense, closed within-team Guanxi networks with Familiar Guanxi as a majority and loose cross-team Guanxi networks with many stranger Guanxi in the case organisation. This subsection analyses how the intra-organisational

Guanxi network interplaying with the formal role coordination mechanism created benefits mostly for organisational coordination with limited negative outcomes.

To understand the effects of the intra-organisational Guanxi network, it is useful to discuss the effects of three types of Guanxi relationships in the organisation. First, Family-like Guanxi, the closest and most affective, presented strong collaborative and informational benefits for the coordination of work. It was reported that the strong interpersonal affection in Family-like Guanxi resulted in the willingness of cross-team colleagues to accept loss but not gaining in their collaboration and the proactivity of team members to take responsibility for each other and that the family-like affection between managers and subordinates led to strong employee ownership towards organisational goals (SUE & CM). In other words, Family-like Guanxi achieved strong collaborative capacity through the bonding of strong family-like affection, which greatly enhanced affective but not instrumental social exchange. Moreover, Family-like Guanxi improved the quality of information sharing between employees with strong interpersonal affection and trust, which led to strong empathetic understanding and open dialogue on controversial views between them (SCE).

Second, Familiar Guanxi also had strong collaborative and informational benefits in the organisation, but in different ways. Despite being less affective but more instrumental, Familiar Guanxi strongly facilitated the collaboration between employees with the reciprocity of Renqing, which locked them in long-term, affective but not purely calculative, social exchange and strengthened collaboration with interpersonal trust developed in repetitive social exchange. The colleagues in Familiar Guanxi felt confident about asking for a favour from each other because they believed that the other parties would need their favour in future and feel embarrassed by not responding with empathy (CM, SCE & CE), an element of Renqing for the development of affection (Section 2.1.1). Moreover, with some level of affection, they were not purely calculative in the distribution of tasks within teams, the distribution of benefits across teams, or the setting of individual targets (UM & CM). In addition, interpersonal trust developed in previous social exchange strengthened the confidence of employees in receiving collaboration from their team members, cross-team colleagues and managers (UM, PD & SUE).

Regarding informational benefits, while Family-like Guanxi improved the quality of information sharing, Familiar Guanxi promoted the amount of information sharing by widening information sources and making information flow easy. Because the company had its own food court, the colleagues in Familiar Guanxi had meals together almost every working day and therefore had the chance to share thoughts and obtain information widely (CM & SUE). Moreover, previous interpersonal interaction between these colleagues facilitated their mutual understanding in the personality and communication style of each

other, smoothing their communication and making it easy and efficient (PD, CE, UE & SCE).

Third, despite being distant with little or limited interpersonal interaction, Stranger Guanxi still had some collaborative capacity due to an awareness of relational collectivism and a potential to initiate Renqing, interpersonal obligations to be paid back in future. It was mentioned that the awareness on collective interests of the organisation resulted in cooperative attitude of employees in general (UM). Furthermore, it was suggested that employees sometimes invited distant cross-team colleagues to a meal or for a drink together to initiate Renqing for cross-team collaboration (SUE).

As a result, because the dense, closed within-team Guanxi networks comprised minority Family-like Guanxi and majority Familiar Guanxi, they could promote effective collaboration and information sharing for within-team coordination. In comparison, because the loose cross-team Guanxi networks consisted of many Stranger Guanxi, many Familiar Guanxi and minority Family-like Guanxi, they could bring some collaborative and informational benefits for cross-team coordination. However, as discussed, cross-team colleagues in Stranger Guanxi could initiate Renqing to explore collaborative opportunities through shared contacts. Due to the large size of the cross-team Guanxi networks, there was a big potential pool of resources and information that can be derived from the cross-team networks. Therefore, the intra-organisational Guanxi network supported the formal role coordination mechanism with effective collaboration and information sharing through the dense closed within-team Guanxi networks and with a big potential pool of resources and information through the loose cross-team Guanxi networks.

Last, whilst the intra-organisational Guanxi network provided many collaborative and informational benefits for the coordination of work in the case study, it was associated with some limited negative organisational outcomes, as exemplified in **Table 6.2**.

Interviewee	Quotes
SUE	'There is sometimes a conflict when [employees] prioritise work but such possibility is low. ... If the priority [of two tasks] is the same, employees may help those with whom they have good relationships.'
CM	'If interpersonal relationships between cross-team colleagues are not good, [they] would talk professionally what you can bring to me and what I can bring to you. Their collaboration would be stiff, ..., and be inhibited by small personal concerns and calculation of benefits. ... [They] might say that he does not help me previously so I will not help him this time.'
UE	'The effects of interpersonal relationship are mostly positive [in the company]. [It] mainly smooths our interaction.'

Table 6.2 Limited negative outcomes of Guanxi networks in Case Study III

Employees sometimes faced an issue on whether to prioritise tasks according to organisational needs or relational obligations, though they normally put the organisational

obligations first (SUE & CE). Moreover, the lack of sufficient communication and the refusal to offer favour between cross-team colleagues sometimes led to relational conflicts, hindering cross-team collaboration, but such case was very rare between team colleagues (CM). Overall, the Guanxi relationships in the organisation greatly promoted employee collaboration with limited negative outcomes (SUE & UE). According to Section 6.2.1, due to the effective functioning of formal performance management and the development of organisational culture and values, the functioning of formal role relations directed the employees to emphasise organisational obligations. In other words, while the intra-organisational Guanxi network supported the formal role coordination mechanism in within-team and cross-team coordination, the formal role coordination mechanism had largely, though not completely, prevented the relational obligations and values associated with the intra-organisational Guanxi network from overriding organisational obligations and values.

6.3.2 Relational structure interplays with formal role coordination mechanism

According to Section 6.2.2, the intertwining of Guanxi relationships with formal role relations led to the formation of the relational structure of Guanxi consisting of team-based Guanxi groups with some exclusivity, Paternalistic Leadership with limited authoritarian leadership and hierarchical Senior-junior Guanxi. As discussed in this subsection, the relational structure of Guanxi interplaying with the formal role coordination mechanism benefited the coordination of work mostly with limited negative outcomes.

First of all, the team-based Guanxi groups were featured with team cohesion and solidarity, proactive mutual support, flexible task distribution and tacit understanding between team members. First, due to the emphasis of Guanxi on group harmony, team leaders took responsibility for maintaining interpersonal harmony between team members and developing a cohesive atmosphere within teams (PD & SCE). Second, due to the familial collectivism within teams, team members collaborated to achieve collective team goals and team capability, presenting solidarity (CM & SUE). Third, because team members tended to look after each other at work and in private life, there was proactive mutual support with teams (SUE). Fourth, due to the awareness of mutual dependence, team members were not calculative with task distribution but rather took responsibility for what they were capable of and had a flexible task distribution (UM, UE, CM & CE). Last, because shared common goals prompted mutual understanding between team members (Section 6.2.1), the Family-like and Familiar Guanxi within teams further improved the quality and amount of information sharing (Section 6.3.1), resulting in tacit understanding between team members. As a result, team members often coordinated their work activities autonomously without intervention of team leaders (PD, CE, SCE). Therefore, the team-

based Guanxi groups strongly supported the formal role coordination mechanism in within-team coordination.

Moreover, the Paternalistic Leadership consisting of benevolent and moral leadership, but limited authoritarian leadership, facilitated support from managers and obedience and commitment from subordinates and promoted cross-hierarchical open dialogue. First, it was commented that managers had a good understanding of the needs of subordinates and offered timely support and resources to help subordinates achieve their targets (CE, SUE & CM). Second, it also was reported that subordinates respected and obeyed with managers' decision even when they disagreed (SUE). Third, because the benevolent and ethical leadership prompted the development of interpersonal affection and trust between managers and subordinates, the subordinates were committed to team goals and organisational goals, proactively adjusted their efforts towards the changing need of the organisation and were willing to make discretionary efforts (UM). Fourth, due to the limited emphasis on authoritarian leadership, there was frequent interpersonal interaction between managers and subordinates and the managers tended to listen to the thoughts of subordinates on management decisions and employee development and understand personal issues of subordinates, resulting in cross-hierarchical open dialogue (SCE, SUE, CM & UM). As a result, the Paternalistic Leadership complemented the formal role coordination mechanism in the coordination between managers and subordinates.

In addition, the hierarchical Senior-Junior Guanxi offered a relational hierarchy for the coordination between senior and junior team members in the organisation. According to Section 6.2.2, there were mutual obligations in the hierarchical Senior-junior Guanxi such as the kindness of the seniors and the obedience of the juniors. In the organisation, the senior team members led the juniors in projects, distributing tasks, deciding the way to perform, monitoring project progress, managing project performance and coordinating with other senior team members to mobilise resources and ensure team performance (UE, SUE, CE, SCE & CM). Moreover, the senior team members took care of the juniors at work, supported their skill development and acted as a role model (SCE & SUE). As a result, team leaders only focussed on the management of the senior team members (UM & CM). In other words, the Senior-junior Guanxi in the organisation provided a relational hierarchy additional to the formal organisational hierarchy, supplementing the formal role coordination mechanism in within-team coordination.

Last, while the relational structure of Guanxi supported the formal role coordination mechanism with many benefits, it was associated with some limited negative organisational outcomes. Though the company developed organisational culture on team work, the exclusivity of the team-based Guanxi groups still had some negative impact on cross-team coordination, especially when there was a lack of trust between team leaders

(UM). Moreover, although the organisational value on integrity eased the communication of bad performance and the effective formal performance management rules compelled the dismissal of under-performing employees, there was a difficulty in dismissing underperformed employees but also protecting their feelings and maintaining relational harmony under the benevolent leadership (SUE & CM). **Table 6.3** implies some problems of the team-based Guanxi groups and the benevolent leadership.

Interviewee	Quotes
UM	'If there is a lack of trust between team leaders, it would have a [negative] impact on the progress of work and on the collaboration between their subordinates, their team members.'
CM	'It is not easy to dismiss employees... It takes a lot of communication, communication in advance.'

Table 6.3 Limited negative outcomes of relational structure in Case Study III

However, it was indicated that the above problems were limited due to the development of organisational culture and values and the effective functioning of formal performance management system (UK & SUE). Moreover, as discussed, the formal provisions of both professional and managerial career ladders and the emphasis on employee autonomy and participation reduced the emphasis on authoritarian leadership, promoting rather than hindering cross-hierarchical open dialogue. Furthermore, due to the organisational value of integrity, senior team members felt comfortable about reporting problematic performance of their juniors despite their relational obligations to protect them (SUE). In other words, with the development of organisational culture and values and the effective functioning of formal performance management system, the formal role coordination mechanism had largely addressed the negative outcomes of the relational structure of Guanxi.

6.3.3 Particularistic rules interplay with formal role coordination mechanism

Whilst universalistic cultures stress universalistic, impersonal rules and obligations, Chinese Guanxi culture emphasises exceptional circumstances and stresses specific situational obligations based on interpersonal relationships (Worm and Frankenstein, 2000). As discussed in Section 6.1, the company did not demand full compliance with all formal organisational systems and processes with the concerns on humanistic approach of management and on the flexibility of management practices. There was a strong belief among management that every employee, every team or every situation was different and therefore flexibility was important (CM & PD). The particularistic tendency of Guanxi culture resulted in some particularistic rules interplaying with the formal role coordination mechanism to benefit the coordination of work mostly with limited negative outcomes, as discussed in this subsection.

First of all, although formal job role system defined formal job roles, Guanxi culture resulted in ambiguous but flexible role specification in the organisation. The interviewees perceived that it was difficult to predict the frequent emergence of new tasks and infeasible to divide all tasks so that the role specification was sometimes ambiguous (PD, UE & UM). Moreover, it was reported that the role specification in the organisation not only depended on the job design but also on the personal attributes of role occupants, such as personality, interests and skills (UM & SUE). In particular, the company highly valued some personal attributes such as the willingness to take responsibility for others and collaborate for collective welfare of the organisation (CM, UM & PD). In other words, the ambiguous role specification not only reflected a consideration of flexible practices but also the humanistic approach of management based on the relational obligations between employees. As a result, the ambiguity role specification allowed flexibility to adjust role expectation under the changing need of the organisation and encouraged employees to go beyond their formal role specification for collaboration (CM, UM & PD), thereby supporting the formal role coordination mechanism with extra-role behaviour.

Moreover, there was a preference for relational coordination practices in the organisation. **Table 6.4** offers some illustrations on the preference for informal interpersonal way for communication, to relational exchange for collaboration and to interpersonal trust for management control.

Interviewee	Quotes
SCE	'Normally we talk to them [cross-team colleagues] directly when we have a need, explaining that my need is urgent and asking if they could prioritise it. If he agrees, ... it saves us from going through formal procedures. If he says that he couldn't offer manpower, I will initiate a [formal] request in system.'
SUE	'If I need your collaboration, [we] may have a rough discussion first and then go out for a meal and a drink. [The collaboration] is an interpersonal issue but not an issue of organisational rules.'
CM	'In a team which has little private interaction [between team members] and appears to be very professional, interpersonal relationships are not very harmonious. There would be quarrels in their performance towards KPI. [They] may argue that this is not my job or this mistake is not my fault but your fault. [They] would have this kind of problem and finally [their] team collapses despite of the achievement of KPI.'
PD	'If I trust him, I may delegate more. He has such responsibilities but also power. When he goes out for negotiation, he can be highly effective, reaching an agreement today and executing it tomorrow.'

Table 6.4 Preference for relational coordination practices in Case Study III

To specify, first, it was reported that employees only used formal communication mechanism after the attempt of informal interpersonal communication and recognised informal communication to be more efficient than formal communication (SCE, UE & CM). While Guanxi participants emphasise the sincerity of one party to enter and stay in the

relationship and have the best interest of the other party at heart (Chen and Chen, 2004), there was a belief that the employees valued their oral promise (SUE & CM). Second, there was a reliance on relational exchange for within-team and cross-team collaboration. The use of formal collaboration mechanism within teams was seen as a sign of lacking interpersonal interaction and group harmony, whilst cross-team colleagues often had meals and drinks together to develop interpersonal relationships for collaboration rather than directly requested for support (CM & SUE). Third, it was perceived essential to develop interpersonal trust between managers and subordinates with which the subordinates were not very calculative about task distribution and target setting but believed that their input would be rewarded in some ways; the managers were able to offer high autonomy to their subordinates to have efficient decision-making in emergent situations (UM & PD). As a result, the preference for these relational coordination practices promoted the effectiveness of communication, collaboration and management control, supplementing the formal role coordination mechanism.

In addition, there was a heavy emphasis on the behaviour input of employees in the organisation. Under the stress on the humanistic approach of management and the flexibility of management practices, the organisation tended to control work outcomes by paying great attention to employee behaviour input rather than tightly regulating work processes with formal procedures (CM). In performance reviews, managers carried out subjective assessment on the behaviour input with informal observation and offered additional mark to the employees who took responsibilities for ambiguously divided tasks, exhausted their efforts in performance and had conscientious, proactive and collaborative work attitude (CM & UM). Therefore, the particularistic emphasis on employee behaviour input made up the limited use of formal organisational systems and procedures for predicting work outcome, complementing the formal role coordination mechanism. While the effective functioning of formal performance management system stimulated employee proactivity and commitment with high financial incentives (Section 6.1), the formally developed organisational value on team work promoted collaborative attitude of employees (CM), thereby enhancing desirable employee behaviour.

As discussed above, the ambiguous but flexible role specification, the preference for relational coordination practices and the particularistic emphasis on employee behaviour input offered many benefits to supplement the formal role coordination mechanism in the coordination of work. Nonetheless, it was found that these particularistic rules of Guanxi distorted the universalistic organisational rules associated with the formal role coordination mechanism. While the ambiguous but flexible role specification according to personal attributes distorted the impersonal formal role definition, the informal subjective performance assessment on employee behaviour conflicted with the universalistic formal performance management rules. As a result, it was sometimes difficult to ensure fairness

in assessing individual contribution to vaguely distributed tasks (PD). However, the complaint about the particularistic rules of Guanxi was limited. Because the effectively functioned formal performance management system and formally developed organisational culture and values directed employees to stress organisational obligations and values rather than relational ones (Section 6.2.1), the formal role coordination mechanism largely prevented the negative outcomes of the particularistic rules.

To sum up, Section 6.3 analyses the interplay of relational and formal coordination mechanisms in the case study, while Guanxi functioned as a relational coordination mechanism through the intra-organisational Guanxi network, the relational structure and the particularistic rules. On one hand, the relational coordination mechanism supplemented the formal role coordination mechanism in the coordination of work. On the other hand, the formal role coordination mechanism had largely curbed the negative organisational outcomes of the relational mechanism. As a result, the dynamic interplay resulted in mainly benefits for the organisational coordination with limited negative organisational outcomes.

6.4 Coordination outcomes

After discussing the intertwining of formal and informal relationships and then the interplay of formal and informal coordination mechanisms, this section of the case study analyses the coordination outcomes due to the dynamic interplay between Chinese Guanxi and the Western job role system. All seven interviewees reported satisfaction with organisational coordination in general and with within-team, cross-team and manager-subordinate coordination in particular. Moreover, it was perceived that the within-team coordination was better than the cross-team coordination, while four interviewees reported strong satisfaction with the within-team coordination. To understand these coordination outcomes, this section employs the conceptualisation of Okhuysen and Bechky (2009) of the three integrating conditions for achieving coordination: accountability, predictability, and common understanding. This section discusses how the relational and formal mechanisms created the three integrating conditions for the within-team, cross-team and manager-subordinate coordination jointly but with respective advantages.

First, while there was strong satisfaction with ***within-team coordination***, the relational and formal mechanisms successfully created the three integrating conditions for the within-team coordination. Regarding accountability, while the formal role coordination mechanism defined formal job roles, team members proactively went beyond initial task distribution for the achievement of collective team goals and took responsibility for

emergent tasks and joint tasks that were difficult to be divided (UE & UM). This suggests that the flexible task distribution in the team-based Guanxi groups enhanced the accountability for the coordination of emergent and joint tasks. Regarding predictability, because there was frequent interpersonal interaction between team members and also IT-based tools creating data on the progress of team projects, team members were able to anticipate each other's pace to proactively coordinate with each other (UM, SUE, UE, CM, SCE & CE). This suggests that while the formal mechanism secured regular information sharing on the process of coordination, the Guanxi mechanism enhanced the predictability of coordination with frequent interpersonal interaction. Regarding common understanding, while there were formal performance requirements on the outcomes and schedules of joint tasks that all team members understood, employees interacted to reach mutual agreements about how to work together (SUE, UE & CM). In other words, the Guanxi mechanism strongly supplemented the formal role coordination mechanism in the within-team coordination.

Second, whilst there was satisfaction with ***cross-team coordination***, the relational and formal coordination mechanisms jointly created the integrating conditions for the coordination. Regarding accountability, cross-team colleagues emphasised the use of a product management system for raising new coordination demands and distributing tasks and highlighted the intervention of team leaders and the use of cross-team projects to clarify the goals, task interdependence and individual responsibilities for their coordination (SCE, CE, CM & UE). While formal work organisation created the accountability for the cross-team coordination, cross-team Guanxi networks enhanced the accountability with affective, but not purely calculative social exchange, and collaborative behaviour of employees under relational collectivism of Guanxi (CM & SCE). Regarding predictability, cross-team colleagues were able to predict each other's progress with a previously agreed project schedule and information sharing through product management system (SCE, SUE & CE). More than that, Familiar Guanxi relationships across teams, especially those between team leaders, facilitated information sharing about the progress of cross-team tasks (CM). Regarding common understanding, it often depended on the use of cross-team projects and the interpersonal interaction between team leaders to reach common goals and mutual agreements for the cross-team coordination (CM, PD, SCE, UE & CE). Therefore, with relational exchange and interpersonal interaction, cross-team Guanxi networks complemented the formal work organisation to create the three integrating conditions for cross-team coordination.

However, there were some challenges in the cross-team coordination due to light use of formal organisational systems and loose cross-team Guanxi networks with the existence of many Stranger Guanxi. First, because the product management system was often used for big, new coordination demands and many cross-team tasks were not coordinated

through formal organisational systems, employees sometimes had difficulty in quickly finding out the right cross-team colleague to ask for support and collaboration (CE & SCE). Despite the preference for informal communication (Section 6.3.3), cross-team colleagues often used emails to document and confirm individual responsibilities and work schedule agreed orally, but there was little need to do so for the within-team coordination due to the relatively strong trust developed between team members (SUE & SCE). Moreover, with relatively less frequent interpersonal interaction across teams than within teams, cross-team colleagues sometimes had a problem to coordinate their jobs because of inefficient communication (UE). In addition, while different goals and priorities between functional teams led to a lack of mutual interests between cross-team colleagues, challenging the cross-team coordination (PD, SCE, SUE, UE & UM), the loose cross-team Guanxi networks had not fully addressed such challenges with affective, but not purely calculative, social exchange due to the existence of Stranger Guanxi.

Third, whereas *manager-subordinate coordination* was satisfactory, the relational and formal coordination mechanisms complemented each other in creating the three integrating conditions for the manager-subordinate coordination. Regarding accountability, the formal performance management system bound the performance targets of the team leaders and members (UM & CM), creating accountability between their formal job roles. Moreover, Paternalistic Leadership facilitated support from managers and obedience from subordinates (Section 6.3.2), strengthening the accountability. Regarding predictability, the IT-based tools and morning team meetings created the information about the progress of within-team projects (CM), enhancing the abilities of the managers and subordinates to anticipate each other's work activities. Moreover, the design and functioning of formal role relations resulted in less emphasis on authoritarian leadership, promoting cross-hierarchical open dialogue and therefore enhancing the predictability for their coordination. Regarding common understanding, because the limited authoritarian leadership facilitated cross-hierarchical communication, managers made efforts to understand the opinions of their subordinates, and the subordinates felt comfortable to speak their minds (SCE, SUE & UE). In other words, the formal coordination mechanism and the Guanxi mechanism supported each other to create satisfaction with the manager-subordinate coordination.

Last, it was found that the relational and formal coordination mechanisms had their own respective advantages in the security and flexibility of coordination. The formal role coordination mechanism had the advantage of securing the coordination of work. There was a preference for the use of formal communication for important issues to ensure the documentation and quality of communication, the use of product development systems for new projects to guarantee the stability and promptness of project outcome and the use of IT-based tools to monitor work progress to reduce risks (UE, SUE, PD, SCE & UM). However, the formal role coordination mechanism had difficulty in predicting emergent

tasks and dividing joint tasks in predefined and individualised job roles; employees often had to bypass formal procedures to promptly react to the change in product market (PD). In contrast, the Guanxi mechanism offered the flexibility to respond to the emergent coordination demands under high task uncertainty and interdependence. For instance, the ambiguity role specification allowed a flexibility to adjust role expectation under the changing needs of the organisation and encouraged employees to go beyond their formal role specification for collaboration (Section 6.3.3). As discussed above, the Guanxi mechanism supported the creation of accountability, predictability and common understanding through relational exchange and interpersonal interaction in a rather unplanned pattern.

The relational and formal coordination mechanisms supplemented each other to create the three integrating conditions for the within-team, cross-team and manager-subordinate coordination. Therefore, the combination of both mechanisms successfully produced the satisfaction with the organisational coordination in general. While the case organisation strived to keep its leading position in the product market, it operated agilely and responded to the activities of rival products effectively (CM & PD). As a result, the relational and formal coordination mechanism successfully supported the organisational coordination with the respective advantages in the security and flexibility of coordination.

6.5 Summary

This final section concludes how the dynamic interplay of Chinese Guanxi and the Western job role system affects the organisational coordination in the case study. By mapping the major findings of the case study, **Figure 6.2** illustrates how the dynamic interplay produces the overall satisfaction with the organisational coordination.

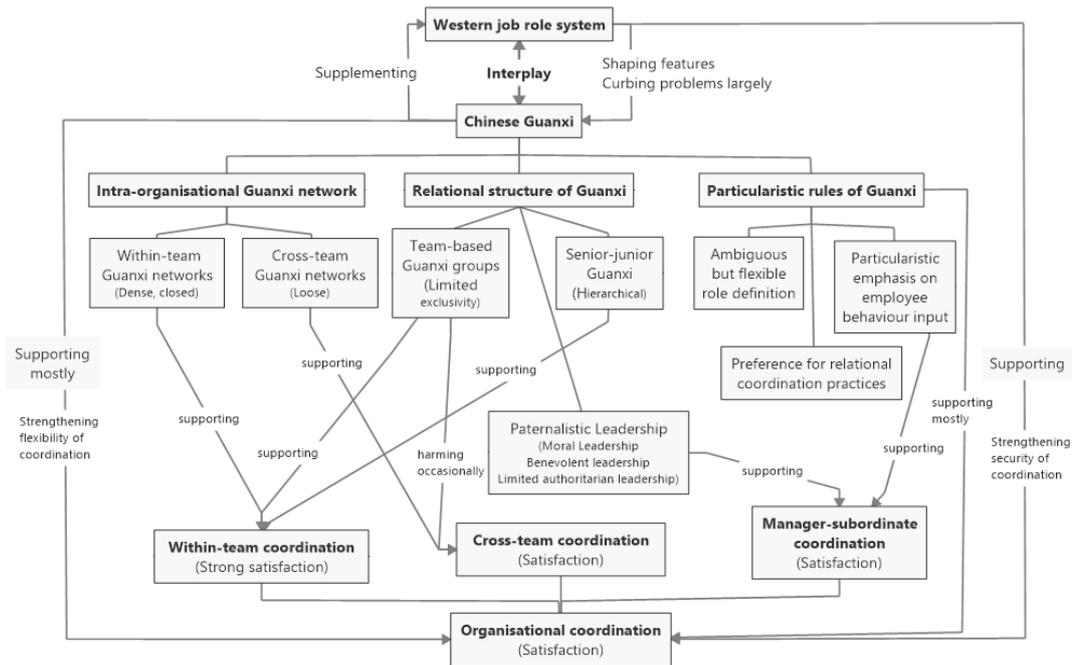


Figure 6.2 Joint effects of Chinese Guanxi and Western job role system on organisational coordination in Case Study III

First of all, the intertwining of informal Guanxi relationships and formal job role relations in the case study results in the formation of an intra-organisational Guanxi network and a relational structure of Guanxi embedded in the network. The intra-organisational Guanxi network consists of dense, closed within-team Guanxi networks with many strong, direct ties and loose cross-team Guanxi networks with many Stranger Guanxi and therefore indirect ties. Moreover, the relational structure of Guanxi comprises team-based Guanxi groups with some exclusivity, Paternalistic Leadership with limited authoritarian leadership and hierarchical Senior-junior Guanxi.

Then Guanxi interplays with the formal job role system as relational and formal coordination mechanisms through the intra-organisational Guanxi network, the relational structure of Guanxi and some particularistic rules. The intra-organisational Guanxi network supports the formal role coordination mechanism with collaborative and informational benefits, whilst the formal role coordination mechanism largely prevents relational obligations and values from overriding organisational obligations and values with limited negative outcomes of the Guanxi network unaddressed. Moreover, the team-based Guanxi groups, the Senior-junior Guanxi and the Paternalistic Leadership support the formal role coordination mechanism in within-team and manager-subordinate coordination with relational obligations. In the other direction, the formal role coordination mechanism largely curbs negative outcomes of the relational structure, though the team-based Guanxi groups sometimes harm cross-team coordination with their exclusivity, and the Paternalistic Leadership still brings an issue for dealing with problematic performance.

Third, the particularistic rules of Guanxi complement the formal role coordination mechanism by encouraging extra-role behaviour, promoting communication, collaboration and management control, and making up the light use of formal organisational systems and processes. In the opposite direction, the formal role coordination mechanism largely hinders negative outcomes of the particularistic rules but there is a difficulty in assessing individual performance under ambiguous role specification.

As a result, the interplay between Guanxi and the formal job role system leads to overall satisfaction with the organisational coordination by creating three integrating conditions for coordination. There is strong satisfaction with within-team coordination because dense within-team Guanxi networks, team-based Guanxi groups and Senior-junior Guanxi strongly supplements the formal role coordination mechanism. Furthermore, there is satisfaction with cross-team coordination as the loose cross-team Guanxi networks supports the formal role coordination mechanism, despite of some challenges. Moreover, there is satisfaction with manager-subordinate coordination because the Paternalistic Leadership and the formal performance management system complement each other. In addition, because the relational and formal coordination mechanisms have their own advantages in the security and flexibility of coordination, their combination supports the company to achieve the satisfactory organisational coordination under many emergent coordination demands.

It is concluded that while Chinese Guanxi and the Western job role system affect each other's practices in the case study, the organisation furthers the use of formal organisational systems and processes while accepting the influences of Guanxi. As mentioned above, while the company emphasises the use of light formal procedures and loose formal organisational rules, the case organisation utilises product development system and designs IT based tools to improve the accountability, predictability and common understanding for the coordination of work. Moreover, the organisation advocates the benefits of Guanxi but does not make sufficient efforts to amend its influences and eliminate its negative organisational outcomes. As a result, whilst Guanxi supplements the formal role coordination mechanism, the latter largely addresses the negative outcomes of the former, but not fully. Last, as discussed, there are some challenges in the cross-team coordination due to the existence of many Stranger Guanxi in the cross-team Guanxi networks and the light use of formal organisational systems and processes. These challenges may continue due to the preference for the light use of formal organisational systems and processes and the acceptance with the influences of Guanxi.

CHAPTER 7. CROSS-CASE ANALYSIS: RESEARCH QUESTION I

The next three chapters, Chapter 7, 8 and 9, compare the findings of three case studies in terms of the three primary research questions. By conducting cross-case analysis, these chapters identify the patterns of the case studies and look for explanations for their differences to further analysis of research findings. Moreover, these chapters discuss the findings of cross-case analysis in conjunction with the literature to extend the understanding of the three primary research questions.

The present chapter focusses on the cross-case analysis in relation to Research Question I: 'How do Guanxi relationships intertwine with formal job role relations, shaping social networks in Chinese organisations?' The previous within-case analysis identifies some themes on the intertwining of Guanxi relationships with formal role relations, as listed in **Table 7.1**.

<p>Theme 1. Impact of formal role relations on Guanxi relationships</p> <ul style="list-style-type: none">• Structural dimension• Relational dimension• Cognitive dimension <p>Theme 2. Impact of Guanxi relationships on formal role relations</p> <ul style="list-style-type: none">• Harmonious relationships and affective social exchange• Formation of team-based Guanxi groups• Formation of Paternalistic Leadership• Formation of Senior-junior Guanxi <p>Theme 3. Mapping Guanxi relationships in intra-organisational networks</p> <ul style="list-style-type: none">• Three types of Guanxi around formal role relations• Within-team and cross-team Guanxi networks

Table 7.1 Themes related to the intertwining of Guanxi relationships with formal role relations

This chapter presents the cross-case analysis on the three major themes list above: the impact of formal role relations on Guanxi relationships, the impact of Guanxi relationships on formal role relations and the mapping of Guanxi relationships in intra-organisational social networks.

7.1 Impact of formal role relations on Guanxi relationships

Sections 4.2.1, 5.2.1 and 6.2.1 indicate that formal job role relations have an impact on Guanxi relationships by affecting their structural, relational and cognitive features in the three case studies. This section describes the cross-case analysis on the impact of formal role relations on Guanxi relationships in the structural and relational dimensions, and then the cognitive dimension.

7.1.1 Structural and relational dimensions

The three case studies reveal that formal role relations shape access to Guanxi relationships, the relational contents of Guanxi relationships and the hierarchy of Guanxi relationships in the organisations. In the structural dimension, the design and functioning of formal job role relations affect the frequency and hierarchy of interpersonal interaction between employees. In the relational dimension, frequent interpersonal interaction shaped by formal role relations facilitates the development of interpersonal trust, affection, obligations and mutual understandings between employees. **Table 7.2** highlights similarities and differences in the findings.

Comparison	Case I	Case II	Case III
Structural dimension	<p>Similarities:</p> <ul style="list-style-type: none"> • More frequent interpersonal interaction between team members than between cross-team colleagues. • Frequent interpersonal interaction between team leaders. • Hierarchical interpersonal relationships between managers and subordinates. <p>Differences:</p>		
	<ul style="list-style-type: none"> • Team members with little task interdependence or working in different locations have limited interpersonal interaction. • Obvious hierarchical distance between managers and subordinates. • Hierarchical differentiation between senior and junior team members. 	<ul style="list-style-type: none"> • Frequent interpersonal interaction across teams. • Reduced hierarchical distance between managers and subordinates. • Removal of hierarchical differentiation between senior and junior team members. 	<ul style="list-style-type: none"> • Reduced hierarchical distance between managers and subordinates. • Hierarchical differentiation between senior and junior team members.
Relational dimension	<p>Similarities:</p> <ul style="list-style-type: none"> • Development of more interpersonal trust, affections and obligations and mutual understanding between team members than between cross-team colleagues. <p>Differences:</p>		
	<ul style="list-style-type: none"> • Competitive formal role relations in the sales team hinders the development of trust between sales staff. 	<ul style="list-style-type: none"> • Development of interpersonal affection between organisational members. • Development of generalised trust between organisational members. 	

Table 7.2 Cross-case comparison: impact of formal role relations on structural and relational dimensions of Guanxi

First of all, all the three case studies demonstrate that the setting and functioning of role relations affect the opportunities for interpersonal interaction by defining task interdependence between roles, team membership, physical proximity, team or cross-team meetings, organisational events, and length of time that employees work together. As a result, there is generally more frequent interpersonal interaction between team

members and between team leaders, members of management team, than between cross-team colleagues in all three case organisations. In terms of the differences between the case studies, in Case Study I, there is limited interpersonal interaction between some sales staff in charge of different sales regions with little task interdependence and between some quality control staff working in different offices. Such variation further demonstrates the effects of task interdependence and physical proximity on the frequency of interpersonal interaction. In Case Study II, there is quite frequent cross-team interpersonal interaction due to frequent employee-initiated cross-team job transfer and cross-team projects. Though Case Study III also has cross-team projects, they are often organised by management and not frequent. Such variation explains that by encouraging employee initiatives in cross-team job transfer and cross-team projects, Case Study II amends team membership and strengthens cross-team task interdependence, meetings and social events, greatly increasing the frequency of cross-team interpersonal interaction.

Moreover, all three case studies illustrate that there are more interpersonal trust, affection, obligations and mutual understanding developed within teams than across teams because frequent interpersonal interaction strengthens the development of relational contents through repetitive social exchange. However, Case Study II demonstrates that frequent cross-team job transfer limits the development of strong interpersonal affection developed former team members and promotes the development of interpersonal affection between cross-team colleagues by increasing cross-team interpersonal interaction. Moreover, the stress on family culture and on perceived organisational warmth in Case Study II results in the accumulation of interpersonal affection between organisational members, not just between team members. Furthermore, strong organisational values reinforced by formal performance assessments and collective performance reviews in Case Study II causes the creation of generalised trust between its organisational members. Due to the strong imprint of the organisational values on employee behaviour, the employees in Case Study II believe that their organisational members, even those with which they barely interact, are righteous, collaborative and constructive. In comparison, although Case Study III has developed similar organisational values, these are not so formally reinforced as to create generalised trust between its organisation members.

The findings on the effects of formal role relations on the frequency of interpersonal interaction and the development of relational contents enhance and extend the existing literature with empirical evidence and explanation. Scholars suggest that the position of employees in organisational structure shapes their access to relationships (Huby et al., 2014) so that there is sometimes a lack of social ties between employees whose job roles are horizontally differentiated (Oh et al., 2006). The case studies support these claims with empirical evidence that formal setting of job role relations provides more opportunities for team members to interact and develop interpersonal trust, affection, obligations and

mutual understanding than for cross-team colleagues. More importantly, the case studies explain how formal job role relations define task interdependence, team membership, physical proximity, team and cross-team meetings and length of time that employees work together, shaping the access of employees to interpersonal relationships and the development of the relational contents.

As a variation, Case Study II demonstrates that the lack of social ties between cross-team colleagues, whose job roles are horizontally differentiated, is a relative phenomenon rather than an absolute one. Gittell (2011) proposes that cross-team work organisation, such as cross-team projects and project-based rewards, job role design with flexible boundaries and work protocols spanning boundaries, could support the development of cohesive relationships across teams. Case Study II support the proposition of Gittell that the organisation greatly increases cross-team interpersonal interaction by promoting cross-team work organisation and flexible team boundaries. Moreover, Case Study II empirically proves that the organisation develops an affective organisational culture and reinforces the imprint of organisational values on employee behaviour to facilitate the development of interpersonal affection and generalised trust between organisational members. While many questions are unexamined regarding the effects of HR strategies and systems on relational exchange and interpersonal relationships in organisations (Mossholder et al., 2011), Case Study II extends existing understandings of how to promote the development of cross-team interpersonal relationships in both structural and relational dimensions.

In addition, all three case studies establish that the design and functioning of formal job role relations shape the hierarchy of interpersonal interaction. The formal organisational hierarchy defines the social status of and power distance between managers and subordinates, resulting in hierarchical Guanxi relationships between them. In comparison, while the hierarchical distance is obvious in Case Study I, Case Study II and Case Study III reduce the hierarchical distance by encouraging employee participation and offering both professional and managerial career ladders. Moreover, the functioning of formal role relations leads to hierarchical differentiation between senior and junior team members in Case Studies I and III, but not in Case Study II. Whereas Case Study I and Case Study III offer seniority-based compensation and rely on senior team members to lead the junior members in projects, Case Study II does not offer seniority-based compensation but requires senior and junior team members to take turns leading projects. The dissimilarities suggest that while the implementation of the Western job role system in Case Study II and Case Study III lessens the hierarchical distance between managers and subordinates, Case Study II goes further to remove the hierarchical differentiation between its senior and junior team members.

The findings of the case studies on the effects of formal role relations on the hierarchy of interpersonal interaction greatly increase the knowledge on the topic. According to Yuan (2013), Chinese sometimes perceive that manager-subordinate role relations can still be maintained after work. The case studies empirically demonstrate that formal hierarchical differentiation between managers and subordinates defines the social status of Chinese managers and subordinates beyond work. Moreover, Case Study I and Case Study III indicate that both organisations legitimise the hierarchical differentiation between senior and junior team members by offering seniority-based compensation and recognising the authority of the senior over the junior. While the social capital literature has mainly focussed on the horizontal structuring of social networks rather than their vertical structuring (Kwon and Adler, 2014), the case studies offers empirical evidence on how the design and function of formal role relations shape the hierarchy of interpersonal relationships not only between managers and subordinates but also between senior and junior team members.

Besides, the case studies provide important insights into how the implementation of the Western job role system reduces the traditional respect for Confucian authority in Guanxi relationships. Scholars advise that the introduction of Western management practices in Chinese organisations may affect the practices of Confucian authority, because delegation and employee initiatives are central ingredients of Western management practices in low-power distance cultures (Ahlstrom et al., 2013; Hong and Engeström, 2004; Björkman and Lu, 1999). After implementing Western formal job role system, Case Study II and Case Study III reduce the perceived hierarchical distance between managers and subordinates by encouraging employee participation and offering both professional and managerial career ladders, while Case Study II further removes the hierarchical differentiation between senior and junior team members by providing no seniority-based compensation and encouraging junior team members to lead projects. Therefore, the case studies offer empirical evidences on how different levels of the implementation of the Western job role system and associated HR practices reduce the traditional respect for Confucian authority to different extent.

As a result, the case studies increase the knowledge of how formal role relations shape access to Guanxi relationships, the relational contents of Guanxi relationships and the hierarchy of Guanxi relationships in Chinese organisations. In particular, the case studies support the limited existing literature on the topic and extend existing understandings with empirical evidences.

7.1.2 Cognitive dimension

In the cognitive dimension, the three case studies indicate that the design and functioning of formal role relations require employees to prioritise organisational rather than relational obligations and values. **Table 7.3** shows the similarities and differences of the findings.

Comparison	Case I	Case II	Case III
Cognitive dimension	Similarities: <ul style="list-style-type: none"> • Emphasis on organisational rather than relational obligations and values. • Task interdependence enhances the intention to develop interpersonal relationships. • Conflicts between organisational and relational obligations discourage close interpersonal relationships. Differences: <ul style="list-style-type: none"> • Relational obligations and values often override organisational obligations and professional values. • Organisational obligations and values are prioritised. • Organisational obligations and values are prioritised. • Relational obligations are still perceived as important. 		

Table 7.3 Cross-case comparison: impact of formal role relations on cognitive dimension of Guanxi

The employees in all three organisations recognise the importance of placing organisational obligations first and being rational without letting personal feelings jeopardise work or turning work-related issues into personal issues. Due to the need to fulfil organisational obligations, task interdependence between employees enhances their intention to build interpersonal relationships, but the conflicts between organisational and relational obligations discourage them from developing close interpersonal relationships in all three case studies.

However, in Case Study I, relational obligations often override organisational obligations, and work-related conflicts often become relational conflicts. As a result, employees have a strong tendency to avoid conflicts in interpersonal interaction and prefer to use indirect expressions or keep silent about controversial views to maintain interpersonal harmony and preserve each other's Face (Section 4.2.2). In contrast, in Case Study II and Case Study III, employees feel comfortable expressing controversial views because organisational obligations are prioritised and task-related conflicts seldom turn into relational conflicts. Especially in Case Study II, employees collaborate even if they dislike each other (Section 5.3.1). As an explanation for these variations, the effective functioning of the formal performance management system and the formal development of the organisational cultures and values in Case Study II and Case Study III prevent relational obligations and values from overriding organisational obligations and values. In particular, Case Study II further strengthens such effects by formally reinforcing its organisational values.

The above findings suggest that the implementation of the Western job role system reduces the centrality of Guanxi in Chinese organisations. Huang et al. (2011) and Child and Warner (2003) suggest that Chinese employees dissociate themselves from Chinese traditional values due to the introduction of Western managerial norms. In all three case studies, the design and functioning of formal role relations require employees to prioritise organisational obligations and, as a result, discourage the development of close Guanxi relationships. This replicated finding offers empirical evidence that the implementation of Western job role system weakens Guanxi relationships in Chinese organisations. Moreover, while Western management practices have a rationalistic paradigm (Scott and Davis, 2016), the finding that employees recognise the importance of being rational but of not letting personal feelings jeopardise work nor turning work-related issues into personal issues demonstrate that the implementation of Western job role system lessens the relational values of Guanxi. Furthermore, Chua et al. (2009) posit that the gradual adoption of Western management practices could change the use of Guanxi in organisational context (e.g. favouritism based on interpersonal relationships). Case Study II supports the prediction with the evidence that the strong imprint of organisational values on employee behaviour ensures employees to collaborate even if they dislike each other.

The variation in the findings offers empirical explanations of how the implementation of Western job role system reduces the centrality of Guanxi in Chinese organisations. The variation in Case Study I demonstrates that the effective functioning of the formal performance management system and the formal development of organisational culture and values are important for enforcing organisational obligations and values. The variation in Case Study II explains that formal assessments of employee behaviour against organisational values further enhances the capacity of the Western job role system on weakening the relational values of Guanxi.

As a result, the case studies increase the knowledge of how the implementation of the Western job role system reduces the centrality of Guanxi in Chinese organisations by stressing and reinforcing organisational obligations and values. While there is a lack of research on how Guanxi-related values are changing in Chinese management (Section 2.3.1), the case studies extend the existing literature on this topic with empirical evidences.

7.2 Impact of Guanxi relationships on formal role relations

Though the implementation of Western job role system reduces the centrality of Guanxi in Chinese organisations, Sections 4.2.2, 5.2.2 and 6.2.2 show that Guanxi relationships strongly affect interpersonal interaction and social exchange in formal working

relationships. This section presents the cross-case analysis on the impact of Guanxi relationships on formal role relations due to the emphasis on harmony and the reciprocity of Renqing and due to familial collectivism and Confucian hierarchical ethics.

7.2.1 Harmonious Guanxi relationships and affective social exchange

The case studies indicate that due to the emphasis of Guanxi on harmony and the reciprocity of Renqing, employees strive to maintain harmonious interpersonal relationships and engage in long-term affective social exchange. There are some similarities and differences between the case studies, as listed in **Table 7.4**.

Comparison	Case I	Case II	Case III
Harmonious relationships & affective social exchange	Similarities: <ul style="list-style-type: none"> • Employees strive to maintain harmonious interpersonal relationships. • Employees engage in long-term affective exchange under the reciprocity of Renqing. • Affective social exchange causes an overlap of private and professional relationships. Differences: <ul style="list-style-type: none"> • Strong tendency of conflict avoidance to maintain harmony and preserve Face. 		

Table 7.4 Cross-case comparison: impact of the emphasis on harmony and the reciprocity of Renqing on formal role relations

Due to the emphasis of Guanxi on harmony, the employees in the three organisations carefully adjust themselves in interpersonal interaction to maintain harmony and endeavour not to jeopardise it. In particular, employees in Case Study I have a strong tendency to avoid conflicts to maintain relational harmony and preserve each other's Face in interpersonal interaction. As a result, conflicting parties often return to superficial harmony after their conflicts become public. Such variation in Case Study I proves the strong influence of the relational values of Guanxi due to the lack of formal development of organisational values.

Moreover, due to the long-term reciprocity of Renqing, employees in all three organisations are willing to offer favours without an expectation of immediate returns, but with an expectation of future social exchange and long-term interpersonal relationships. While Renqing entails the element of empathy for the development of affection—the emotional attachment of Guanxi, employees engage in affective social exchange with each other, blurring the boundary between private and professional relationships.

The case studies support the existing literature about the emphasis on long-term relationships and the maintenance of Face and harmony in Chinese organisations (Wright et al., 2000). More importantly, the three case studies offer empirical explanations for the

overlap of private and professional relationships in Chinese organisations. Yuan (2013) identifies the pervasive overlap between formal organisational relationships and informal Guanxi relationships in Chinese organisations but has not explained how this occur. The case studies explain that because of the essentialness of developing affection in Guanxi relationships, Chinese employees engage in affective social exchange in both working life and private life, blurring the boundaries of private and professional relationships.

7.2.2 Formation of relational structure of Guanxi

The case studies indicate that the familial collectivism of Guanxi and Confucian ethics in hierarchical Guanxi relationships lead to the formation of team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi, which constitute the relational structure of Guanxi. **Table 7.5** summarises the similarities and differences in the findings of the three case studies.

	Case I	Case II	Case III
Formation of team-based Guanxi groups	Similarities: <ul style="list-style-type: none"> Familial collectivism within teams results in the formation of team-based Guanxi groups. Differences: <ul style="list-style-type: none"> Strong exclusivity of team-based Guanxi groups. 	<ul style="list-style-type: none"> No exclusivity of team-based Guanxi groups. Familial collectivism between organisational members, which is strong within teams. 	<ul style="list-style-type: none"> Some exclusivity of team-based Guanxi groups.
Formation of Paternalistic Leadership	Similarities: <ul style="list-style-type: none"> Confucian relational obligations lead to the formation of Paternalistic Leadership. Existence of benevolent, ethical and authoritarian leadership. Differences: <ul style="list-style-type: none"> Strong authoritarian leadership. 	<ul style="list-style-type: none"> Limited authoritarian leadership. 	<ul style="list-style-type: none"> Limited authoritarian leadership.
Formation of Senior-junior Guanxi	Similarities: <ul style="list-style-type: none"> Confucian relational obligations lead to the formation of Senior-junior Guanxi. Differences: <ul style="list-style-type: none"> Hierarchical differentiation in Senior-junior Guanxi. 	<ul style="list-style-type: none"> No hierarchical differentiation in Senior-junior Guanxi. 	<ul style="list-style-type: none"> Hierarchical differentiation in Senior-junior Guanxi.

Table 7.5 Cross-case comparison: impact of familial collectivism and Confucian hierarchical ethics on formal role relations

First of all, all three case studies illustrate that the presence of familial collectivism within teams causes the formation of team-based Guanxi groups. While formal team differentiation leads to relatively strong affective exchange between team members, there is an awareness of mutual dependence, a preference for family-like interaction and a preference to view organisation structure as an extension of family. In comparison, there is a preference for hierarchical power structure within the teams in Case Study I, but not

Case Study II and Case Study III where the respect for Confucian authority is reduced. Moreover, in Case Study I, the familial collectivism is observed between organisational members because the organisation develops a family culture as a key element of its organisational culture, while the familial collectivism is strong within teams. As a result, team members exchange favour for both professional and private needs and share mutual benefits eligible for the members of their team, building team-based Guanxi groups in the three organisations. In contrast, the team-based Guanxi groups in Case Study I have strong exclusivity, because the team members in the organisation protect each other, blame other teams for problems that occur and stand by the side of their team leaders during conflicts. The team-based Guanxi groups in Case Study III also has some, but not much, exclusivity after implementing Western job role system. However, Case Study II eliminates the exclusivity of team-based Guanxi groups with frequent employee-initiated cross-team job transfer and projects and strong emphasis on the organisation as a large family and collectivity.

These findings on the presence of familial collectivism and the formation of team-based Guanxi groups increase the knowledge on these topics. Wong and Kong (2017) find that some Chinese hotels claim the organisation to be a family and address some colleagues as family members. The case studies extend the literature on the persistence of familial collectivism in Chinese organisations by identifying the existence of key features such as an awareness of mutual dependence, a preference for family-like interaction and a preference to view organisational structure as an extension of family. Although Case Study II and Case Study III reduce the preference for hierarchical power structure, Case Study II strengthens the presence of familial collectivism. The case studies therefore offer empirical evidences on how Chinese organisations reduce or enhance the presence of familial collectivism in the use of Western job role system. Moreover, Luo and Cheng (2015) find that Chinese tend to develop ego-centred Guanxi circles at group level; and between groups there is sometimes poor communication, misunderstanding and even political fighting. The three case studies demonstrate how formal team differentiation shapes employee choices in the development of team-based Guanxi groups under the familial collectivism of Guanxi. The variation in Case Study II further explains how to eliminate the exclusivity of team-based Guanxi groups. While there is a lack of literature on the impact of Guanxi on group dynamics in organisations (Chou et al., 2006), the case studies offer empirical evidences on the dynamics of Guanxi at the group level.

Second, all three case studies reveal that Confucian mutual obligations on the roles of managers and subordinates result in the development of Paternalistic Leadership. Under formal hierarchical differentiation, the mutual obligations under Confucian ethics include the benevolence, morality and authority of managers and the respect and obedience of subordinates. In the three case studies, benevolent leadership, moral leadership and

authoritarian leadership, which compose Paternalistic Leadership, are observed. To compare, there is strong authoritarian leadership in Case Study I but limited authoritarian leadership in Case Study II and Case Study III. After implementing Western job role system, the two large organisations reduce the hierarchical distance between managers and subordinates by encouraging employee participation and offering both managerial and professional career ladders.

The existing literature has highlighted the presence and consequences of Paternalistic Leadership in Chinese organisations (Section 2.1.2 and 2.3.3). The three case studies increase the knowledge on Paternalistic Leadership by explaining that it is developed due to the Confucian relational obligations perceived by managers and subordinates. Moreover, Case Study II and Case Study III reduce the emphasis on authoritarian leadership by encouraging employee participation and offering both professional and managerial career ladders. Because Western management practices use formal organisational provisions for organisational control (Westrup and Liu, 2008), the effective functioning of the formal performance management system in both large organisations makes it possible to reduce the need for authoritarian leadership for informal organisational control. Therefore, the three case studies offer empirical explanations of how the implementation of Western job role system amends the features of Paternalistic Leadership in Chinese organisations.

Third, Case Study I and Case Study III reveal Confucian mutual obligations in hierarchical Senior-junior Guanxi, while the two organisations legitimise the hierarchical differentiation between senior and junior team members. Such relational obligations are not found in the Senior-junior Guanxi in Case Study II because the organisation removes the hierarchical differentiation by encouraging the juniors to lead projects with senior participants and does not offer seniority-based compensation. Scholars like Cooke (2013) find that the idea of seniority still has an impact on Chinese organisations. However, there is limited literature on the Guanxi relationships between senior and junior employees (2.3.3). The case studies demonstrate that while Confucianism assumes hierarchical Guanxi relationships between senior and junior individuals (Farh and Cheng, 2000), there is often hierarchical differentiation between senior and junior team members. This requires deliberate efforts to remove such hierarchical differentiation in Chinese organisations. Therefore, the case studies offer empirical explanations of the development of hierarchical or non-hierarchical Senior-junior Guanxi in Chinese organisations.

The above findings demonstrate that the familial collectivism of Guanxi and Confucian hierarchical ethics have a strong influence on interpersonal relationships in Chinese organisations, though the implementation of Western job role system reduces the centrality of Guanxi in Chinese management. The strong exclusivity of team-based Guanxi

groups and strong authoritarian leadership in Case Study I but not Case Study II and Case Study III suggest that the implementation of the Western job role system has weakened the relational obligations and values of Guanxi in the two large organisations. Moreover, Case Study II, which eliminates the exclusivity of team-based Guanxi groups and the hierarchical differentiation in Senior-junior Guanxi, demonstrates that the organisation has further amended the features of Guanxi relationships. Such variation may be because the senior management in Case Study II has a critical view of Guanxi and therefore make efforts to amend its effects; but the management in Case Study I and Case Study III has a positive view of Guanxi and thus has not made similar efforts.

With these findings, the three case studies reveal how Chinese employees conceive their relationships with their team members and managers under familial collectivism and Confucian hierarchical social system. While team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi constitute the relational structure of Guanxi, the case studies identify the existence of a relational structure parallel to the formal organisational structure. The existing literature suggests the overlap between formal organisational relationships and informal interpersonal relationships in Chinese organisations (Yuan, 2013). The case studies further the understanding of the overlap by identifying the intertwining of the relational structure with the formal organisational structure. Besides, the case studies not only offer empirical explanations on the development of such relational structure in the intertwining of Guanxi relationships and formal role relations, but also shed lights on how the differential functioning of formal role relations amends the features of the relational structure in Chinese organisations.

7.3 Mapping Guanxi relationships in intra-organisational networks

This section focusses on mapping different types of Guanxi in intra-organisational Guanxi networks. Sections 4.2.3, 5.2.3 and 6.2.3 identify three types of Guanxi relationships around formal role relations and then outline the features of intra-organisational Guanxi networks in the three organisations. The cross-case analysis here compares the types of Guanxi relationships around formal role relations and within-team Guanxi networks and cross-team Guanxi networks in the three organisations.

7.3.1 Three types of Guanxi in formal role relations

The three case studies indicate the existence of all three types of Guanxi relationships in the formal role relations. **Table 7.6** compares the types of within-team, cross-team and manager-subordinate Guanxi relationships in the three case studies.

Comparison	Case Study I	Case Study II	Case Study III
Within-team relationships	Similarities: <ul style="list-style-type: none"> Family-like Guanxi in minority & Familiar Guanxi in majority 		
Cross-team relationships	Similarities: <ul style="list-style-type: none"> Family-like Guanxi in minority Differences: <ul style="list-style-type: none"> Many Familiar Guanxi Many Stranger Guanxi 		
Manager-subordinate relationships	Similarities: <ul style="list-style-type: none"> Family-like Guanxi in minority & Familiar Guanxi in majority 		

Table 7.6 Cross-case comparison: three types of Guanxi around formal role relations

All three case studies discover that Family-like Guanxi is a minority in these organisations because the conflicts between organisational and relational obligations discourage employees from developing close Guanxi relationships. Moreover, all the case studies demonstrate that within-team Guanxi relationships are closer than cross-team Guanxi relationships due to more frequent interaction and the development of more trust, affection, obligations and mutual understanding within teams. Furthermore, due to the relatively lack of task interdependence across teams, there is Stranger Guanxi with little or limited interpersonal interaction between some, but not all, cross-team colleagues. As a result, there is less Familiar Guanxi and more Stranger Guanxi across teams than within teams, while Familiar Guanxi is a majority in both within-team and manager-subordinate relationships.

There are some variations among the case studies. In both Case Study I and Case Study III, cross-team interpersonal relationships include many semi-close Familiar Guanxi and also many distant Stranger Guanxi. However, Familiar Guanxi is prevalent in the cross-team interpersonal relationships in Case Study II. In the organisation, frequent employee-initiated cross-team job transfers and projects lead to frequent cross-team interpersonal interaction, and the family culture and the formally reinforced organisational values facilitate the development of interpersonal affection and generalised trust between organisational members. Moreover, in Case Study I and Case Study III, close Family-like Guanxi in manager-subordinate interpersonal relationships is found between team leaders and senior team members because the team leaders rely on the senior team members to lead the junior members so that they have relatively strong task interdependence. In contrast, in Case Study II, close manager-subordinate Guanxi relationships are often based on shared experiences while the organisation makes deliberate efforts to remove the hierarchical differentiation between its senior and junior team members.

These findings greatly extend current understanding of the types of Guanxi relationships in Chinese organisations. The existing literature suggests the presence of Familiar Guanxi in Chinese organisations but has not distinguished different types of Guanxi among organisational members (Luo, 2011). The three case studies identify the types of Guanxi in within-team, cross-team and manager-subordinate interpersonal relationships. Moreover, the three case studies offer empirical explanations on how the design and functioning of formal role relations affect the frequency of interpersonal interaction and the development of trust, affection and mutual understanding within teams, across teams and between managers and subordinates. In addition, the three case studies demonstrate that the functioning of formal role relations discourages the development of close Family-like Guanxi with the stress on organisational obligations and values, but also strengthen the intention to develop Guanxi relationships with task interdependence. Such findings explain why Familiar Guanxi—the semi-close interpersonal relationships (Chen et al., 2004) is prevalent in Chinese organisations.

7.3.2 Within-team and cross-team Guanxi networks

The intra-organisational Guanxi networks in the three case studies consist of dense, closed within-team Guanxi networks and loose cross-team Guanxi networks. In all three organisations, the within-team Guanxi networks composed of Familiar Guanxi as a majority and Family-like Guanxi as a minority are dense networks with relatively strong, multiplex and direct ties and have some levels of network closure due to team membership; the cross-team Guanxi networks are loose with the existence of Stranger Guanxi and, thus, indirect ties. To compare, Case Study II greatly increases the presence of Familiar Guanxi across teams and therefore the cross-team Guanxi networks are denser in Case Study II than in Case Study I and III. **Table 7.7** highlights the similarities and differences.

Comparison	Case Study I	Case Study II	Case Study III
Within-team Guanxi networks	Similarities: <ul style="list-style-type: none"> Dense, closed Guanxi networks with relatively strong, multiplex and direct ties 		
Cross-team Guanxi networks	Similarities: <ul style="list-style-type: none"> Loose Guanxi networks with the existence of Stranger Guanxi and thus indirect ties Differences: <ul style="list-style-type: none"> Existence of many Stranger Guanxi Moderate density with Stranger Guanxi as a minority Existence of many Stranger Guanxi 		

Table 7.7 Cross-case comparison: within-team and cross-team Guanxi networks

According to Section 2.3.2, there remains a question on whether the Guanxi networks in Chinese organisations have more features of bonding social capital or bridging social capital. The three case studies provide empirical insights into the question. The social capital literature differentiates two types of social capital: bonding social capital emerging

from closed, dense networks consisting of fairly homogeneous, strong and multiplex relationships and bridging social capital emerging from loose networks consisting of indirect and weak ties due to the gaps between disconnected people (Gao et al., 2013; Ellison et al., 2015). While Guanxi may be a combination of bonding and bridging social capital in 'more-or-less' categorisation (Section 2.1.3), the within-team Guanxi networks may present more features of bonding social capital, and the cross-team Guanxi networks may present more features of bridging social capital. Therefore, the case studies create important knowledge on the features of the intra-organisational Guanxi networks in Chinese organisations. More importantly, while demonstrating how the design and functioning of formal role relations shape the types of Guanxi relationships within teams, across teams and between managers and subordinates, the case studies offer empirical explanations of the formation of bonding and bridging of social capital in intra-organisational Guanxi networks.

In addition, Case Study II demonstrates that the organisation has increased the bonding social capital in its cross-team Guanxi networks by promoting cross-team interpersonal interaction and the development of generalised trust and interpersonal affection between organisational members. Hom and Xiao's (2011) survey study posit that empowered teams, flexible work designs and collective incentives reinforce the network closure of Guanxi in Chinese organisations. Case Study II offers empirical explanations of how frequent employee-initiated cross-team job transfers and projects, formally-reinforced organisational values and family culture in the organisation create the structural and relational features of cross-team Guanxi relationships required by the bonding social capital. In other words, Case Study II provides an empirical example of how to develop bonding social capital in cross-team Guanxi networks and thus to increase the bonding social capital in intra-organisational Guanxi networks. Overall, the three case studies offer empirical insights into how the dynamic intertwining of Guanxi relationships and formal role relations creates bonding and bridging social capital at the group level and organisation level.

7.4 Summary

The three case studies yield important knowledge for answering Research Question I: How Guanxi relationships intertwine with formal job role relations, shaping social networks in Chinese organisations? **Figure 7** highlights key themes on the intertwining of Guanxi relationships with formal job role relations that emerge from the case studies.

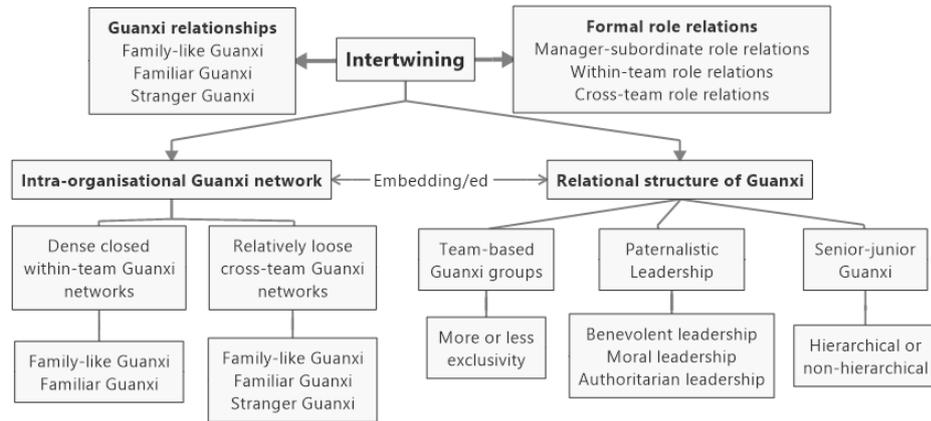


Figure 7 Intertwining of Guanxi relationships with formal role relations

At the dyadic level, the three case studies illustrate how the intertwining of Guanxi relationships with formal job role relations results in the development of hierarchical and non-hierarchical ties and three types of Guanxi relationships in Chinese organisations. While little research has investigated intra-organisational social networks composed of both vertical and horizontal ties (Luo et al., 2016), the three case studies offer empirical evidence on how the intertwining of formal and informal relationships causes the formation of hierarchical Guanxi relationships between managers and subordinates and sometimes between senior and junior team members and non-hierarchical Guanxi relationships between the rest employees. Moreover, while there is limited literature identifying different types of Guanxi among organisational members (Section 2.3.2), the case studies explain how the intertwining of Guanxi relationships and formal role relations leads to the development of Family-like Guanxi, Familiar Guanxi and Stranger Guanxi in within-team, cross-team and manager-subordinate interpersonal relationships.

At the network level, the three case studies demonstrate how the intertwining of Guanxi relationships and formal role relations results in the formation of intra-organisational Guanxi network consisting of dense, closed within-team Guanxi networks and relatively loose cross-team Guanxi networks. While there is a limited understanding of whether the Guanxi networks in Chinese organisations have more features of bonding social capital or bridging social capital (Section 2.3.2), the case studies offer empirical explanations of how the dynamic intertwining leads to more bonding social capital in within-team Guanxi networks and more bridging social capital in cross-team Guanxi networks. More importantly, Case Study II offers an empirical example of how to increase bonding social capital in cross-team Guanxi networks. Furthermore, the three case studies indicate that embedded in the intra-organisational Guanxi networks, there is the relational structure composed of team-based Guanxi groups, Paternalistic Leadership and hierarchical or

non-hierarchical Senior-junior Guanxi. While there is lack of research on the structuring of social networks in Chinese firms, such as the density, connectivity and hierarchy of social ties (Section 2.3.2), the findings on the relational structure greatly further the knowledge of the hierarchy of intra-organisational Guanxi networks in Chinese organisations.

In addition, the three case studies elaborate that the Western job role system and Chinese Guanxi compete and weaken the practices of each other in the intertwining of formal and informal relationships in Chinese organisations. As found, first, relational obligations and values often override organisational obligations and professional values in Case Study I but not Case Study II and III, and team-based Guanxi groups have strong exclusivity in Case Study I but not in Case Study II and III. Such variation justifies empirically that Guanxi-related obligations and values surpass organisational obligations and values without the enforcement of a formal performance management system and formally developed organisational culture and values. Second, there is strong authoritarian leadership in Case Study I but limited authoritarian leadership in Case Study II and Case Study III. Such differences offer empirical evidence that the complete implementation of Western job role system lessens the traditional respect for Guanxi on Confucian authority. Third, while management has a critical view about organisational outcomes of Guanxi in Case Study II but a rather positive view in Case Study III, Case Study II has further eliminated the hierarchical differentiation in Senior-junior Guanxi and the exclusivity of team-based Guanxi groups. In other words, the management perceptions on the organisational outcomes of Guanxi also have an impact on the competition between the Western job role system and Chinese Guanxi.

Whereas there is a lack of research on how the transfer of Western management practices to China alters of the influence of Guanxi in Chinese management (Section 2.3.1), the case studies offer empirical evidence on how the implementation of Western job role system reduces the centrality of Guanxi and the respect for Confucian authority in Chinese organisations. The variations in the findings of the case studies indicate that the extent to which a Western job role system is introduced and differential management perceptions on Guanxi affect the degree to which the Western job role system reduces the centrality of Guanxi and the respect for Confucian authority in Chinese organisations.

To conclude, the three case studies enrich empirical understanding of how the intertwining of Guanxi relationships with formal job role relations shapes interpersonal relationships and intra-organisational social networks in Chinese organisations. Moreover, the case studies increase empirical knowledge of how Chinese Guanxi and Western job role system interplay in the intertwining of Guanxi relationships with formal role relations.

CHAPTER 8. CROSS-CASE ANALYSIS: RESEARCH QUESTION II

The present chapter focuses on the cross-case analysis in relation to Research Question II: 'How do Chinese Guanxi and Western job role system interplay as relational and formal coordination mechanisms in Chinese organisations?' The three case studies have identified some themes related to Research Question II, as listed in **Table 8.1**.

<p>Theme 1. Guanxi networks interplaying with formal role coordination mechanism</p> <ul style="list-style-type: none">• Effects of Family-like, Familiar and Stranger Guanxi• Effects of within-team and cross-team Guanxi networks <p>Theme 2. Relational structure interplaying with formal role coordination mechanism</p> <ul style="list-style-type: none">• Effects of Team-based Guanxi groups• Effects of Paternalistic Leadership• Effects of Senior-junior Guanxi <p>Theme 3. Particularistic rules interplaying with formal role coordination mechanism</p> <ul style="list-style-type: none">• Effects of ambiguous but flexible task distribution• Effects of a preference for relational coordination practices• Effects of a particularistic emphasis on employee behaviour input

Table 8.1 Themes on the interplay between relational and formal coordination mechanisms

This chapter presents the cross-case analysis on three major themes: intra-organisational Guanxi networks interplaying with formal role coordination mechanism, relational structure of Guanxi interplaying with formal role coordination mechanism, particularistic rules of Guanxi interplaying with formal role coordination mechanism.

8.1 Guanxi networks interplaying with formal role coordination mechanism

Sections 4.3.1, 5.3.1 and 6.3.1 analyse the effects of three types of Guanxi relationships and the double-edged effects of within-team and cross-team Guanxi networks interplaying with formal role coordination mechanism in the three organisations. This section elaborates the cross-case analysis on the effects of Guanxi relationships and Guanxi networks

8.1.1 Effects of Family-like, Familiar and Stranger Guanxi

Before discussing the effects of intra-organisational Guanxi networks comprising of three types of Guanxi relationships, the three case studies identify the effects of the different types of Guanxi on the coordination of work. **Table 8.2** shows the cross-case comparison and indicates that the three types of Guanxi relationships have similar effects across the case studies.

Comparison	Case I	Case II	Case III
Effects of Guanxi relationships	Similarities: <ul style="list-style-type: none"> • Family-like Guanxi has strong collaborative capacity due to strong interpersonal affection and strong informational capacity by improving the quality of information sharing. • Familiar Guanxi has strong collaborative capacity with long-term reciprocity of Renqing and strong informational capacity by improving the amount of information sharing. • Stranger Guanxi has some collaborative capacity due to the emphasis on relational collectivism and the potential to initiate Renqing exchange. 		

Table 8.2 Cross-case comparison: coordination effects of three types of Guanxi relationships

The three case studies discover that the three types of Guanxi all have collaborative and informational capacity but at different levels. First, close Family-like Guanxi have strong collaborative capacity because strong interpersonal affection results in affective but not instrumental social exchange and greatly promotes proactive mutual support, mental and physical, between the employees in such close Guanxi relationships. Moreover, Family-like Guanxi have strong informational capacity because strong interpersonal trust, relational obligations and abundant interpersonal interaction greatly improve the quality of information sharing. In addition, Family-like Guanxi even promotes the collaboration and information sharing in competitive formal role relations due to the affective but not instrumental social exchange, as found in Case Study I.

Second, semi-close Familiar Guanxi also has strong collaborative and informational capacity but in different ways. Despite being less affective but more instrumental, Familiar Guanxi strongly facilitates interpersonal collaboration with the reciprocity of Renqing, which locks employees in long-term and affective, but not purely calculative, social exchange so that they are willing to offer favours to each other without an expectation of immediate return and with empathy. Furthermore, Familiar Guanxi greatly increases the amount of information sharing by providing communication channels, widening information sources and smoothing communication with interpersonal understanding and trust developed in previous interaction.

Third, distant Stranger Guanxi with little or limited interpersonal interaction still has some collaborative capacity due to the concept of relational collectivism and the potential to initiate Renqing. With an awareness of relational collectivism, Chinese employees in Stranger Guanxi are conscious of the possibility of future interaction and social exchange and, therefore, often have cooperative attitudes towards each other. Sometimes Chinese employees even proactively offer a favour to others to initiate Renqing and Guanxi relationships to obtain collaboration.

With the above findings, the three case studies increase the existing literature on the effects of three types of Guanxi relationships. Wong and Tjosvold (2010) finds quantitative

evidence that close Guanxi relationships have more positive effects on the collaboration between competitors than weak Guanxi relationships do. The case studies support such finding and further explain that the advantage of Family-like Guanxi in the collaboration between competitors is due to strong affective but not instrumental social exchange in Family-like Guanxi. Moreover, Chen (2012) discovers survey evidence that higher level of expressive ties promotes knowledge sharing more than higher level of instrumental ties do. The case studies extend the existing understanding by explaining that strong interpersonal trust, relational obligations and abundant interpersonal interaction greatly improve the quality of information sharing in most affective Family-like Guanxi. Furthermore, Qi (2013) posits that the implicit and informal contract in Guanxi relationships introduces assurance for future exchange and promote future collaboration. The three case studies demonstrate empirically that semi-close Familiar Guanxi have strong collaborative capacity due to the long-term affective social exchange locked by the reciprocity of Renqing. The case studies also explain empirically that Familiar Guanxi have strong informational capacity by increasing the amount of information sharing.

In addition, Herrmann-Pillath (2010) proposes that Guanxi is a unique combination of bonding and bridging social capital in 'more-or-less' categorisation because even weak Guanxi relationships can provide cement for social interaction with the essential element of affection and because Guanxi participants are able to construct their own egocentric relationships. The case studies not only support such claim but also explain that with the awareness of relational collectivism, distant Chinese employees can initiate Renqing to construct and develop Guanxi relationships for the purpose of collaboration. To sum up, the case studies increase existing knowledge by offering empirical explanations of the differential levels of collaborative and information benefits of the three types of Guanxi.

8.1.2 Effects of within-team and cross-team Guanxi networks

The case studies show that intra-organisational Guanxi networks consisting of Family-like, Familiar and Stranger Guanxi create collaborative and informational benefits while interplaying with formal role coordination mechanism. However, Case Study I indicates many negative organisational outcomes of its intra-organisational Guanxi network interplaying with the formal role coordination mechanism. **Table 8.3** lists the similarities and differences in the findings of the three case studies.

Comparison	Case I	Case II	Case III
Positive outcomes	Similarities: <ul style="list-style-type: none"> • Within-team Guanxi networks greatly promote effective collaboration and information sharing for within-team coordination. • Cross-team Guanxi networks facilitate collaboration and information sharing and offer a potential large pool of resources for cross-team coordination. • Intra-organisational Guanxi networks support formal role coordination mechanism with collaborative and informational benefits. Differences: <ul style="list-style-type: none"> • Some collaborative and informational benefits of cross-team Guanxi networks. • Moderate collaborative and informational benefits of cross-team Guanxi networks. • Benefits of Guanxi networks are enhanced by formal role mechanism. • Some collaborative and informational benefits of cross-team Guanxi networks. 		
Negative outcomes	Similarities: <ul style="list-style-type: none"> • None Differences: <ul style="list-style-type: none"> • Relational obligations and helping behaviour work against organisational expectations. • Many relational conflicts harm collaboration. • Some closed Guanxi networks damage the interests of outsiders and the company. • Negative outcomes of Guanxi networks are curbed by formal role mechanism. • Negative outcomes of Guanxi networks are curbed by formal role mechanism. 		

Table 8.3 Cross-case comparison: effects of intra-organisational Guanxi networks

The three case studies indicate that while both within-team and cross-team Guanxi networks offer collaborative and information benefits, they have distinct advantages in facilitating the coordination of work. Dense, closed within-team Guanxi networks have an advantage in promoting effective collaboration and information sharing within teams because they are composed of Familiar Guanxi as a majority and Family-like Guanxi as a minority. Loose cross-team Guanxi networks have less collaborative and informational benefits due to the existence of Stranger Guanxi. However, loose cross-team Guanxi networks have the advantage of offering a potential large pool of resources and information due to the large size of the networks and because cross-team colleagues in Stranger Guanxi can initiate Renqing to access external resources. In terms of variations, Case Study II greatly increase the presence of Familiar Guanxi in cross-team Guanxi networks by promoting frequent cross-team interpersonal interaction and the development of generalised trust and interpersonal affection between organisational members. With the prevalence of Familiar Guanxi, cross-team Guanxi networks in Case Study II have more collaborative and informational benefits than those in Case Study I and Case Study III.

The above findings demonstrate the benefits of Guanxi as a form of social capital. According to Riemer and Klein (2008) and Gargiulo and Benassi (2000), social capital produces mainly collaborative and informational benefits. The case studies illustrate that intra-organisational Guanxi networks offer collaborative and informational benefits through the combinations of Family-like, Familiar and Stranger Guanxi relationships. Moreover, the literature recognises that bonding social capital emerging from closed, dense network promotes effective collaboration and great information sharing with direct connections and communications (Gao et al., 2013; Oh et al., 2006); and bridging social capital emerging from loose networks facilitates linkage to external resources and new information (Ellison et al., 2015; Xiao and Tsui, 2007). The case studies demonstrate the effects of the two types of social capital in Chinese organisations. As found in the three case studies, dense within-team Guanxi networks with more features of bonding social capital have the advantage in promoting effective collaboration and great information sharing within teams, whilst cross-team Guanxi networks with more features of bridging social capital have the advantage of offering a potential big pool of resources. In addition, Case Study II provides an example that the organisation increases the bonding social capital in its cross-team Guanxi networks by increasing the presence of Familiar Guanxi across teams.

Moreover, the case studies discover the double-edged effects of intra-organisational Guanxi networks interplaying with formal role coordination mechanism. As mentioned, within-team and cross-team Guanxi networks provide collaborative and informational benefits, supporting formal role coordination mechanism in within-team and cross-team coordination. However, Case Study I shows many negative organisational outcomes associated with its intra-organisational Guanxi network. For example, the employees in Family-like Guanxi have difficulties in pushing each other to fulfil organisational obligations; the helping behaviour in Familiar Guanxi sometimes work against organisational instructions; task-related conflicts often turn into relational conflicts and then damage interpersonal collaboration; and small closed Guanxi networks between some team leaders and between some cross-team colleagues harm the interests of out-network members and of the organisation. In comparison, Case Study II and Case Study III seldom have these problems because the effective functioning of a formal performance management system and the formal development of organisational culture and values have prevented relational obligations and values from overriding organisational obligations and values. In particular, Case Study II shows that the functioning of formal role coordination mechanism not only prevents negative organisational outcomes associated with its intra-organisational Guanxi network but also enhances the benefits of the network. The organisation increases the bonding social capital in its cross-team Guanxi networks with frequent employee-initiated cross-team job transfers and projects,

a family culture and formally reinforced organisational values, strengthening the collaborative and informational benefits of the cross-team Guanxi networks.

The differences in the findings on the double-edged organisational outcomes further extend the understanding of the interplay between intra-organisational Guanxi networks and formal role coordination mechanism. The formal role coordination mechanism in Case Study I does not sufficiently prevent relational obligations and values from overriding organisational obligations and professional values during the process of its implementation. According to Chen et al. (2017), Guanxi research has primarily focused on describing the potential benefits of Guanxi rather than its costs. Case Study I creates many empirical evidences on the negative organisational outcomes associated with intra-organisational Guanxi networks. Moreover, the differences in the case studies explain that due to the incomplete implementation of the formal performance management system and the lack of formal development of the organisational culture and values in Case Study I, organisational obligations and values are not sufficiently enforced to overtake relational obligations and values in the organisation. Furthermore, the formal role coordination mechanism in Case Study II enhances the collaborative and informational benefits of cross-team Guanxi networks with frequent employee-initiated cross-team job transfers and projects, the family culture and formally reinforced organisational values. According to Chen et al. (2013), few studies have illuminated what kinds of underlying mechanisms motivate or inhibit the use of Guanxi for organisational welfare. The case studies create important insights into the organisational provisions that curb the negative effects or enhance the positive outcomes of intra-organisational Guanxi networks.

To sum up, the case studies demonstrate the positive and negative organisational outcomes of Guanxi as a form of social capital and illustrate empirically that intra-organisational Guanxi networks provide both bonding and bridging social capital in Chinese organisations. More importantly, the case studies further existing understanding of the negative organisational outcomes of intra-organisational Guanxi networks and of how the formal role coordination mechanism can be operated to curb the negative outcomes and enhance the benefits of the Guanxi networks.

8.2 Relational structure interplaying with formal role coordination mechanism

In Sections 4.3.2, 5.3.2 and 6.3.2, the three case studies discover double-edged effects of the relational structure of Guanxi interplaying with formal role coordination mechanism. This section compares the effects of the relational structure including team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi in the three organisations.

8.2.1 Effects of team-based Guanxi groups

While formal team differentiation and the familial collectivism of Guanxi result in the formation of team-based Guanxi groups in the three case studies, the team-based Guanxi groups produce double-edged effects in their interplay with formal role coordination mechanism in the three organisations. **Table 8.4** summarises the similarities and differences of the findings across the cases.

Comparison	Case I	Case II	Case III
Positive outcomes	Similarities: <ul style="list-style-type: none"> • Emphasis on harmony leads to team cohesion, and familial collectivism leads to team solidarity. • Relatively strong affective social exchange and a preference for family-like interaction leads to proactive mutual support within teams. • An awareness of mutual dependence supports ambiguous but flexible task distribution. • Abundant interpersonal interaction leads to tacit understanding between team members. • Team-based Guanxi groups strongly support formal role coordination mechanism in within-team coordination due to team cohesion and solidarity, proactive mutual support, flexible task distribution and tacit understanding. Differences: <ul style="list-style-type: none"> • Benefits are enhanced by formal role mechanism. 		
Negative outcomes	Similarities: <ul style="list-style-type: none"> • None Differences: <ul style="list-style-type: none"> • Team-based Guanxi groups harm cross-team coordination. • Negative organisational outcomes are curbed by formal role mechanism. • Negative organisational outcomes are largely curbed by formal role mechanism. 		

Table 8.4 Cross-case comparison: effects of team-based Guanxi groups

All three case studies indicate that the team-based Guanxi groups strongly support the formal role coordination mechanism in within-team coordination with team cohesion and solidarity, proactive mutual support, flexible task distribution and tacit understanding between team members. The emphasis on group harmony leads to team cohesion and the familial collectivism within teams leads to team solidarity; the relatively strong, affective social exchange in within-team Guanxi relationships and the preference for family-like interaction within teams result in proactive mutual support between team members; the awareness of mutual dependence supports flexible task distribution within teams; and the abundant interpersonal interaction in within-team Guanxi relationships causes the development of tacit understanding between team members with shared team goals. Therefore, the team-based Guanxi groups feature autonomous coordination activities between team members, supplementing the formal role coordination mechanism in all three organisations.

There are some differences in the effects of the team-based Guanxi groups in the three case studies. While the strong exclusivity of the team-based Guanxi groups in Case Study I becomes a major obstacle for cross-team coordination, the problem is less significant in Case Study II and Case Study III, which have implemented the formal role coordination mechanism. The effective functioning of a formal performance management system and the formal development of organisational culture and values in Case Study II and Case Study III have largely prevented relational obligations and values from overtaking organisational obligations and values. In particular, Case Study II further eliminates the exclusivity of the team-based Guanxi groups with frequent employee-initiated cross-team job transfers and projects and with the emphasis of the organisation as a 'bigger' family and collectivity. In other words, the formal role coordination mechanism has fully curbed the negative outcomes of team-based Guanxi groups for cross-team coordination in Case Study II and largely done so in Case Study III.

The formal role coordination mechanism in Case Study II not only curbs the negative outcomes of team-based Guanxi groups in the organisation, but also enhances their coordination capacity. In its formal performance management system, the organisation advocates strong employment participation in collective target setting and performance reviews within teams and formally assesses employee behaviour against the organisational value of team work in the collective performance reviews, reinforcing the benefits of team-based Guanxi groups. In comparison, Case Study III only allows team leaders to informally assess employee behaviour against its organisational value of team work in individual performance assessments. Therefore, the formal role coordination mechanism has some collectivist features reinforcing the capacity of team-based Guanxi groups in Case Study II, whereas the formal mechanism is individualistic in Case Study III.

With the above findings, the three case studies extend the knowledge of the effects of Guanxi at group level in Chinese organisations. According to Chen et al. (2013) and Zhang and Zhang (2006), the existing literature has seldom examined how the assets of Guanxi owned essentially by individuals are transformed into group dynamics. The case studies demonstrate empirically that due to familial collectivism, team-based Guanxi groups promote team cohesion and solidarity, proactive mutual support, flexible task distribution and tacit understanding between team members. Some existing quantitative studies suggest that the emphasis on group harmony facilitates helping behaviour and knowledge sharing within teams (Ünal et al., 2017; Chen et al., 2016), collective goals prompt open-minded discussions within teams (Wang et al., 2010), and the relational elements of Guanxi lubricate team work (Ou et al., 2010). The case studies increase the understanding of the effects of the familial collectivism of Guanxi within teams. In addition, the variations of the case studies further the knowledge in the interplay of team-based Guanxi groups

and formal role coordination mechanism. Case Study II and Case Study III demonstrate how the functioning of formal role coordination mechanism reduces or eliminates the negative effects of team-based Guanxi groups on cross-team coordination. And Case Study II provides an empirical example that the formal role coordination mechanism here enhances the benefits of team-based Guanxi groups through collective target setting and performance review.

8.2.2 Effects of Paternalistic Leadership

According to Section 7.2.2, formal hierarchical differentiation and Confucian ethics on hierarchical Guanxi relationships lead to the development of Paternalistic Leadership consisting of benevolent, moral and authoritarian leadership in the three case studies. The Paternalistic Leadership interplaying with formal role coordination mechanism creates doubled-edged effects on manager-subordinate coordination in the case studies. There are some similarities and differences among the findings across the cases, as indicated in **Table 8.5**.

Comparison	Case I	Case II	Case III
Positive outcomes	<p>Similarities:</p> <ul style="list-style-type: none"> Benevolent and moral leadership promotes employee commitment and management support. Authoritarian leadership leads to employee obedience. <p>Differences:</p> <ul style="list-style-type: none"> Strong benevolent leadership leads to employee loyalty. 	<ul style="list-style-type: none"> Limited authoritarian leadership facilitates employee participation. Formal role mechanism enforces the relational obligations of Paternalistic Leadership. 	<ul style="list-style-type: none"> Limited authoritarian leadership facilitates cross-hierarchical dialogue.
Negative outcomes	<p>Similarities:</p> <ul style="list-style-type: none"> None <p>Differences:</p> <ul style="list-style-type: none"> Strong benevolent leadership causes difficulty in deal with problematic performance. Strong authoritarian leadership hinders employee participation. 	<ul style="list-style-type: none"> Negative organisational outcomes are curbed by formal role mechanism. 	<ul style="list-style-type: none"> Negative organisational outcomes are curbed by formal role mechanism.

Table 8.5 Cross-case comparison: effects of Paternalistic Leadership

All three case studies indicate that Paternalistic Leadership strengthens employee commitment and management support through benevolent and moral leadership and prompts employee obedience through authoritarian leadership. In the minority Family-like Guanxi between managers and subordinates, the effect of Paternalistic Leadership on

employee commitment is particularly strong due to strong interpersonal affection and relational obligations. Therefore, Paternalistic Leadership supports formal role coordination mechanism in manager-subordinate coordination in all three organisations.

In comparison, in Case Study I, strong benevolent leadership leads to the loyalty of employees but difficulty in disciplining or dismissing under-performing employees. Case Study II and Case Study III do not have such difficulty because the effective formal performance management system and strong organisational culture and values have prioritised organisational obligations and values in the two organisations. Moreover, while strong authoritarian leadership in Case Study I results in centralised decision making, the limited emphasis on authoritarian leadership in Case Study II and Case Study III facilitates cross-hierarchical open dialogue and employee participation. These differences suggest that the implementation of formal role coordination mechanism in Case Study II and Case Study III has prevented the problem of benevolent leadership in dealing with problematic performance and the problem of authoritarian leadership hindering cross-hierarchical open dialogue and employee participation. In addition, in Case Study II, formal promotion and performance criteria for the managers enforce the relational obligations of the managers in benevolent and moral leadership, strengthening the benefits of Paternalistic Leadership.

The above findings support and extend the existing literature on the double-edged effects of Paternalistic Leadership in Chinese organisations. First, while many quantitative studies identify the effects of Paternalistic Leadership on employee loyalty and commitment (Mejia et al., 2018; Wong, 2017; Wong et al., 2003), the case studies explain empirically that these outcomes are produced due to the relational obligations and affective social exchange between Chinese managers and subordinates under Confucian ethics. Second, while existing literature has not sufficiently addressed how hierarchical social exchange takes place in various mixes of expressive and instrumental ties (Luo et al., 2016), the case studies illustrate the relatively strong employee commitment in close Family-like Guanxi between managers and subordinates due to their strong interpersonal affection and relational obligations. Third, whereas the existing literature focuses on the outcomes of Paternalistic Leadership on employee behaviour (Section 2.3.3), the case studies show the effects of Paternalistic Leadership on management behaviour such as management support. Last, the case studies increase the understanding of the negative effects of Paternalistic Leadership. While many scholars focus on the positive outcomes of benevolent and moral leadership (such as Davidson et al., 2017; Weng, 2014; Smith et al., 2014), Case Study I indicates how benevolent leadership causes difficulty in dealing with under-performing employees with formal organisational rules. Whilst Davidson et al. (2017) and Chen et al. (2011) posit that authoritarian leadership are sometimes negatively associated with employee voice, Case Study I explains empirically how strong

authoritarian leadership hinders cross-hierarchical open dialogue and employee participation.

In addition, the three case studies create new knowledge on the evolution of Paternalistic Leadership in Chinese organisations due to the implementation of a Western job role system. While the extant literature has focused on the outcomes of Paternalistic leadership, there is a call for research on its evolution under the dual influence of Confucian traditions and Western management practices in China (Barkema et al., 2015). Case Study II and Case Study III elaborate how the implementation of a Western job role system prevents the problem of benevolent leadership in dealing with problematic performance, and reduces the emphasis on authoritarian leadership and thus its negative impact on cross-hierarchical open dialogue and employee participation. Moreover, Case Study II offers an empirical example that the formal job role system here enhances the relational obligations of Chinese managers in Paternalistic Leadership. Therefore, the case studies increase the understanding of the evolution of Paternalistic Leadership under the dual influences of Chinese Guanxi and Western job role system and how the Western job role system can be used to reduce the negative outcomes of Paternalistic Leadership and strengthen its benefits.

8.2.3 Effects of Senior-junior Guanxi

According to Section 7.2.2, Senior-junior Guanxi within teams is hierarchical in Case Study I and Case Study III, but Case Study II makes deliberate efforts to remove the hierarchical differentiation between senior and junior team members. The Senior-junior Guanxi interplaying with formal role coordination mechanism produces double-edged organisational outcomes in the three case studies. **Table 8.6** shows the similarities and differences of the findings across the case studies.

Comparison	Case I	Case II	Case III
Positive outcomes	Similarities: <ul style="list-style-type: none"> Senior-junior Guanxi facilitates employee development. Differences: <ul style="list-style-type: none"> Hierarchical Senior-Junior Guanxi offers a relational hierarchy for within-team coordination. 	<ul style="list-style-type: none"> Non-hierarchical Senior-junior Guanxi broadens employee participation. 	<ul style="list-style-type: none"> Hierarchical Senior-Junior Guanxi offers a relational hierarchy for within-team coordination.
Negative outcomes	Similarities: <ul style="list-style-type: none"> None Differences: <ul style="list-style-type: none"> Relational obligations in Senior-junior Guanxi sometimes work against organisational expectations. 		

Table 8.6 Cross-case comparison: effects of Senior-junior Guanxi

The three case studies show that Senior-junior Guanxi facilitates knowledge transfer between senior and junior team members and the development of junior employees within. Therefore, Senior-junior Guanxi supports formal role coordination mechanism by strengthening employee development.

However, while Case Study I and Case Study III legitimise the hierarchical differentiation between senior and junior team members, the hierarchical Senior-junior Guanxi in the two organisations offers a relational hierarchy for coordinating senior and junior team members with Confucian mutual obligations. Nevertheless, participation in decision-making in Case Study I and Case Study III is often limited to senior team members, whereas employee participation is strong and comprehensive in Case Study II, which removes the hierarchical differentiation and encourages junior team members to lead projects. Therefore, whilst the hierarchical Senior-junior Guanxi discourages the participation of junior team members in Case Study I and III, the non-hierarchical Senior-junior Guanxi broadens employee participation in Case Study II.

Moreover, Case Study I finds that relational obligations in hierarchical Senior-junior Guanxi sometimes work against organisational expectations. For example, in the organisation, senior team members sometimes feel obliged to protect junior team members by not disclosing their mistakes and the junior team members sometimes accept the senior's task distribution that goes against organisational expectations. Case Study III does not have such problem because organisational obligations and values are prioritised after the implementation of a Western job role system. In other words, formal role coordination mechanism has not prevented relational obligations of Senior-junior Guanxi from overriding organisational obligations in Case Study I as it has done in Case Study III.

While the three case studies demonstrate the literature on the effects of Senior-junior Guanxi on employee training and development (Chen and Miller 2010), they greatly increase the understanding of the effects of hierarchical Senior-junior Guanxi in Chinese organisations. The existing literature recognises the respect for seniority in some Chinese organisations but seldom analyses the Guanxi relationships between senior and junior employees (Section 2.3.3). The case studies illustrate that hierarchical Senior-junior Guanxi offers a relational hierarchy for the coordination between senior and junior team members. Furthermore, while Chen and Chung (2002) posit that the respect for seniority might be abused for personal interests, Case Study I demonstrates that relational obligations in hierarchical Senior-junior Guanxi sometimes work against organisational expectations. In addition, Case Study II illustrates that hierarchical Senior-junior Guanxi often limits employee participation to senior employees and that the removal of hierarchical differentiation in Senior-junior Guanxi broadens employee participation. Hence, the three case studies not only add new knowledge on the double-edge outcomes

of hierarchical Senior-junior Guanxi, but also in how a formal job role system can be used to address the negative effects.

As discussed in Section 2.1.3, due to the cultural practices of Guanxi, traditional Chinese management has a relationship-based management philosophy with little formal organisational structure. The case studies demonstrate that while team-based Guanxi groups facilitate within-team coordination and Paternalistic Leadership facilitate manager-subordinate coordination, hierarchical Senior-junior Guanxi offers a further relational hierarchy for strengthening within-team coordination. In other words, the three case studies, especially Case Study I, offer empirical evidences that team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi offers a relational structure to support horizontal and vertical coordination of work in Chinese organisations. Moreover, the case studies increase existing knowledge on the double-edged effects of the relational structure of Guanxi including team-based Guanxi groups, Paternalistic Leadership and hierarchical Senior-junior Guanxi. And while there is a lack of studies on the underlying mechanisms which motivate or inhibit the use of Guanxi for organisational welfare, three case studies increase the understanding of how formal role coordination mechanism can be used to curb the negative effects of the relational structure and enhance its benefits. Finally, with the differences in the findings, the case studies enrich existing literature in the evolution of relational structure of Guanxi in Chinese organisations during and after the implementation of Western job role system.

8.3 Particularistic rules interplaying with formal role coordination mechanism

In Sections 4.3.3, 5.3.3 and 6.3.3, the three case studies find that due to particularistic tendency of Guanxi, some particularistic rules interplay with formal role coordination mechanism, creating double-edged effects on the coordination of work. This section compares the effects of these particularistic rules including ambiguous but flexible role specification, a preference for relational coordination practices and a particularistic emphasis on employee behaviour input in the three case studies.

8.3.1 Ambiguous but flexible role specification

The three case studies show that the collectivist and particularistic tendency of Guanxi lead to ambiguous but flexible role specification because employees stress their obligations towards their organisation as a collectivity and view their responsibilities flexibly but limit themselves in their formal role definition. The ambiguous but flexible role

specification interplaying with formal role coordination mechanism produces positive and negative organisational outcomes in the three organisations, as compared in **Table 8.7**.

Comparison	Case I	Case II	Case III
Positive and Negative outcomes	<p>Similarities:</p> <ul style="list-style-type: none"> Ambiguous but flexible role specification results in extra-role behaviour, complementing formal role coordination mechanism. <p>Differences:</p> <ul style="list-style-type: none"> Ambiguous role specification distorts formal accountability. Formal role mechanism enhances the benefits of ambiguous but flexible role specification. Ambiguous role specification occasionally distorts formal performance review. 		

Table 8.7 Cross-case comparison: effects of ambiguous role specification

In terms of the similarities of the findings, the three case studies demonstrate that due to the ambiguous but flexible role specification, employees are willing to go beyond their formal role definition to take responsibility for difficult-to-predict emergent tasks and difficult-to-divide joint responsibilities. Hence, ambiguous but flexible role specification promote extra-role behaviour of employees, complementing formal role coordination mechanism in emergent coordination demands under task uncertainty and task interdependence.

In terms of the differences of the findings, the ambiguous but flexible task role specification distorts formal accountability in Case Study I, but not in Case Study II and Case Study III. In Case Study I, due to the ambiguous role specification, functional teams often blame each other for problems that occur, helping behaviour of employees sometimes works against organisational expectations and informal leadership of senior team members sometimes bypasses the formal role of team leaders. Case Study II and Case Study III seldom have these problems, probably because their effective formal performance management systems further clarify individual responsibilities and bind individual goals with organisational goals and because the development of organisational value of team work encourages employees to take responsibilities for ambiguously-divided tasks.

However, Case Study III finds it difficult occasionally to assess individual contributions to ambiguously-divided tasks, whilst Case Study II does not report such problem at all. This may be because in Case Study II, the formally-reinforced organisational value of team work ensures collaborative behaviour and collective performance reviews further provide sufficient information on individual contributions to ambiguously-divided tasks. In other words, while Case Study III relies on an individualistic formal performance management system, it occasionally faces the conflicts between collectivist ambiguous role specification and individualised explicit performance assessments. In contrast, Case Study II adopts collectivist performance reviews and reinforces collectivist organisational

values, not only addressing the problem of ambiguous role specification and but also enhancing its benefits.

The findings in the ambiguous but flexible role specification support the literature that due to the collectivist and particularistic tendency of Guanxi, traditional Chinese management has a preference for collective achievement and for flexibility and room for reinterpretation (Leung and Kwong, 2003; Ahmed and Li, 1996). Moreover, while the existing literature emphasises Guanxi as a competing form of accountability and control in the operations of foreign-invested firms in China (Chen et al., 2008), the case studies demonstrate that ambiguous but flexible role specification not only distorts but also complements formal accountability in Chinese organisations. As a result, the case studies further the understanding of the double-edged effects of ambiguous but flexible role specification.

8.3.2 Preference for relational coordination practices

All three case studies highlight a preference for relational coordination practices in the organisations. While the levels of the preference vary across the cases, the preference for relational coordination practices has differential effects in the three organisations.

Table 8.8 highlights the similarities and differences of the findings.

Comparison	Case I	Case II	Case III
Positive and negative outcomes	<p>Similarities:</p> <ul style="list-style-type: none"> • A preference for informal communication facilitates communication. • A preference for interpersonal trust for management control promotes manager-subordinate coordination. • Relational coordination practices complement formal role coordination mechanism. <p>Differences:</p> <ul style="list-style-type: none"> • A reliance on relational exchange for collaboration enhances collaboration. • A reliance on relational approach to performance management supports performance management. • Strong preference for relational coordination practices distorts formal role mechanism. 		

Table 8.8 Cross-case comparison: effects of relational coordination practices

The three case studies demonstrate a preference for relational coordination practices, such as informal interpersonal communication and the use of interpersonal trust for management control. Such preference for relational coordination practices promote effective communication and management control and offer flexibility in addressing situational and relational obligations in communication and manager-subordinate

coordination, complementing formal role coordination mechanism in the three organisations.

In comparison, the preference for relational coordination practices is particularly strong in Case Study I. In this organisation, there is a reliance on relational exchange for organisational collaboration and on a relational approach to performance management. Such a reliance strengthens organisational collaboration and performance management in the context of incomplete formalisation. However, the strong preference for relational coordination practices, which emphasise affective, relational and situational obligations, often distorts rationalistic formal organisational rules, causes problems on perceived organisational fairness and hinders the implementation of universalistic formal performance management system. In other words, Case Study I presents many conflicts between Chinese Guanxi and Western job role system during the implementation of the formal job role system. The preference for relational coordination practices has not caused these problems in Case Study II and Case Study III, where the formal job role system prioritises organisational obligations and values after its implementation. In addition, there is a preference for relational exchange for collaboration in Case Study III but not Case Study II. As discussed previously, formally reinforced organisational values in Case Study II secure the collaboration between employees, even those who barely interact or do not like each other. Thus, the formally reinforced organisational values in Case Study II have drawn a solid bottom line that prevents relational practices from overtaking organisational obligations.

The above findings extend existing knowledge on the preference for relational practices in Chinese organisations. Scholars have identified a preference for face-to-face communication (Yulong, 2011) and the emphasis on Guanxi relationships in recruitment and promotion (Zhu et al., 2013). The case studies produce new evidence about the preference for the use of interpersonal trust for management control, the use of relational exchange for collaboration and the relational approach to performance management in Chinese organisations. Moreover, while there is limited literature on the cost of Guanxi in Chinese organisations (Section 2.3.3), Case Study I highlights negative outcomes of relational coordination practices, and Case Study II and Case Study III empirically demonstrate how a formal job role system is implemented to curb these negative outcomes.

8.3.3 Particularistic emphasis on employee behaviour input

The three case studies illustrate that the particularistic tendency of Guanxi leads to an emphasis on employee behaviour input, such as employee proactivity, collaboration and commitment. In Case Study I, where a formal performance management system is not

sufficiently implemented, employees stress the importance of employee behaviour input for organisational performance and managers highly value employee behaviour input in informal performance assessments. Despite of the effective functioning of formal performance management system in Case Study II and Case Study III, Case Study II formally assesses employee behaviour input against its organisational values in collective performance reviews and Case Study III informally considers employee behaviour input in formal performance assessments.

Comparison	Case I	Case II	Case III
Positive and negative outcomes	Similarities: <ul style="list-style-type: none"> Particularistic emphasis on employee behaviour input enhances the control of work process and predicatability of work outcome, supporting formal role coordination mechanism Differences: <ul style="list-style-type: none"> Employee behaviour input is contingent on the strength of Guanxi relationships. Integration of formal and relational mechanisms secure desirable employee behaviour. Formal role mechanism offers high financial incentives to stimulate employee behaviour input. 		

Table 8.9 Cross-case comparison: effects of a particularistic emphasis on employee behaviour input

As indicated in **Table 8.9**, there are some similarities and differences regarding the effects of the particularistic emphasis on employee behaviour input in the three case studies. Such emphasis enhances the control of work processes and the predictability of work outcomes without fully relying on formal organisational systems and processes to regulate work activities in all three organisations. Therefore, the particularistic emphasis on employee behaviour input makes up limited use of formal organisational systems and processes in the three organisations, supplementing formal role coordination mechanism in the coordination of work.

The variations in the findings of the case studies show how a formal job role system can be designed and operated to promote desirable employee behaviour. While relational collectivism of Guanxi and the emphasis of Guanxi on harmony promote cooperative attitude of employees and while Paternalistic Leadership results in employee commitment, employee behaviour input in Case Study I is often contingent on the strength of Guanxi relationships. In contrast, Case Study II and Case Study III formally develop organisational values of team work and ambition and utilises formal performance management systems to bind individual performance and organisational performance to enhance employee collaboration, commitment and proactivity. Differently, Case Study II further secures employee collaboration, commitment, proactivity and participation because family culture and the tradition of collective creation motivate desirable employee behaviour for collective achievement and formally-reinforced organisational values and collective performance review ensure desirable employee behaviour; but Case Study III offer high financial incentives to stimulate employee commitment and proactivity. Case Study II

therefore offers a demonstration that the organisation integrates collectivist values and ethical principles of Guanxi into the functioning of its formal job role system to achieve desirable employee behaviour.

As discussed in Sections 1.1 and Section 2.1.2, Western management practices rely on the use of formal organisational systems and processes for organisational coordination and control, whilst traditional Chinese management has a relationship-based management philosophy with a high tolerance for ambiguity but little reliance on universalistic principles. The case studies increase the understanding of relationship-based management by discovering that the particularistic emphasis on employee behaviour input enhances the control of work processes and outcomes despite of limited use of formal organisational systems and processes. The particularistic emphasis on employee behaviour input allows Chinese organisations to regulate work activities without explicit formal organisational rules but with the implicit particularistic rules of Guanxi.

To sum up, the case studies discover the ambiguous but flexible role specification, the preference for various relational coordination practices and the particularistic emphasis on employee behaviour input, increasing the understanding of inexplicit relational rules governing employee performance in Chinese organisations. Moreover, the case studies extend the literature on the double-edged effects of the particularistic rules of Guanxi. On the one hand, the literature suggests that Guanxi is often viewed as a competing form of accountability and control and violates the principle of justice under universalistic formal procedures in foreign-invested firms in China (Chen et al., 2013; Chen et al., 2008). Case Study I extends the topic by demonstrating that the particularistic rules of Guanxi distort formal role definition and organisational rules, cause problems on perceived organisational fairness and hinders the implementation of formal performance management system. On the other hand, the case studies illustrate that the particularistic rules supplement the formal role coordination mechanism with flexible coordination practices due to a stress on relational and situational obligations. In addition, Case Study II provides an empirical example that the organisation integrates Guanxi-related values into its formal job role system to enhance the benefits of the particularistic rules while drawing a firm bottom line that prevents the negative outcomes of the particularistic rules.

8.4 Summary

The three case studies extend the understanding of the issues related to Research Question II: 'How do Chinese Guanxi and Western job role system interplay as relational and formal coordination mechanisms in Chinese organisations?' **Figure 8** highlights key

themes emerging from the case studies on the interplay of relational and formal coordination mechanisms.

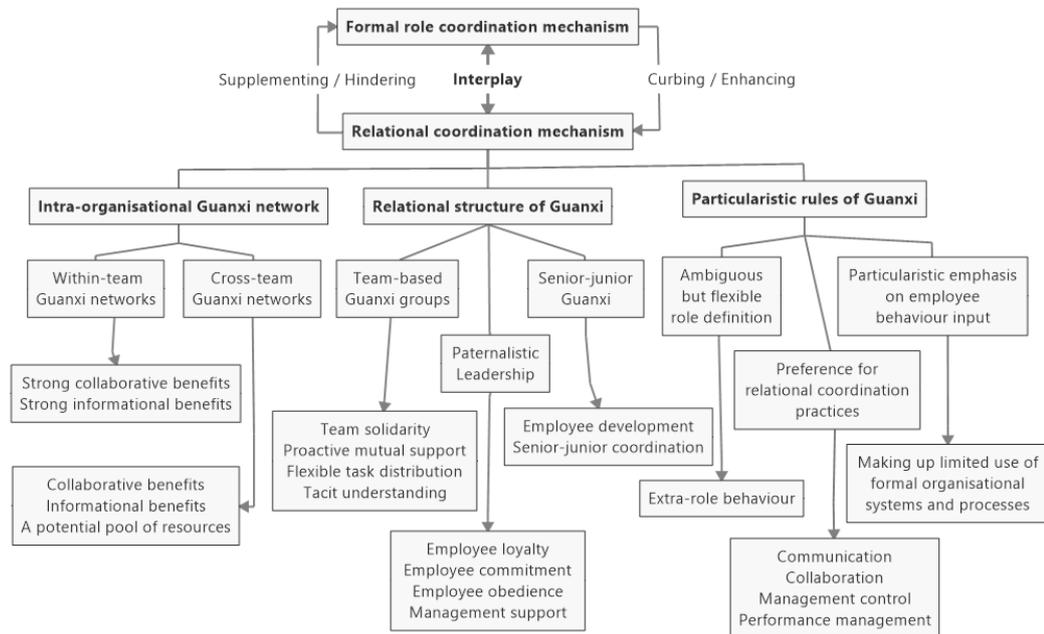


Figure 8 Interplay of relational and formal coordination mechanisms

First of all, the case studies demonstrate that Guanxi serves as a relational coordination mechanism by supplying bonding and bridging social capital for the flow of resources and information, offering a relational structure for the horizontal and vertical coordination of work, and providing inexplicit particularistic rules for regulating various work activities. In all three organisations, the intra-organisational Guanxi network provides collaborative and informational benefits with more bonding social capital in within-team Guanxi networks and more bridging social capital in cross-team Guanxi networks. The relational structure offers a horizontal and vertical social structure to support within-team and manager-subordinate coordination with the effects of team-based Guanxi groups, Senior-junior Guanxi and Paternalistic Leadership. The particularistic rules promote extra-role performance through ambiguous but flexible role specification; facilitate communication, collaboration, management control and performance management with relational practices; and regulate work activities through a particularistic emphasis on employee behaviour input, prompting flexible coordination practices with the stress on relational and situational obligations.

Moreover, the case studies demonstrate how relational and formal mechanisms facilitate and constrain each other in Chinese organisations. The relational mechanism of Guanxi supplements the formal role coordination mechanism with the intra-organisational Guanxi

network, the relational structure and particularistic rules in all three organisations. The differences among the case studies do not alter such finding but rather deepen the understanding of the dynamic interplay of relational and formal mechanisms.

In Case Study I, the relational mechanism often surpasses and hinders the formal mechanism in the transition process of formalisation, causing many negative organisational outcomes. First, relational exchange and helping behaviour between employees often work against organisational expectations and task-related conflicts often turn into relational conflicts. Second, team-based Guanxi groups with strong exclusivity damage cross-team coordination; strong benevolent leadership causes difficulty in dealing with problematic performance under formal organisational rules and strong authoritarian leadership discourages cross-hierarchical open dialogue and employee participation; and relational obligations of Senior-junior Guanxi sometimes work against organisational obligations. Third, particularistic rules distort formal role definition and formal organisational rules, harm perceived organisational fairness and impede the implementation of a formal performance management system.

In contrast, in Case Study II and Case Study III, the effective functioning of formal performance management system and the formal development of organisational culture and values enforce organisational obligations and values and prevent them from being overridden by relational obligations and values. However, different management perceptions and attitudes towards Guanxi and Western management practices lead to the differential effects of the formal mechanism on the relational mechanism in Case Study II and Case Study III.

In Case Study II, the organisation further amends the features of Guanxi to fully address its negative outcomes and enhance its benefits. Because the management here has a mixed perception of the effects of Guanxi, the organisation further removes the exclusivity of team-based Guanxi groups, eliminates hierarchical differentiation in Senior-junior Guanxi to broaden employee participation and draw a firm bottom line for the working of the particularistic rules. Moreover, the organisation increases bonding social capital in cross-team Guanxi networks with frequent employee-initiated cross-team job transfers and projects, a family culture and formally-reinforced organisational values; strengthens the effects of team-based Guanxi groups and ambiguous role specification with collective target setting and performance reviews; consolidates the relational obligations of managers in Paternalistic Leadership with formal promotion and performance criteria; and secures desirable employee behaviour with family culture, formally-reinforced organisational values and tradition of collective creation. In other words, the organisation integrates some relational obligations and collectivist and affection-oriented values of Guanxi into the formal role coordination mechanism while the management is interested

in integrating Chinese and Western management practices. Therefore, Case Study II achieves a synergy between Chinese relational and Western formal coordination mechanisms.

In Case Study III, the organisation further the use of formal organisational provisions to enhance the capacity of the formal role coordination mechanism while allowing the relational mechanism to complement the formal mechanism. Because the management here has a positive perception of the effects of Guanxi, the organisation has not made many efforts to amend its features as Case Study II has. Moreover, while the management is interested in increasing the use of Western management practices, the organisation relies on an individualised formal performance management system and further the use of formal organisational provisions such as IT-based tools for monitoring work progress and high financial incentives for stimulating employee behaviour input.

Consequently, the case studies greatly increase the knowledge on the interplay between relational and formal coordination mechanisms and the interplay between Chinese and Western management practices. While there is a lack of research on the interplay between relational and formal coordination mechanisms (Jarzabkowski et al., 2012), the case studies demonstrate that the relational and formal mechanisms facilitate and constrain each other in Chinese organisations. The case studies also explain that their dynamic interplay depends on the levels of the implementation of the formal job role system, the functioning of the formal performance management system, the development of organisational culture and values and management perceptions and attitudes regarding Chinese Guanxi and Western management practices. Moreover, whilst existing literature suggests the conflicting logic between Chinese and Western management practices (Section 1.2), Case Study I further elaborates the conflicts between Chinese Guanxi and Western job role system during the transition process of formalisation. Furthermore, whereas scholars suggest the importance of achieving a synergy between Western and Chinese management practices (e.g. Child, 2000), Case Study II offers an empirical example of the synergy between affection-oriented, collectivist and particularistic Guanxi and the Western job role system. Finally, while Guanxi research has primarily focused on the potential benefits rather than the costs of Guanxi (Chen et al., 2017), the case studies extend the knowledge on the costs of Guanxi and provide empirical insights into how the formal job role system can be designed and operated to reduce the costs and enhance the benefits of Guanxi.

CHAPTER 9. CROSS-CASE ANALYSIS: RESEARCH QUESTION III

This chapter focusses on cross-case analysis in relation to Research Question III: ‘How do relational and formal coordination mechanisms jointly produce coordination outcomes in Chinese organisations?’ Sections 4.4, 5.4 and 6.4 of the three case descriptions analyse coordination outcomes in the organisations, as summarised in **Table 9.1**.

Coordination outcomes	Case Study I	Case Study II	Case Study III
Within-team coordination	Satisfaction	Strong satisfaction	Strong satisfaction
Cross-team coordination	Dissatisfaction	Satisfaction	Satisfaction
Manager-subordinate coordination	Satisfaction and dissatisfaction half by half	Satisfaction	Satisfaction
Overall organisational coordination	Dissatisfaction	Satisfaction	Satisfaction

Table 9.1 Cross-case comparison: coordination outcomes

This chapter compares the findings of the three case studies on the outcomes of within-team, cross-team and manager-subordinate coordination, on the distinct effects of relational and formal coordination mechanisms and finally on the contexts and outcomes of organisational coordination.

9.1 within-team, cross-team and manager-subordinate coordination

Sections 4.4, 5.4 and 6.4 examine how the relational and formal coordination mechanisms jointly create accountability, predictability and common understanding, three integrating conditions, for within-team, cross-team and manager-subordinate coordination in the three case studies. This section presents the cross-case comparison on within-team, cross-team and manager-subordinate coordination respectively.

All the case studies reveal satisfaction with ***within-team coordination***. In the three organisations, the formal role coordination mechanism offers some accountability, predictability and common understanding for within-team coordination. Team-based Guanxi groups, Senior-junior Guanxi and dense closed within-team Guanxi networks enhance the three integrating conditions by promoting cohesion, solidarity, interpersonal interaction and relational exchange within teams. The replication of such findings in the three case studies suggests that under limited use of formal organisational systems and processes, the relational mechanism strongly supplements the formal role coordination mechanism in within-team coordination.

In comparison, there is less satisfaction with the within-team coordination in Case Study I than in Case Study II and Case Study III. In Case Study I, the relational exchange in within-team Guanxi networks and the relational obligations between senior and junior team members sometimes override organisational expectations during the process of formalisation. In Case Study II and Case Study III, the formal role coordination mechanism prevents the relational obligations and values of Guanxi from overriding organisational obligations and values. As a result, Guanxi largely substitutes the formal mechanism in within-team coordination in Case Study I, but only it only supplements the formal mechanism in within-team coordination in Case Study II and Case Study III. Different from Case Study III, Case Study II enhance the benefits of team-based Guanxi groups with collective target setting and performance reviews and formally reinforced organisational value of team work and removes the hierarchical differentiation in Senior-junior Guanxi to broaden the participation of junior team members. In contrast, Case Study III uses IT-based tools to monitor the work progress of team members and thus enhance the effects of the formal mechanism and legitimises hierarchical Senior-junior Guanxi to sustain the coordination between senior and junior team members. In other words, Case Study II utilises the formal mechanism to enhance the benefits of Guanxi and amend the effects of Guanxi to facilitate within-team coordination, whereas Case Study III strengthens the effects of the formal mechanism without amending the effects of Guanxi on within-team coordination.

The above findings extend the existing literature on how relational and formal coordination mechanisms jointly create within-team coordination. While there is lack of research on the effects of Guanxi on group dynamics (Chen et al., 2013), the case studies demonstrate that the relational mechanism of Guanxi supplements the formal role coordination mechanism in within-team coordination through closed within-team Guanxi networks, team-based Guanxi groups and Senior-junior Guanxi. Moreover, according to Section 2.2.3, there is a lack of empirical research on how relational and formal coordination mechanism jointly create organisational coordination. The case studies offer empirical evidence on how Guanxi substitutes or supplements the formal role coordination mechanism and how the formal mechanism alters or enhances the effects of Guanxi on the within-team coordination in different organisational contexts.

In all three case studies, ***cross-team coordination*** is less satisfactory than within-team coordination. Although cross-team Guanxi networks enhance the accountability, predictability and common understanding for cross-team coordination through relational exchange and interaction opportunities, the three organisations have some challenges in cross-team coordination due to limited use of formal organisational systems and processes and the existence of Stranger Guanxi in relatively loose cross-team Guanxi networks.

In comparison, the cross-team coordination is perceived as unsatisfactory in Case Study I, but satisfactory in Case Study II and Case Study III. Case Study I finds that functional teams emphasise their own team interests more than organisational interests, task-related conflicts between cross-team colleagues often turn into relational conflicts and helping behaviour between cross-team colleagues sometimes work against organisational expectations. In contrast, Case Study II and Case Study III use cross-team projects and cross-team meetings together with email communication to support cross-team coordination, while the cross-team Guanxi networks facilitate cross-team projects, meetings and communication. In other words, Guanxi has not made up the lack of formalisation for cross-team coordination in Case Study I due to the strong exclusivity of team-based Guanxi groups and the overwhelming relational obligations and values of cross-team Guanxi networks; however the relational mechanism supplements the formal mechanism in cross-team coordination in Case Study II and III. Case Study II and Case Study III do not show significance difference in the outcomes of cross-team coordination but have different approaches to achieve these outcomes. In Case Study II, the formal role coordination mechanism enhances the coordination capacity of cross-team Guanxi networks by increasing the prevalence of Familiar Guanxi. In contrast, Case Study III often uses product development systems for cross-team coordination. The differences imply that for cross-team coordination, Case Study II utilises the formal mechanism to enhance the benefits of the relational mechanism, whereas Case Study III furthers the use of formal organisational systems to enhance the effects of the formal mechanism.

The above findings further demonstrate how the relational and formal coordination mechanisms jointly create cross-team coordination. There are some evidences, mostly quantitative, that Guanxi eases interpersonal conflicts, improves cooperation and communication, and facilitates the generation of new ideas across teams (Section 2.3.3). The case studies offer empirical explanations of how loose cross-team Guanxi networks complement formal role coordination mechanism to enhance accountability, predictability and common understanding for cross-team coordination. Moreover, the case studies empirically illustrate how loose cross-team Guanxi networks with indirect ties provide a big potential pool of resources and information because Renqing can be initiated to explore the opportunities for collaboration. In addition, while there is lack of empirical research on how relational and formal coordination mechanism jointly create organisational coordination, the case studies demonstrate how Guanxi does or does not make up the formal role coordination mechanism in cross-team coordination in different organisational contexts and how the formal mechanism amends or enhances the effects of Guanxi on cross-team coordination.

There is less satisfaction with ***manager-subordinate coordination*** in Case Study I than in Case Study II and Case Study III. The three case studies demonstrate that a formal

performance management system facilitates the creation of accountability, predictability and common understanding for manager-subordinate coordination with regular target setting and performance reviews. In all three organisations, Paternalistic Leadership and the particularistic emphasis on employee behaviour input enhances the three integrating conditions through relational obligations and interaction opportunities.

In comparison, in Case Study I, the particularistic rules of Guanxi hinder the implementation of formal performance management system; strong benevolent leadership leads to difficulty in dealing with problematic performance and strong authoritarian leadership make it difficult for subordinates to anticipate managers' work activities and understand managers' decisions. As a result, the relational mechanism of Guanxi has not sufficiently made up the lack of formal role coordination mechanism in manager-subordinate coordination in Case Study I. However, in Case Study II and Case Study III, a formal performance management system effectively curbs the problem of benevolent leadership and a limited emphasis on authoritarian leadership facilitates cross-hierarchical open dialogue. Therefore, the relational mechanism of Guanxi supplements the formal role coordination mechanism in the manager-subordinate coordination in Case Study II and Case Study III. Case Study II and III does not yield significant difference in the outcomes of manager-subordinate coordination but have different approaches to achieve these outcomes. Case Study II enhances the benefits of Paternalistic Leadership by enforcing the relational obligations of managers and secures desirable employee behaviour with formally-reinforced organisational values, family culture, collective performance review and the tradition of collective creation. In contrast, Case Study III uses IT-based tools to enhance the ability of managers and subordinates to anticipate work progress of each other and relies on financial incentives to enhance employee behaviour input. In other words, for manager-subordinate coordination, Case Study II utilises the formal role coordination mechanism to enhance the capacity of the relational mechanism, but Case Study III furthers the use of formal organisational provisions to strengthen the capacity of the formal mechanism.

These findings create some new insights into how relational and formal coordination mechanisms jointly produce manager-subordinate coordination. There have been many quantitative studies about the effects of Paternalistic Leadership on manager-subordinate coordination, such as those done by Mejia et al. (2018), Wong (2017) and Wong et al. (2003). The case studies indicate that the particularistic emphasis on employee behaviour input in Chinese organisations strengthens the manager-subordinate coordination, making up the use of formal organisational systems and processes for regulating work activities. In addition, while there is a lack of literature on how relational and formal coordination mechanism jointly create organisational coordination, the case studies demonstrate that the relational mechanism of Guanxi and the formal role coordination

mechanism supplement and amend each other to facilitate or hinder manager-subordinate coordination in different organisational contexts.

9.2 Distinct effects of relational and formal coordination mechanisms

Sections 4.4, 5.4 and 6.4 of within-case analysis illustrate that while creating the three integrating conditions for within-team, cross-team and manager-subordinate coordination, relational and formal coordination mechanisms have their own respective advantages and disadvantages in the security and flexibility of coordination. On one hand, formal role coordination mechanism has the advantage of securing the coordination of work by stabilizing coordination practices, reducing uncertainty in interpersonal communication and ensuring formal accountability. Nonetheless, while the formal role coordination mechanism is pre-planned and individualised, it has the weakness in satisfying coordination demands difficult to predict and dealing with joint tasks difficult to divide. On the other hand, the case studies show that the relational coordination mechanism of Guanxi has the advantage of providing flexibility of coordination by dealing with ambiguously divided tasks and emergent tasks with collectivist values, a stress on situational and relational obligations, affective but not purely calculative exchange, and interpersonal interaction. However, when the influence of Guanxi surpasses that of formal role coordination mechanism, Case Study I discover many negative organisational outcomes associated with the relational mechanism.

The above findings not only support existing propositions in the literature but extend existing understanding of the differential effects of relational and formal coordination mechanisms. Scholars posit that while organisational formalisation rationalizes employee behaviour and make it more predictable but less dependent on personal attributes and interpersonal relationships (Scott and Davis, 2016), formal coordination mechanisms are less useful in uncertain situations and complicate coordination tasks that are difficult to define and formalise (Jarzabkowski et al., 2012). The literature also suggests that while social capital promote effective coordination in uncertain situations through informal communication, mutual adjustment and reciprocal interaction, it is sometimes conveyed with social liability (Gloede et al., 2013; Gittell, 2000; Portes, 1998). The case studies demonstrate these proposals with empirical evidence and explain how relational and formal coordination mechanisms have differential advantages and disadvantages in creating the three integrating conditions of coordination. In addition, the case studies prove that Guanxi, as a Chinese form of relational coordination mechanism, has particular advantage in providing flexible coordination practices with its collectivist and particularistic tendency and with affective but not purely instrumental social exchange.

9.3 Contexts and outcomes of organisational coordination

Generally speaking, there is overall dissatisfaction with organisational coordination in Case Study I due to the dissatisfaction with cross-team and manager-subordinate coordination. In contrast, there is overall satisfaction with organisational coordination in Case Study II and Case Study III due to the satisfaction with within-team, cross-team and manager-subordinate coordination. Based on the discussions in Sections 9.1 and 9.2, **Figure 9** summarises the joint effects of the relational and formal coordination mechanisms on within-team, cross-team and manager-subordinate coordination and therefore overall organisational coordination.

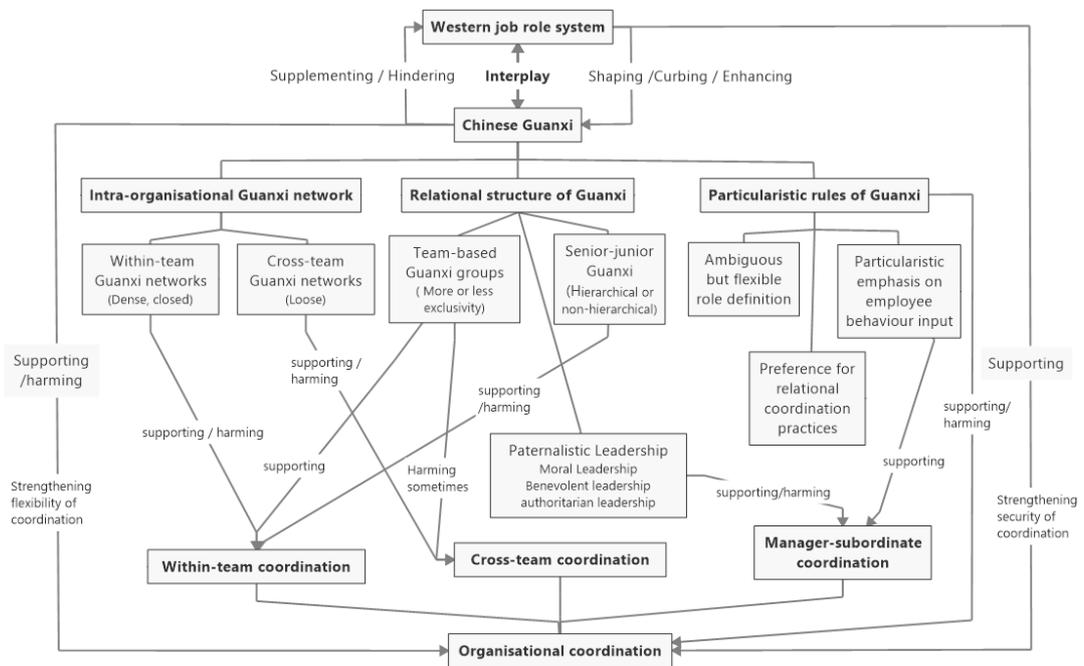


Figure 9. Joint effects of Chinese Guanxi and Western job role system on organisational coordination

Sections 4.1, 5.1 and 6.1 introduce the organisational contexts of the three case studies. This section compares how relational and formal coordination mechanisms jointly produce the outcomes of organisational coordination in different organisational contexts. **Table 9.2** highlights the similarities and differences in the organisational contexts across the three case studies.

Comparison	Case Study I	Case Study II	Case Study III
Organisation size	Medium	Large	Large
Western job role system	In process of implementation	Implemented	Implemented
Formal performance management system	Incomplete implementation	Effectively functioning	Effectively functioning
Organisational culture and values	Lack of formal development	Formally developed organisational culture and formally-reinforced organisational values	Formally developed organisational culture and values
Management perception of Guanxi	Positive	Positive and negative	Positive
Management attitude on Western management	Willing to further implement Western job role system	Willing to integrate Western and Chinese management practices	Willing to increase the use of Western management practices
Reliance on formal organisational systems and processes	Very limited	Limited	Light
Stress on flexible and humanistic management	Yes	Yes	Yes
Emergent coordination demands	Many	Extensive	Many

Table 9.2 Cross-case comparison: organisational contexts

First, Case Study I, the medium-sized organisation in the process of introducing a Western job role system, has not fully implemented a formal performance management system nor formally recognised or developed its organisational culture and values. As a result, relational obligations and values often override organisational obligations and professional values in the organisation. Case Study II and Case Study III, the two large organisations which have implemented Western job role systems, effectively operate formal performance management systems and formally develop their organisational culture and values to direct employees to prioritise organisational rather than relational obligations and values. The two large organisations therefore fully or largely curb the negative organisational outcomes of Guanxi. In particular, Case Study II formally assesses employee behaviour against its organisational values through collective performance reviews, resulting in the strong imprint of organisational values on employee behaviour.

Second, management perceptions and attitudes regarding Guanxi and Western management practices have an impact on organisational approaches to utilise Guanxi and Western management practices. While the management in Case Study I stresses the positive effects of Guanxi but is willing to further the implementation of the Western job role system, the organisation does not make many efforts to amend the effects of Guanxi nor address the conflicts between Guanxi and the formal job role system. In comparison, the management in Case Study II has mixed perceptions of the impact of Guanxi and is interested in integrating Western and Chinese management practices. As a result, the organisation makes many efforts to remove hierarchical differentiation in Senior-junior Guanxi, eliminate the exclusivity of team-based Guanxi groups and draw a firm bottom

line for the working of particularistic rules of Guanxi, fully addressing the negative outcomes of Guanxi. The organisation also integrates some relational obligations and values of Guanxi into the formal job role system to enhance the benefits of Guanxi. In contrast, the management in Case Study III has positive perceptions of the effects of Guanxi and is keen to increase the use of Western management practices. Therefore, Case Study III does not seek to amend the effects of Guanxi as much as Case Study II does, but furthers the use of formal organisational provisions such IT-based tools for monitoring work progress and high financial incentives for stimulating employee behaviour input.

Third, all three organisations do not demand the full use of formal impersonal organisational systems and processes with a stress on flexible and humanistic management approach. In contrast, while Case Study I is still in the transition process of formalisation, the use of formal organisational systems and processes is most limited. Whilst Case Study III has increased the use of formal organisational provisions but emphasises their light use, the use of formal organisational systems and processes is least limited among the three case studies.

Fourth, while Case Study I and Case Study III mainly operate mature products but introduce some new products or upgrade existing products due to market competition, Case Study II is striving to reinvent its business models to recover its decreasing revenue. Therefore, there are many emergent coordination demands in Case Study I and Case Study III, but extensive emergent coordination demands in Case Study II.

Under different organisational contexts, the relational and formal coordination mechanisms interplay distinctly to create the organisational coordination in the three case studies. In all three organisations, the relational mechanism of Guanxi supplements the formal role coordination mechanism in within-team, cross-team and manager-subordinate coordination, but to different extents, whilst the formal mechanism has differential effects on the relational mechanism in producing organisational coordination. To specify, in Case Study I, Guanxi largely substitutes the formal role coordination mechanism in within-team, cross-team and manager-subordinate coordination because the formalisation is not complete and Guanxi hinders the implementation of the formal mechanism. However, while the formal mechanism has not been sufficiently implemented, the relational mechanism has not fully sustained organisational coordination due to the lack of direct social ties in cross-team Guanxi networks and the negative organisational effects of Guanxi surpassing the formal job role system. As a result, there is overall dissatisfaction with the organisational coordination.

In Case Study II, while Guanxi supplements the formal role coordination mechanism, the formal mechanism eliminates the negative organisational outcomes of Guanxi but also reflects some relational obligations and values to enhance the benefits of Guanxi. Therefore, Case Study II has achieved a synergy between the Chinese relational and Western formal coordination mechanisms. Whilst the relational and formal coordination mechanisms have their own advantages in the flexibility and security of coordination, the synergy of both mechanisms successfully produce the organisational coordination under extensive emergent coordination demands. In Case Study III, whereas Guanxi supplements the formal role coordination mechanism, the formal mechanism largely curbs the negative outcomes of Guanxi but does not further amend the effects of Guanxi. Instead, the organisation furthers the use of formal organisational provisions to strengthen the capacity of the formal mechanism. As a result, the combination of relational and formal coordination mechanisms in Case Study III successfully supports organisational coordination under many emergent coordination demands. In other words, the joint effects of relational and formal mechanisms on organisational coordination not only depend on different organisational contexts for their interplay, but also depend on their distinct combination as a result of that interplay and on the differential nature of coordination demands.

Consequently, the case studies extend empirical knowledge on how relational and formal coordination mechanisms jointly produce organisational coordination under different organisational contexts. Scholars posit that the effects of social capital are contingent on the fit between the types of social capital and organisational tasks and objectives and organisational contexts (Xiao and Tsui, 2007; Adler and Kwon, 2002). The case studies offer empirical evidence that the effects of Guanxi depends on the fit between the types of social capital, such as bonding and bridging social capital, and organisational tasks and objectives, such as within-team and cross-team coordination. Moreover, while the literature suggests that Guanxi exercises a strong influence in small Chinese firms so that their management practices tend to be informal (Yulong, 2011), the case studies prove that the effects of Guanxi are particularly strong in the medium-sized organisation in the process of implementing a Western job role system. More importantly, the case studies illustrate that the interplay of relational and formal mechanisms is also subject to the organisational culture, values and traditions and the organisational provisions attached to the formal job role system, such as formal performance management systems and HR policies on job transfer, career development and seniority-based compensation. Finally, scholars suggest that because relational and formal coordination mechanisms can be relatively effective in settings with high or low levels of task uncertainty and interdependence, the integration of both mechanisms would lead to enhanced coordination outcomes (Gittell, 2009; Thomson and Perry, 2006). Case Study II

empirically proves that the synergy of both mechanisms creates superior coordination outcomes when there are extensive emergent coordination demands.

Finally, the case studies increase the understanding of the dynamic interplay between Chinese Guanxi and Western job role system in different organisational contexts. As mentioned, all three case studies do not demand the full use of formal impersonal organisational systems and processes with a stress on flexible and humanistic management. According to Danford and Zhao (2012) and Yau and Powell (2004), the relationship-based management philosophy in China results in a relatively humanistic management approach based on moral standards, harmonious relationships and social obligations. The stress on flexible and humanistic management in the three case studies may reflect the relationship-based management philosophy, which constrains the full use of formal organisational systems and processes. While the literature recognises that Guanxi constrain the transfer of Western management practices in Chinese organisations (Section 1.1), the case studies support the existing literature in this aspect. However, while the existing literature focusses on the competition between Chinese Guanxi and Western management practices (Section 1.2), the case studies demonstrate that the interplay between Chinese Guanxi and a Western job role system is partly contingent on management perceptions and attitudes towards both practices.

CHAPTER 10. CONCLUSIONS

The research is designed to understand How the interplay between Chinese Guanxi and Western job role system affects the coordination of work in private Chinese firms. Based on three case studies in private Chinese IT firms, the research answers three primary research questions. First, the research illustrates that the intertwining of Guanxi relationships and formal job role relations results in the formation of intra-organisational Guanxi network embedding a relational structure of Guanxi consisting of hierarchical and non-hierarchical social ties. Second, the research elaborates that while Guanxi functions as a relational coordination mechanism through the intra-organisational Guanxi network, the relational structure and some particularistic rules, the relational coordination mechanism and formal role coordination mechanism facilitate and hinder each other in Chinese organisations. Third, the research demonstrates that the combination of the relational and formal coordination mechanisms creates different outcomes of organisational coordination in differential organisational contexts. By answering the three research questions, the research also discovers that the Western job role system reduces the centrality of Guanxi and the respect for Confucian authority in Chinese organisations, whilst the cultural practices of Guanxi alters the functioning of the Western job role system.

As a result of the case studies, the research creates some new knowledge. First, the research extends the understanding of the development and effects of social capital in organisations, contributing to social capital literature. Second, the research provides new insights into the interplay and joint outcomes of relational and formal coordination mechanisms, contributing to coordination literature. Third, the research produces empirical evidences on the coevolution of Chinese Guanxi and Western HRM practices in Chinese organisations, contributing to the literature on the diffusions of Western HRM. This final chapter discusses the conclusions of the research in first four sections in terms of the three research questions and the associated topic on the coevolution of Chinese Guanxi and Western HRM practices. Then the next two sections outline the contributions and limitations of the research and the implications of the research for future research and management practices.

10.1 Intertwining of Guanxi relationships with formal role relations

This section concludes how Guanxi relationships intertwine with formal job role relations, shaping social networks in Chinese organisations, answering Research Questions I. The research illustrates that the intertwining of informal and formal relationships results in the formation of an intra-organisational Guanxi network consisting of dense closed within-

team Guanxi networks and relatively loose cross-team Guanxi networks and a relational structure of Guanxi consisting of team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi.

On one hand, the research increases the understanding of how the design and functioning of formal job role relations shapes structural, relational and cognitive features of Guanxi relationships in Chinese organisations. First, the stress on organisational obligations discourages Chinese employees from developing close Guanxi relationships, whilst task interdependence strengthens their intention to maintain harmonious Guanxi relationships. While the literature recognises the presence of Familiar Guanxi in Chinese organisations (Luo, 2011), the research explains that the stress on organisational obligations and the task interdependence in formal job role relations lead to the prevalence of semi-close Familiar Guanxi. Second, formal team differentiation lead to more frequent interpersonal interaction and the development of more affection, trust obligations and mutual understandings within teams than across teams. Hence, there is more presence of semi-close Familiar Guanxi between team members than between cross-team colleagues and an existence of distant Stranger Guanxi between cross-team colleagues. The research extends the literature by explaining that formal team differentiation shapes the opportunities of interpersonal interaction and for developing the contents of interpersonal relationships through determining task interdependence, team membership, physical proximity, frequency of meetings and length of time that employees work together (Section 7.1.1). Third, the research creates new empirical evidence that an organisation facilitates the development of structural and relational contents of cross-team interpersonal relationships by promoting cross-team interpersonal interaction with developing interpersonal affection between organisational members with a family culture and creating generalised trust between organisational members with formally reinforced organisational values (Section 7.1.1).

On the other hand, the research indicates that Guanxi relationships affects interpersonal interaction and social exchange in formal working relationships. First, the research shows that Chinese employees strive to maintain harmonious Guanxi relationships with each other and engage in affective social exchange under long-term reciprocity of Renqing at work and in private life. The research extends the literature by explaining that the pervasive overlap between formal organisational relationships and informal Guanxi relationships in Chinese organisations is because Chinese employees conduct affective social exchange beyond work (Section 7.2.1). Second, the research elaborates that the familial collectivism of Guanxi results in the development of team-based Guanxi groups with more or less exclusivity in Chinese organisations. The research extends the existing literature by illustrating that formal team differentiation shapes employee choices to build up Guanxi groups under the influences of familial collectivism (Section 7.2.2). Further, the

research offers an empirical example that an organisation eliminates the exclusivity of team-based Guanxi groups by encouraging frequent cross-team job transfers and projects and stressing the organisation as a 'bigger' family and collectivity.

Third, the research reveals that where the setting and functioning of formal job role relations legitimise hierarchical differentiation between managers and subordinates and between senior and junior team members, Confucian mutual obligations in hierarchical Guanxi relationships result in the development of Paternalistic Leadership and hierarchical Senior-junior Guanxi. By encouraging employee participation and providing both managerial and professional career ladders, two case studies reduce the emphasis on authoritarian leadership. While existing literature on Paternalistic Leadership focusses on its effects (e.g. Mejia et al., 2018), the research illustrates the particular kinds of organisational practices that amend the features of Paternalistic Leadership. Moreover, the research demonstrates that by offering seniority-based compensation and relying on senior team members to lead junior team members, some Chinese organisations legitimise the hierarchical differentiation in Senior-junior Guanxi, increasing the understanding of hierarchical Senior-junior Guanxi in Chinese organisations (Section 7.2.2).

In other words, the research illustrates the mutual impacts of Guanxi relationships and the formal job role relations in Chinese organisations. In one direction, the design and functioning of formal job role relations shape the frequency and hierarchy of interpersonal interaction, the opportunities for developing the contents of Guanxi relationships and the intention of employees to develop semi-close Guanxi relationships. In the other direction, Guanxi affects the perceptions of Chinese employees on their social obligations towards their team colleagues including senior and junior colleagues and towards their managers or subordinates. The team-based Guanxi groups, Paternalistic Leadership and Senior-junior Guanxi constitute a relational structure of Guanxi consisting of hierarchical and non-hierarchical Guanxi relationships. While the relational structure reflects the conceptions of Chinese employees about their Guanxi relationships with each other in formal organisational structure, the relational structure parallels to and intertwines with the formal organisational structure.

As a result, the research provides empirical insights into the intertwining of Guanxi relationships with formal job role relations at dyadic level and network level in Chinese organisations. At dyadic level, the research extends the understanding of the overlapping of three types of Guanxi relationships and both hierarchical and non-hierarchical Guanxi relationships with within-team, cross-team and manager-subordinate formal role relations. While existing literature has not distinguished different types of Guanxi among organisational members (Luo, 2011), the research reveals the minor presence of Family-

like Guanxi, the prevalence of Familiar Guanxi and the existence of distant Stranger Guanxi between cross-team colleagues in Chinese organisations. Moreover, whilst social capital scholarship has mainly focussed on horizontal structuring of societies and organisations rather than their vertical structuring (Kwon and Adler, 2014), the research discovers hierarchical Guanxi relationships between managers and subordinates and sometimes between senior and junior team members. In addition, whereas there is a lack of studies on how hierarchical social exchange takes place in various mixes of expressive and instrumental ties (Luo et al., 2016), the research shows that the minor Family-like Guanxi in hierarchical manager-subordinate relationships sometimes exists between team leaders and the senior team members.

At network level, the research increases the understanding on the development of intra-organisational Guanxi network in Chinese organisations. Scholars have debated whether Guanxi networks in Chinese organisations are closed networks or not (Gao et al., 2013; Hom and Xiao, 2011; and Luo, 2011). The research furthers the debate by showing that within-team Guanxi networks are often dense networks filled by relatively strong, multiplex and direct ties with team membership causing some network closure and that cross-team Guanxi networks are relatively loose with the existence of Stranger Guanxi and thus indirect ties. While Guanxi may be a combination of bonding and bridging social capital (Herrmann-Pillath, 2010), the research shows that the within-team Guanxi networks have more features of bonding social capital and the cross-team Guanxi networks have more features of bridging social capital. Moreover, an existing survey study shows that high-commitment HRM practices involving empowered teams, flexible work designs and collective incentives reinforce network closure of Guanxi in Chinese organisations (Hom and Xiao, 2011). Case Study II extends such finding by explaining that strong employee-initiated in cross-team job transfers and projects, collectivist and affection-oriented family culture and strong imprint of organisational values on employee behaviour promote cross-team interpersonal interaction and the development of interpersonal affection and generalised trust between organisational members, increasing bonding social capital in cross-team Guanxi networks. In addition, whereas little research has investigated intra-organisational social networks composed of both vertical and horizontal ties (Luo et al., 2016), the research discovers that the relational structure of Guanxi consisting of both hierarchical and non-hierarchical ties is embedded in the intra-organisational Guanxi network.

Consequently, the research not only fills in many literature gaps on the development of Guanxi relationships and networks in Chinese organisations but not enriches the literature on the development of social capital in organisations. The research creates new empirical evidence that the design and functioning of formal job role system shapes the structural, relational and cognitive features of intra-organisational social capital. Moreover, the

research offers an empirical example of how to increase intra-organisational bonding social capital by promoting cross-team work organisation, affection-oriented organisational culture and strong imprint of organisational values on employee behaviour. In addition, the research provides empirical insights into the hierarchical structuring of intra-organisational social capital by discovering the relational structure consisting of both hierarchical and non-hierarchical social ties. Therefore, by focussing on the development of Guanxi relationships and networks in Chinese organisations, the research extends the social capital literature on the formation of intra-organisational social capital, the promotion of intra-organisational bonding social capital and the hierarchical structuring of the intra-organisational social capital.

10.2 Interplay of relational and formal coordination mechanisms

This section concludes how Guanxi and the formal job role system interplays as relational and formal coordination mechanisms in Chinese organisations, answering Research Question II. The research elaborates that while Guanxi functions as a relational coordination mechanism through intra-organisational Guanxi networks and relational structure and some particularistic rules of Guanxi, the relational and formal coordination mechanisms facilitate and hinder each other.

The research increases the understanding of how Guanxi – a Chinese style of social capital functions as a relational coordination mechanism. According to Gloede et al. (2013), there is a lack of empirical research on how social capital acts as relational coordination mechanism to produce organisational coordination. The case studies demonstrate that Guanxi works as a relational coordination mechanism by supplying bonding and bridging social capital for the flow of resources and information, offering the relational structure for horizontal and vertical coordination of work and providing inexplicit particularistic rules for regulating various work activities (Section 8.4). Moreover, because social capital scholarship has focussed on horizontal but not vertical structuring of organisations (Kwon and Adler, 2014), the literature on social capital has paid heavy attention to the classification of bonding and bridging social capital in terms of density and connectivity of social networks (e.g. Wang and Hsung, 2016; Roberts and Coghlan, 2011). The research shows that the capacity of Guanxi goes beyond the effects of bonding and bridging social capital, but also involves the relational structure and the particularistic rules of Guanxi.

While Guanxi acts a relational coordination mechanism, the research elaborates how the relational and formal coordination mechanisms facilitate and constrain the working of each other. On one hand, the research reveals that the relational coordination mechanism

supplements the formal role coordination mechanism through the intra-organisational Guanxi networks, the relational structure and particularistic rules. First, the research demonstrates the collaborative and informational benefits of social capital derived from the intra-organisational Guanxi networks. According to Chen et al. (2013), little is known about how group-level networks composed of close and/or distant ties result in differential group dynamics and effectiveness. The research increases the understandings of how dense closed within-team Guanxi networks with the strong prevalence of semi-close ties offer bonding social capital to promote effective collaboration and information sharing for within-team coordination. The research also extends the literature in how relatively loose cross-team Guanxi networks with the presence of distant ties offer bridging social capital to provide the linkages to external resources and information for cross-team coordination.

Second, the research shows that the relational structure of Guanxi complements formal organisational structure with social obligations to strengthen within-team and manager-subordinate coordination. While there is limited empirical research on the effects of Guanxi on group dynamics, the research discovers the effects of team-based Guanxi groups on team cohesion and solidarity, and proactive mutual support, flexible task distribution and tacit understanding between team members (Section 8.2.1). Whilst existing quantitative studies focus on the effects of Paternalistic Leadership on employee loyalty, commitment and obedience, the research explains these effects and discovers the effects of Paternalistic Leadership on management support due to Confucian mutual obligations. Besides, whereas there is limited literature on hierarchical Senior-junior Guanxi, the research finds that hierarchical Senior-junior Guanxi provides a relational hierarchy for the coordination between senior and junior team members (Section 8.2.3).

Third, the research discovers that the particularistic rules of Guanxi promotes flexible coordination practices with the emphasis on situational and relational obligations. While scholars recognise the influences of Guanxi on the preference for face-to-face communication and on recruitment and promotion (Zhu et al., 2013; Yulong, 2011), the research identifies the preferences for other types of relational practices and generates new understandings of ambiguous role specification and of particularistic emphasis on employee behaviour input. The research also produces new understanding that the particularistic rules of Guanxi encourage extra-role performance, facilitate communication, collaboration, management control and performance management and make up the limited use of formal organisational systems and processes for regulating work activities (Section 8.3.1-3)

However, the research illustrates that the relational coordination mechanism sometimes inhibits the formal role coordination mechanism, resulting in negative organisational

outcomes. Where the implementation of the formal job role system is not complete, Case Study I has not sufficiently implemented a formal performance management system or formally developed its organisational culture and values. As a result, relational obligations and helping behaviour between employees often go against organisational interests and task-related conflicts often turn into relational conflicts; strong exclusivity of team-based Guanxi groups harms cross-team coordination; strong benevolent leadership causes difficulty in dealing with problematic performance and strong authoritarian leadership impede cross-hierarchical open dialogue; hierarchical Senior-junior Guanxi sometimes work against organisational expectations; and the particularistic rules distort formal role definition and organisational rules, harm perceived organisational fairness and hinder the implementation of formal performance management system. While Guanxi research has primarily focussed on its potential benefits (Chen et al., 2017), the research greatly increases the understanding of the costs of Guanxi and of the conditions under which Guanxi hindering the formal mechanism causes the negative organisational outcomes.

On the other hand, the research indicates how the formal role coordination mechanism can be operated to curb the negative organisational outcomes associated with Guanxi. In Case Study II and Case Study III, the effectively functioning formal performance management system and the formally developed organisational culture and values enforce organisational obligations and values and prevents them from being overridden by relational obligations and values; and strong employee participation and formal provisions of both managerial and professional career ladders lessen the emphasis on authoritarian leadership, facilitating cross-hierarchical open dialogue. In particular, Case Study II further eliminates the exclusivity of team-based Guanxi groups by encouraging employee initiatives in cross-team job transfers and projects and stressing the organisation as a 'bigger' collectivity and family. Case Study II also removes hierarchical differentiation in Senior-junior Guanxi by offering no seniority-based compensation nor relying senior team members to lead junior team members, broadening employee participation. Besides, Case Study II draws a firm bottom line for the working of particularistic rules of Guanxi with formally reinforced organisational values. Scholars like Chen and Chen (2009) posit some ideas to reduce negative organisational outcomes of close Guanxi relationships. Whilst the negative outcomes of Guanxi are not limited to close Guanxi relationships, the research demonstrates how to address the negative organisational outcomes of Guanxi by effectively utilising formal performance management system, developing and enforcing organisational culture and values and amending the features of the relational structure of Guanxi.

Moreover, the research justifies how the formal role coordination mechanism can be used to enhance the positive outcomes of Guanxi. In Case Study II, the organisation increases bonding social capital in cross-team Guanxi networks to improve cross-team coordination

with frequent employee-initiated cross-team job transfer and projects, family culture and formally-reinforced organisational values; the organisation also enhances the benefits of team-based Guanxi groups through collective target setting and performance reviews and strengthens relational obligations of managers in Paternalistic Leadership with formal promotion and performance criteria; and the organisation secures desirable employee behaviour such as collaboration, commitment, participation and proactivity with a family culture, strong imprint of organisational values into employee behaviour and the organisational tradition of collective creation. In other words, Case Study II integrates some relational obligations and values of Guanxi into the formal job role system to strengthen the positive effects of Guanxi. As a result, the research greatly extends the understanding of what kinds of organisational practices motivate or inhibit the use of Guanxi for organisational welfare, which is largely absent in existing studies (Chen et al., 2013).

As a result, by focussing on the Chinese style of social capital, the research contributes to the literature on the effects of social capital in organisations. The research demonstrates that the capacity of Guanxi goes beyond bonding and bridging social capital, but also involves a relational structure and some particularistic rules. Because existing social capital literature has focussed on the classification of bonding and bridging social capital in terms of the density and connectivity, but not the hierarchy of social networks, the research shows that there is a limitation in applying existing social capital theory to understand the effects of Chinese style of social capital. While the realisation of social capital is context dependent (Herrmann-Pillath, 2010), the research offers new dimensions, such as the ideas of relational structure and rules, for understanding the effects of intra-organisational social capital in different societal culture. Last, by studying Chinese organisations, the research contributes to the literature on organisational coordination. Whilst there is a lack of empirical examinations on the interplay between relational and formal coordination mechanisms in organisations (Jarzabkowski et al., 2012), the research explains how relational and formal coordination mechanisms facilitate and constrain each other, creating double-edged organisational outcomes. Because the design and functioning of the formal job role system shapes the features of intra-organisational social capital, the research demonstrates that the formal job role system can be utilised to minimise the negative outcomes of intra-organisational social capital and maximise its positive outcomes.

10.3 Joint outcomes of relational and formal coordination mechanisms

This section concludes that relational and formal coordination mechanisms jointly create the outcomes of organisational coordination in Chinese organisations, answering Research Question III. The research shows that the relational and formal coordination mechanisms produce organisational coordination with distinct advantages and creates differential coordination outcomes in different organisational contexts.

By employing the conceptualisation of Okhuysen and Bechky (2009) regarding the integrating conditions for organisational coordination, the research reveals the effects of the relational and formal coordination mechanisms under a same framework. Scholars have suggested that there is a lack of research on the joint effects of relational and formal coordination mechanisms as a system of practices (Jarzabkowski et al., 2012; Bechky, 2006a; Gittell, 2000). The research demonstrates that the relational and formal coordination mechanisms jointly create the accountability, predictability and common understanding for within-team, cross-team and manager-subordinate coordination in Chinese organisations. Moreover, the research demonstrates existing propositions on the respective advantages of relational and formal coordination mechanisms in the flexibility and security of coordination (Section 9.2). On one hand, the research proves that formal role coordination mechanism strengthens the security of coordination by stabilizing coordination practices, reducing uncertainty of interpersonal communication and ensuring formal accountability, but has a weakness in responding to emergent coordination demands under the conditions of task uncertainty and complexity. On the other hand, the research illustrates that the relational mechanism of Guanxi enhances the flexibility of coordination by dealing with ambiguously-divided and emergent tasks with collectivist values, relational exchange and interpersonal interaction, but is associated with negative organisational outcomes.

Moreover, the research reveals the joint effects of the relational and formal coordination mechanisms in differential organisational contexts. In Case Study I, during the process of formalisation, the relational mechanism of Guanxi substitutes formal role coordination mechanism; however, the relational mechanism does not sufficiently support cross-team coordination alone while hindering the introduction of the formal mechanism, causing overall dissatisfaction with organisational coordination. In Case Study II and Case Study III, which have implemented the formal role coordination mechanism, the relational mechanism does not surpass the formal mechanism but complements the formal mechanism to satisfy organisational coordination. Moreover, due to different management perceptions and attitudes towards Chinese Guanxi and Western management practices, Case Study II achieves a synergy between the relational and formal coordination mechanisms, whilst Case Study III strengthens the capacity of the formal mechanism and accepts the effects of the relational mechanism. The synergy of both mechanisms in Case Study II addresses extensive emergent coordination demands in the organisation,

whereas the combination of both mechanisms in Case Study III meets many emergent coordination demands in the organisation. While scholars recommend the need to integrate formal and informal coordination mechanisms for an enhanced outcome of coordination (Thomson and Perry, 2006), Case Study II shows the superior coordination outcomes of such integration.

Scholars propose the effects of social capital are contingent on the fit between the types of social capital and organisational tasks and objectives and organisational contexts (Xiao and Tsui, 2007; Adler and Kwon 2002). While the research indicates that the capacity of Guanxi goes beyond the two types of social capital, the research illustrates that the joint effects of relational and formal coordination mechanisms depend on organisational contexts. First, the research proves the prediction in selecting the three case studies that the relational mechanism has a relatively strong influence in the organisation at relatively small size and during the process of formalisation. Second, the research indicates that the interplay of relational and formal coordination mechanisms is subject to the organisational contexts including organisational culture, values and traditions and organisational provisions such as the formal performance management system and HR policies on job transfer, career ladders and compensation. Third, the research discovers that different combinations of the relational and formal coordination mechanisms in Case Study II and Case Study III as a result of their interplay create same coordination outcomes under distinct kinds of coordination demands in the organisational contexts. In other words, the research demonstrates that the joint effects of relational and formal coordination mechanism are contingent on the different organisational contexts for their interplay, on their distinct combinations as a result of the interplay, and on the features of coordination demands in the organisations.

As a result, the research creates empirical evidences on the distinct advantages of relational and formal coordination mechanisms and on the contingency of their joint effects on organisational contexts. While the concept of social capital informs a new perspective on coordination in comparison with the traditional perspective of organisation design (Section 2.2.1), these evidences extend the existing literature in organisational coordination.

10.4 Coevolution of Chinese Guanxi and Western job role system

Based on the understanding in the intertwining of Guanxi relationships with the formal job role relations and in the interplay between the relational and formal coordination

mechanisms, the research extends the literature in the coevolution of Chinese Guanxi and Western HRM practices in Chinese organisations.

On one hand, the research illustrates that the implementation of the Western job role system weakens the centrality of Guanxi and the respect for Confucian authority in Chinese organisations. According to Scott and Davis (2016), the rationale of formalisation in Western management, to some degree, is to make the functioning of organisations independent of feelings. The case studies show that the implementation of the rationalistic Western job role system requires employees to emphasise organisational rather than relational obligations and values and that the stress on organisational obligations discourages employees from developing close Guanxi relationships. Moreover, whilst delegation and employee initiatives and voice are central ingredients of Western management practices (Ahlstrom et al., 2013; Björkman and Lu, 1999), the implementation of Western job role system lessens the practices of Confucian authority in the organisations. Case Study II and Case Study III, which have implemented the Western job role system, reduce the emphasis on authoritarian leadership by encouraging employee participation and providing both professional and managerial career ladders. In particular, Case Study II does not offer seniority-based compensation nor rely on senior team leaders to lead junior team members, further eliminating the hierarchical differentiation in Senior-junior Guanxi. According to Chen et al. (2017), there has been a lack of research to understand how values are changing in China while Guanxi is in the centre of Chinese management. The research narrows the literature gap by demonstrating that the implementation of the Western job role system weakens relational obligations and values of Guanxi, affective strength of Guanxi relationships and the practices of Confucian authority.

On the other hand, the research elaborates that Guanxi hinder the functioning of Western job role system in Chinese organisations. In particular, in Case Study I, the medium-sized organisation during the process of implementing Western job role system, relational obligations, values and rules of Guanxi often override organisational obligations and professional values, distort formal role definition and rationalistic organisational rules and impede the introduction of universalistic formal performance management system. Although Case Study II and Case Study III fully or largely prevent the relational obligations and values from surpassing organisational obligations and values, the ambiguous role specification in both organisations suggests a limited reliance on the use of formal job role system. These findings support existing literature that the cultural practices of Guanxi constrain the transfer of Western HRM practices to China (Section 1.1). Moreover, the research increases the understanding of the topic by illustrating the different levels of Guanxi influences in Chinese organisations during and after the implementation of the Western job role system, which reduces the influences of Guanxi.

As a result, the research increases the understanding of the coevolution of Chinese Guanxi and Western HRM practices in Chinese organisations. Existing literature indicates that Guanxi is often viewed as a competing form of accountability and control, violates principle of justice and undermines merit-based performance in the operations of foreign-invested firms in China (Chen et al., 2013; Chen et al., 2008). Case Study I, in the transition stage of implementing Western job role system, extends the understanding of the competition and conflicts between Western job role system and Chinese Guanxi in Chinese domestic firms. Moreover, though early literature on the transfer of Western HRM practices to China recommended the importance to seek for a synergy between the Western and Chinese practices (e.g. Child, 2000), current literature focusses on whether the firms in emerging economies should adapt Western HRM practices to improve performance or localise Western models to suit local needs (Zhu and Warner, 2017). With Case Study II, the research offers a rare empirical example on the synergy between Chinese Guanxi and the Western job role system. In addition, according to Gamble and Huang (2009), the convergence or divergence of Western practices with local practices is not an event, but a dynamic, contested and shifting process. The research demonstrates that the dynamic interplay of Chinese Guanxi and the Western job role system is contingent on organisational size, the levels of implementing the Western system, organisational culture, values and tradition, and management perceptions towards the Chinese and Western practices.

Many scholars identify the emergence of a hybrid model of HRM practices in China with the coexistence of many mutually exclusive ideas and practices due to the transfer of Western HRM practices (e.g. Zhu and Warner, 2017; Ng et al., 2008; Chan et al., 2005). The research enriches the understanding of the emerging hybrid model by illustrating how the mutually exclusive ideas and practices of Chinese Guanxi and the Western job role system coexist, compete and coevolve in different organisational contexts. Such understanding extends the literature on the diffusions of Western HRM practices in China.

10.5 Contributions and limitations

By filling in many gaps of the literature on the interplay of Chinese Guanxi and Western job role system in Chinese organisations, this research has great contributions to social capital literature, coordination literature and the literature on the diffusions of Western management, though with limitations.

First, the research extends social capital literature on the development and effects of social capital in organisations, which are still at the beginning stage of exploration for

researchers (Hollenbeck and Jamieson, 2015). In particular, existing social capital literature focuses on the connectivity and density but not the hierarchy of social networks and thus the classification of bonding and bridging social capital. The research illustrates that the capacity of Chinese style of social capital – Guanxi goes beyond the bonding and bridging social capital but also involves a relational structure consisting of hierarchical and non-hierarchical ties and some relational rules established in Chinese culture. The research therefore reveals the limitations of applying existing social capital theory to understand the development and effects of social capital in organisations because employees interact to develop interpersonal relationships in the contexts of organisational hierarchy and a national or societal culture. As a result, the research offers some ideas for advancing the literature in intra-organisational social capital by paying attention to the relational structure and rules.

Second, the research enriches coordination literature on the interplay and joint effects of relational and formal coordination mechanisms in organisations. While the recent literature has an increasing interest in informal coordination practices, scholars like Choudhury (2011) suggest that the concept of social capital informs a new perspective on coordination by focusing on social relationships and networks. The research is an attempt to explore how social capital functions as relational coordination mechanism in organisations and how relational and formal coordination mechanisms interplay to jointly create organisational coordination. The research demonstrates that social capital is associated with both positive and negative organisational outcomes; that formal coordination mechanism can be designed and functioned to minimise the liabilities and maximize the benefits of the relational mechanism; and that the interplay of both mechanisms depends on organisational contexts. The research also illustrates the approach and values of integrating the relational and formal coordination mechanisms. While scholars posit the relatively new social capital perspective on coordination, the research consolidates the social capital perspective with empirical evidences.

Third, the research contributes to the management literature on the diffusions of Western HRM practices. Scholars have recognised the evidence of divergence or convergence with management theories and practices developed in Western countries (Zhu & Warner, 2017). The research provides empirical evidences on the coevolution of Chinese Guanxi and the Western job role system in Chinese organisations and illustrates that such coevolution is contingent on organisational contexts, such as organisation size, the level of the transfer of Western practices, organisational culture, values and traditions, management perceptions and other formal organisational provisions associated with the transfer. The research furthers the existing divergence-convergence debate by discovering the dynamic coevolution of the diffused Western practices and local practices in organisational contexts. As a result, the research implies that instead of focusing on the

divergence or convergence with Western HRM practices, the literature may pay more attention to the opportunity to manage the coevolution of Western and local practices to achieve desirable organisational outcomes.

Despite of above contributions to literature, there are some limitations of the research. First, during data collection, there is a possibility that interviewees tend to give positive answers or the answers that they assume to be wanted by researcher and that researcher affects the response of interviewees in interaction and the transcription of interview data. Second, during data analysis, there could be researcher subjectivity in checking the consistency of data in an interview or in a case study, in judging low-frequency examples and looking for rival explanations for the development of themes, or in comparing the themes among cases. Though the researcher focusses on the explanations that appears most congruent with the data, the researcher subjectivity could affect the validity of research findings. Third, while the number of individual participants is limited in each case study, the experience of the participants might not reflect the experience of whole workforce. For example, the age groups, gender and occupation or position of participants may have an impact on their experience, which the research has not much addressed. And because there are only three case studies in the research, there is a still challenge in the generalisation of research findings to theory, even if not to all organisations.

Last, there are difficulties in measuring the research findings to consolidate the research conclusions. For instance, with the reliance on the qualitative method of data collection and analysis, the research has difficulties in measuring the presence of each type of Guanxi relationships with teams, across teams and between managers and subordinates, and measuring the effects of relational and coordination mechanisms. Nonetheless, the research has an advantage in studying real-life phenomena and social processes in organisational and societal settings and contributing to the understanding of reality.

10.6 Future research and practical implications

By studying the interplay between Chinese Guanxi and Western job role system in Chinese private IT firms in Shenzhen Municipal, the research has many implications for future research and management practices.

The research provides some ideas for future research to extend the literature on the development and effects of social capital in organisations and the literature on the coevolution of Chinese Guanxi and Western HRM practices in a mixed context. First, the research demonstrates that the formal job role system shapes structure, relational and cognitive features of social capital in Chinese organisations. A quantitative research may be conducted to measure the impact and draw the features of intra-organisational social

networks with quantifiable indicators and an empirical study in Western firms could test the findings of the present research in different national or societal culture. These two kinds of research could further the understanding of how formal organisational structure and practices affect the development of intra-organisational social capital.

Second, the research reveals how Guanxi and the formal job role system interplays as relational and formal coordination mechanisms and jointly affect the coordination of work. While Guanxi is a Chinese style of social capital, a research on the interplay between Western style of social capital and formal coordination mechanisms in Western firms may extend the understanding of the topic with new evidences and rival explanations. Because the case studies are carried out in the IT firms with more or less similar levels of task uncertainty and complexity, a comparative research in the firms with distinct levels of task uncertainty and complexity could enrich the understanding of the different effects of relational and formal coordination mechanisms.

Third, the research discovers the coevolution of Chinese Guanxi and Western job role system in private Chinese firms in a developed region of China, where the development of Guanxi relationships is most voluntary and the introduction of the Western practices is most extensive. A future research on the topic in less-developed regions of China or in public sector, or in the operations of Chinese firms in Western societies may produce new understanding of the contextual factors that affect the coevolution of Chinese and Western practices.

Moreover, the research has many practical implications for both Chinese firms and Western firms. The research illustrates that the formal job role system can be designed and functioned to reduce the negative organisational outcomes of social capital and enhance its benefits. These firms may define its HR strategies and practices to make the best use of intra-organisational social capital for organisational welfare.

In Chinese domestic firms, the operations of Western firms in China, and the operations of Chinese firms in Western countries, Guanxi has or may have an influence on the interaction of Chinese employees. To minimise the negative organisational outcomes of Guanxi, these organisations could utilise a formal performance management system and develop organisational culture and values to enforce organisational obligations and values and prevent them from being overridden by the relational obligations and values of Guanxi. These firms also could curb the exclusivity of team-based Guanxi groups by encouraging employee initiatives in cross-team job transfers and projects and stressing the organisation as an important collectivity. Moreover, these firms would broaden the participation of junior employees by removing seniority-based compensation and encouraging junior employees to lead projects. Furthermore, these firms can facilitate

cross-hierarchical open dialogue by encouraging employee participation and offering professional and managerial career ladders. Besides, these firms may formally assess employee behaviour against organisational values to draw a firm bottom line for the working of particularistic rules of Guanxi.

To maximize the positive effects of Guanxi in organisations, Chinese domestic firms within all Chinese employees could integrate some relational obligations, collectivist and affection-oriented values of Guanxi into their formal job role system. For instance, these firms could increase bonding social capital in cross-team social networks by encouraging employee initiatives in cross-team job transfer and projects, developing family culture and formally reinforcing organisational values. Moreover, the firms might enhance the effects of team-based Guanxi groups with collective target setting and performance reviews and strengthen relational obligations of Chinese managers with formal promotion and performance criteria. Besides, the firms may secure desirable employee behaviour in commitment, collaboration, proactivity, and participation by developing a family culture, formally-reinforced organisational values of team work and career passion and a tradition of collective creation.

Last, the research also has some practical implications for Western firms operating in Western countries. The research reveals that while the formal role coordination mechanism shapes the features of the relational coordination mechanism, the relational and formal mechanisms have their own advantages and disadvantages for organisational coordination and an integration of both mechanisms create superior coordination outcomes. Western firms could design and operate their formal job role systems to create the kinds of social capital required by their coordination demands, reduce the disadvantages of both mechanisms and integrate the benefits of both mechanisms to improve their organisational coordination.

REFERENCES

- Adler, P. S., & Kwon, S.-W. (2002) Social capital: Prospects for a new concept. *Academy of Management Review*, 27 (1): 17-40.
- Ahlstrom, D., Levitas, E., Hitt, M. A., Dacin, M. T., & Zhu, H. (2013) The three faces of China: Strategic Alliance Partner Selection in three ethnic Chinese economies. *Journal of World Business*, 49 (4): 572-585.
- Ahmed, P. K., & Li, X. (1996). Chinese culture and its implications for sino-western joint venture management. *Strategic Change*, 5 (5), 275-286.
- Dransfield, R. (2000). *Human Resource Management*. Oxford: Heinemann.
- Avery, S. L., Sun, J. Y., Swafford, P. M., & Prater, E. L. (2014) Contextualizing or decontextualizing? The peril of using Western social capital scales in China. *Journal of Chinese Human Resources Management*, 5 (1): 32-50.
- Barkema, H. G., Chen, X.-P., George, G., Luo, Y., & Tsui, A. S. (2015) West meets East: New concepts and theories. *Academy of Management Journal*, 58 (2): 460.
- Barnes, B. R., Yen, D., & Zhou, L. (2011) Investigating guanxi dimensions and relationship outcomes: Insights from Sino-Anglo business relationships. *Industrial Marketing Management*, 40 (4): 510-521.
- Bechky, B. A. (2006a) Gaffers, Gofers, and Grips: Role-Based Coordination in Temporary Organizations. *Organization Science*, 17 (1): 3-21.
- Bechky, B. A. (2006b) *In working order: coordinating across occupational groups in organizations*. Davis: University of California
- Bechky, B. A. (2011) Making Organizational Theory Work: Institutions, Occupations, and Negotiated Orders. *Organization Science*, 22 (5): 1157-1167.
- Bedford, O. (2011) Guanxi-building in the workplace: a dynamic process model of working and backdoor guanxi. *Journal of Business Ethics*, 104 (1): 149-158.
- Bian, Y. (2017) The comparative significance of guanxi. *Management and Organization Review*, 13 (2): 261-267.
- Bian, Y., & Zhang, L. (2014) Corporate Social Capital in Chinese Guanxi Culture, *Contemporary Perspectives on Organizational Social Networks* 40: 421-443.
- Biddle, B. J. (1986). Recent Development in Role Theory. *Annual Review of Sociology*, 12 (1): 67-92.
- Björkman, I., & Lu, Y. (1999) The management of human resources in Chinese-Western joint ventures. *Journal of World Business*, 34 (3), 306-324.
- Björkman, I., Smale, A., Sumelius, J., Suutari, V., & Lu, Y. (2008) Changes in institutional context and MNC operations in China: Subsidiary HRM practices in 1996 versus 2006. *International Business Review*, 17 (2): 146-158.
- Braun, V., & Clarke, V. (2006) Using thematic analysis in psychology. *Qualitative research in psychology*, 3 (2): 77-101.
- Bryman, A., & Bell, E. (2007) *Business Research Methods*. Oxford: Oxford.

- Burt, R. S., & Burzynska, K. (2017) Chinese entrepreneurs, social networks, and guanxi. *Management and Organization Review*, 13 (2): 221-260.
- Chan, K.-B., Luk, V., & Wang, G. X. (2005) Conflict and innovation in international joint ventures: toward a new sinified corporate culture or 'alternative globalization' in China. *Asia Pacific Business Review*, 11 (4): 461-482.
- Chen, C. C., & Chen, X.-P. (2009) Negative externalities of close guanxi within organizations. *Asia Pacific Journal of Management*, 26 (1): 37-53.
- Chen, C. C., Chen, X. P., & Huang, S. (2013) Chinese Guanxi: An Integrative Review and New Directions for Future Research. *Management and Organization Review*, 9 (1): 167-207.
- Chen, C. C., Chen, Y.-R., & Xin, K. (2004) Guanxi practices and trust in management: A procedural justice perspective. *Organization Science*, 15 (2): 200-209.
- Chen, C. C., Friedman, R., & McAllister, D. J. (2017). Seeing and studying China: Leveraging phenomenon-based research in China for theory advancement. *Organizational Behavior and Human Decision Processes*, 143: 1-7
- Chen, C. C., Ünal, A. F., Leung, K., & Xin, K. R. (2016) Group harmony in the workplace: Conception, measurement, and validation. *Asia Pacific Journal of Management*, 33 (4): 903-934.
- Chen, G.-M., & Chung, J. (2002) Seniority and superiority: A case analysis of decision making in a Taiwanese religious group. *Intercultural Communication Studies*, 11 (1): 41-56.
- Chen, G.-M., & Ma, R. (2002) *Chinese conflict management and resolution*. Westport: Greenwood Publishing.
- Chen, J.-S., & Lovvorn, A. S. (2011) The speed of knowledge transfer within multinational enterprises: the role of social capital. *International Journal of Commerce & Management*, 21 (1): 46-62.
- Chen, L. (2000) Connecting to the world economy: Issues confronting organizations in Chinese societies. *Management Communication Quarterly*, 14 (1): 152-160.
- Chen, M.-J., & Miller, D. (2010) West meets East: Toward an ambicultural approach to management. *The Academy of Management Perspectives*, 24 (4): 17-24.
- Chen, M. H. (2009) Guanxi networks and creativity in Taiwanese project teams. *Creativity and Innovation Management*, 18 (4): 269-277.
- Chen, W.-Y. (2012) Does guanxi matter to knowledge sharing? *2012 Proceedings of In Technology Management for Emerging Technologies (PICMET)*, 2254-2262.
- Chen, X., & Chen, C. C. (2004). On the Intricacies of the Chinese Guanxi: A Process Model of Guanxi Development. *Asia Pacific Journal of Management*, 21 (3): 305-324.
- Chen, Y., Dean, T., & Wu, P. (2008) Effects of Relationship Values and Goal Interdependence on Guanxi Between Foreign Managers and Chinese Employees. *Journal of Applied Social Psychology*, 38 (10): 2440-2468.

- Chen, Y., Friedman, R., Yu, E., & Sun, F. (2011) Examining the positive and negative effects of guanxi practices: A multi-level analysis of guanxi practices and procedural justice perceptions. *Asia Pacific Journal of Management*, 28 (4): 715-735.
- Child, J. (2000) Management and organizations in China: Key trends and issues. In: Li, J., Tsui, A. & Weldon, E. eds. *Management and organizations in the Chinese context*. London: Palgrave Macmillan: 33-62.
- Child, J., & Warner, M. (2003) Culture and management in China. In: Warner, M. ed. *Culture and management in Asia*. Oxon: Routledge: 24- 47.
- Child, J., & Yan, Y. (2001) National and transnational effects in international business: Indications from Sino-foreign joint ventures. *Management International Review*, 41 (1): 53-75.
- Chou, L. F., Cheng, B. S., Huang, M. P., & Cheng, H. Y. (2006) Guanxi networks and members' effectiveness in Chinese work teams: Mediating effects of trust networks. *Asian Journal of Social Psychology*, 9 (2): 79-95.
- Choudhury, J. (2011) HR configuration, social capital & organization performance: Theoretical synthesis & empirical analysis. *The Journal of Commerce*, 3 (3): 1-1.
- Chow, R., P. M. , & Yau, O. H. M. (2010) Harmony and cooperation: their effects on IJV performance in China. *Cross Cultural Management*, 17 (3): 312-326.
- Christoffersen, S. (2011) Enhance Teamwork Outcomes Through Guanxi. *American Journal of Business Education*, 4 (11): 19-24.
- Chua, R. Y., Morris, M. W., & Ingram, P. (2009) Guanxi vs networking: Distinctive configurations of affect-and cognition-based trust in the networks of Chinese vs American managers. *Journal of International Business Studies*, 40 (3): 490-508.
- Cleveland, S., & Ellis, T. J. (2015) The Impact of Role Conflict, Role Ambiguity, and Locus of Control on Organizational Knowledge Sharing Practices. *Proceedings of System Sciences (HICSS) 2015 Hawaii International Conference*, 3801-3810.
- Cohen, L. E. (2013) Assembling jobs: A model of how tasks are bundled into and across jobs. *Organization Science*, 24 (2): 432-454.
- Cooke, F. L. (2009) A decade of transformation of HRM in China: A review of literature and suggestions for future studies. *Asia Pacific Journal of Human Resources*, 47 (1): 6-40.
- Cooke, F. L. (2013) *Human resource management in China: New trends and practices*. London: Routledge.
- Cramm, J. M., & Nieboer, A. P. (2012) Relational coordination promotes quality of chronic care delivery in Dutch disease-management programs. *Health care management review*, 37 (4): 301-309.
- Crombie, B. (2010) Is Guanxi Social Capital. *The ISM Journal of International Business*, 1 (2): 1-28.

- Danford, A., & Zhao, W. (2012) Confucian HRM or unitarism with Chinese characteristics? A study of worker attitudes to work reform and management in three state-owned enterprises. *Work, Employment & Society*, 26 (5): 839-856.
- Davidson, T., Van Dyne, L., & Lin, B. (2017) Too attached to speak up? It depends: How supervisor–subordinate guanxi and perceived job control influence upward constructive voice. *Organizational Behavior and Human Decision Processes*, 143, 39-53
- Denison, D. R., & Mishra, A. K. (1995) Toward a theory of organizational culture and effectiveness. *Organization Science*, 6 (2): 204-223.
- Easterby-Smith, M., Thorpe, R., & Jackson, P. (2008) Creating Qualitative Data. In *Management research: An Introduction*. London: Sage: 141-170).
- Eisenhardt, K. M. (1989) Building theories from case study research. *Academy of Management Review*, 14 (4): 532-550.
- Ellison, N. B., Gibbs, J. L., & Weber, M. S. (2015) The Use of Enterprise Social Network Sites for Knowledge Sharing in Distributed Organizations: The Role of Organizational Affordances. *American Behavioral Scientist*, 59 (1): 103-123.
- Elsner, W. (2005) Real-world economics today: the new complexity, co-ordination and policy. *Review of Social Economy*, 63 (1): 19-53.
- Evans, W. R., & Davis, W. D. (2005) High-performance work systems and organizational performance: The mediating role of internal social structure. *Journal of Management*, 31 (5): 758-775.
- Fan, Y. (2002) Questioning guanxi: definition, classification and implications. *International Business Review*, 11(5): 543-561.
- Faraj, S., & Xiao, Y. (2006) Coordination in fast-response organizations. *Management Science*, 52 (8): 1155-1169.
- Farh, J.-L., & Cheng, B.-S. (2000) A cultural analysis of paternalistic leadership in Chinese organizations. In: In: Li, J., Tsui, A. & Weldon, E. eds. *Management and organizations in the Chinese context*. London: Palgrave Macmillan: 84-127
- Freitag, M., & Traunmüller, R. (2009) Spheres of trust: An empirical analysis of the foundations of particularised and generalised trust. *European Journal of Political Research*, 48 (6): 782-803.
- Fu, X. (2012) Foreign Direct Investment and managerial knowledge spillovers through the diffusion of management practices. *Journal of Management Studies*, 49 (5): 970-999.
- Gabbay, S. M., & Leenders, R. T. A. J. (2001). Social capital of organizations: From social structure to the management of corporate social capital. In: Gabbay, S. M., & Leenders, R. T. A. J. eds. *Social Capital of Organizations*. Bingley: Emerald: 1-20.

- Gamble, J., & Huang, Q. (2009) The transfer of organizational practices: a diachronic perspective from China. *The International Journal of Human Resource Management*, 20 (8): 1683-1703.
- Gao, G., Hinds, P., & Zhao, C. (2013) *Closure vs. structural holes: How social network information and culture affect choice of collaborators*. Proceedings of the 2013 conference on Computer supported cooperative work, 5-18.
- Gao, H. Z., Knight, J. G., & Ballantyne, D. (2012) Guanxi as a gateway in Chinese-Western business relationships. *Journal of Business & Industrial Marketing*, 27 (6): 456-467.
- Gargiulo, M., & Benassi, M. (2000) Trapped in your own net? Network cohesion structural holes, and the adaptation of social capital. *Organization Science*, 11 (2): 183-196.
- Gittell, J. H. (2000) Organizing work to support relational co-ordination. *International Journal of Human Resource Management*, 11 (3): 517-539.
- Gittell, J. H. (2003) A theory of relational coordination. In: Cameron, K., & Dutton, J. eds. *Positive Organizational Scholarship: Foundations of a New Discipline*. San Francisco: Berrett-Koehler: 279-435.
- Gittell, J. H. (2009) *Relational Coordination: Guidelines for Theory, Measurement and Analysis*. Waltham: Brandeis University.
- Gittell, J. H. (2011) New Directions for Relational Coordination Theory. In: Cameron, K. S., & Spreitzer, G. M. eds. *The Oxford handbook of positive organizational scholarship*, New York: Oxford: 400-411.
- Gittell, J. H., & Weiss, L. (2004) Coordination Networks Within and Across Organizations: A Multi-level Framework. *Journal of Management Studies*, 41 (1): 127-153.
- Gloede, T. D., Hammer, A., Ommen, O., Ernstmann, N., & Pfaff, H. (2013). Is social capital as perceived by the medical director associated with coordination among hospital staff? A nationwide survey in German hospitals. *Journal of Interprofessional Care*, 27 (2): 171-176.
- Goette, L., Huffman, D., & Meier, S. (2006). The impact of group membership on cooperation and norm enforcement: Evidence using random assignment to real social groups. *American Economic Review*, 96 (2): 212-216.
- Greve, A., & Salaff, J. W. (2001). The development of corporate social capital in complex innovation processes. In: Gabbay, S. M., & Leenders, R. T. A. J. eds. *Social Capital of Organizations*. Bingley: Emerald: 107-134.
- Hartgerink, J., Cramm, J., Bakker, T., Eijdsden, A., Mackenbach, J., & Nieboer, A. (2014). The importance of multidisciplinary teamwork and team climate for relational coordination among teams delivering care to older patients. *Journal of Advanced Nursing*, 70 (4): 791-799.
- Hartmann, E., Feisel, E., & Schober, H. (2010) Talent management of western MNCs in China: Balancing global integration and local responsiveness. *Journal of World Business*, 45 (2): 169-178.

- Heikkila, J. P. (2013) An institutional theory perspective on e-HRM's strategic potential in MNC subsidiaries. *Journal of Strategic Information Systems*, 22 (3): 238-251.
- Herrmann-Pillath, C. (2010) Social Capital, Chinese Style: Individualism, Relational Collectivism and the Cultural Embeddedness of the Institutions-Performance Link. *China Economic Journal*, 2 (3): 325-350.
- Hofstede, G. (2007) Asian management in the 21st century. *Asia Pacific Journal of Management*, 24 (4): 411-420.
- Hollenbeck, J. R., & Jamieson, B. B. (2015) Human capital, social capital, and social network analysis: Implications for strategic human resource management. *The Academy of Management Perspectives*, 29 (3): 370-385.
- Hom, P. W., & Xiao, Z. (2011) Embedding social networks: How guanxi ties reinforce Chinese employees' retention. *Organizational Behavior and Human Decision Processes*, 116 (2): 188-202.
- Hong, J., & Engeström, Y. (2004) Changing principles of communication between Chinese managers and workers Confucian authority chains and guanxi as social networking. *Management Communication Quarterly*, 17 (4): 552-585.
- Hong, P. C., Wang, K., Zhang, X., & Park, Y. (2017) Trend analysis of Global Fortune 500 firms: a comparative study of Chinese and Japanese firms. *Benchmarking: An International Journal*, 24 (1): 50-61.
- Horak, S., & Yang, I. (2017) Whither seniority? Career progression and performance orientation in South Korea. *The International Journal of Human Resource Management*, Aug: 1-29.
- Huang, J. C., & Newell, S. (2003) Knowledge integration processes and dynamics within the context of cross-functional projects. *International Journal of Project Management*, 21 (3): 167-176.
- Huang, K.-P., & Wang, K. Y. (2011) How Guanxi Relates to Social Capital? A Psychological Perspective. *Journal of Social Sciences*, 7 (2): 120-126.
- Huang, Q., Davison, R. M., & Gu, J. (2011) The impact of trust, guanxi orientation and face on the intention of Chinese employees and managers to engage in peer-to-peer tacit and explicit knowledge sharing. *Information Systems Journal*, 21 (6): 557-577.
- Huby, G., Harris, F. M., Powell, A. E., Kielman, T., Sheikh, A., Williams, S., & Pinnock, H. (2014) Beyond professional boundaries: relationships and resources in health services' modernisation in England and Wales. *Sociology of Health & Illness*, 36 (3): 400-415.
- Hwang, K.-k. (1987) Face and favor: The Chinese power game. *American journal of Sociology*, 92(4).
- Jarzabkowski, P. A., Lê, J. K., & Feldman, M. S. (2012). Toward a theory of coordinating: Creating coordinating mechanisms in practice. *Organization Science*, 23 (4): 907-927.

- Jensen, E., & Laurie, C. (2016) *Doing Real Research: A Practical Guide to Social Research*. London: SAGE.
- Jia, F., & Lamming, R. (2013) Cultural adaptation in Chinese-Western supply chain partnerships. *International Journal of Operations & Production Management*, 33 (5): 528-561.
- Jia, L., You, S., & Du, Y. (2012) Chinese Context and Theoretical Contributions to Management and Organization Research: A Three-decade Review. *Management and Organization Review*, 8 (1): 173-209.
- Kitay, J., & Callus, R. (1998) The role and challenge of case study design in industrial relations research. In: Whitfield, K. & Strauss, G. eds., *Researching the world of work: Strategies and methods in studying industrial relations*. New York: Cornell University: 101-112.
- Ko, W. W., & Liu, G. (2017) Overcoming the liability of smallness by recruiting through networks in China: a guanxi-based social capital perspective. *The International Journal of Human Resource Management*, 28 (11): 1499-1526.
- Kwon, S.-W., & Adler, P. S. (2014) Social capital: Maturation of a field of research. *Academy of Management Review*, 39 (4): 412-422.
- Law, S. F., & Jones, S. (2009) A guanxi model of human resource management. *Chinese Management Studies*, 3 (4): 312-327.
- Leana, C. R., & Van Buren, H. J. (1999) Organizational social capital and employment practices. *Academy of Management Review*, 24 (3): 538-555.
- Lee, J., Park, J. G., & Lee, S. (2015) Raising team social capital with knowledge and communication in information systems development projects. *International Journal of Project Management*, 33 (4): 797-807.
- Lee, S. (2013) Rethinking Guanxi Towards an Ethical Imagination of Asian Sociality. *Journal of Futures Studies*, 17 (4): 93-102.
- Leonard, K. M., Cosans, C., & Pakdil, F. (2012) Cooperation across cultures: An examination of the concept in 16 countries. *International Journal of Intercultural Relations*, 36 (2): 238-247.
- Leung, K., & Kwong, J. Y. (2003). Human resource management practices in international joint ventures in mainland China: a justice analysis. *Human Resource Management Review*, 13 (1): 85-105.
- Liu, X. (2013) *Cross-departmental collaboration in government one-stop center: factors and performance*. Proceedings of the 7th International Conference on Theory and Practice of Electronic Governance, 9-18.
- Llewellyn, N., & Armistead, C. (2000) Business process management. *International Journal of Service Industry Management*, 11 (3): 225-243.
- Lofstrom, M. (2010) Inter-organisational collaboration projects in the public sector: a balance between integration and demacration. *International journal of Health Planning and Management*, 25 (2): 136-155.

- Lundstrøm, S. L., Edwards, K., Knudsen, T. B., Larsen, P. V., Reventlow, S., & Søndergaard, J. (2014). Relational coordination and organisational social capital association with characteristics of general practice. *International journal of family medicine*, 2014: 1-7.
- Luo, J.-D., & Cheng, M.-Y. (2015) Guanxi circles' effect on organizational trust: Bringing power and vertical social exchanges into intraorganizational network analysis. *American Behavioral Scientist*, 59 (8): 1024-1037.
- Luo, J.-D., Cheng, M.-Y., & Zhang, T. (2016) Guanxi circle and organizational citizenship behavior: Context of a Chinese workplace. *Asia Pacific Journal of Management*, 33 (3): 649-671.
- Luo, J. D. (2011) Guanxi revisited: An exploratory study of familiar ties in a Chinese workplace. *Management and Organization Review*, 7 (2): 329-351.
- Luo, Y. (1997) Guanxi: principles, philosophies, and implications. *Human Systems Management*, 16 (1): 43-51.
- Lynch, K. D. (2007) Modeling Role Enactment: Linking Role Theory and Social Cognition. *Journal for the Theory of Social Behaviour*, 37 (4): 379-399.
- Ma, X. F., Kaldenbach, M., & Katzy, B. (2014) Cross-border innovation intermediaries - matchmaking across institutional contexts. *Technology Analysis and Strategic Management*, 26 (6): 703-716.
- Malone, T. W., & Crowston, K. (1994) Interdisciplinary study of coordination. *ACM Computing Surveys*, 26 (1): 87-118.
- Markus, H. R., & Kitayama, S. (1991) Culture and the self: Implications for cognition, emotion, and motivation. *Psychological review*, 98 (2): 224.
- Martín-de-Castro, G., & Montoro-Sánchez, Á. (2013) Exploring Knowledge Creation and Transfer in the Firm: Context and Leadership. *Universia Business Review*, 40: 126-137.
- McDermott, A. M., Conway, E., Cafferkey, K., Bosak, J., & Flood, P. C. (2017) Performance management in context: formative cross-functional performance monitoring for improvement and the mediating role of relational coordination in hospitals. *The International Journal of Human Resource Management*, Jan: 1-21.
- Mejia, C., Wang, Y., & Zhao, X. (2018). The impact of personal and professional guanxi relationships on leader–member exchange in the Chinese hotel industry. *International Journal of Hospitality & Tourism Administration*, Jan: 1-27.
- Meng, Z. (2017) Social Capital, Trust, and Guanxi. In Meng. Z. ed., *Ownership of Trust Property in China*. Singapore: Springer: 77-102.
- Miesing, P., Kriger, M. P., & Slough, N. (2007) Towards a model of effective knowledge transfer within transnationals: The case of Chinese foreign invested enterprises. *Journal of Technology Transfer*, 32 (1-2): 109-122.
- Mintzberg, H. (1979) *The structuring of organisations: a synthesis of the research*. New Jersey: Prentice-Hall.

- MOFCOM. (2013) 2013 China report of inward foreign direct investment. (Online) Available from: <http://images.mofcom.gov.cn/wzs/201312/20131211162942372.pdf> (Assessed 30 April 2018).
- Mohr, A. T., & Puck, J. F. (2005) Managing functional diversity to improve the performance of international joint ventures. *Long Range Planning*, 38 (2): 163-182.
- Morrison, E. W. (1994) Role definitions and organizational citizenship behavior: The importance of the employee's perspective. *Academy of Management Journal*, 37 (6): 1543-1567.
- Mossholder, K. W., Richardson, H. A., & Settoon, R. P. (2011) Human resource systems and helping in organizations: A relational perspective. *Academy of Management Review*, 36 (1): 33-52.
- Nadler, D., & Tushman, M. (1997) *Competing by design: The power of organizational architecture*. New York: Oxford.
- Nahapiet, J., & Ghoshal, S. (1998) Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*, 23 (2): 242-266.
- Ng, P. Y., Nowak, M., & Whiteley, A. (2008) Cooperative goals in the Chinese work environment: A Hong Kong case study. *Asia Pacific Business Review*, 14 (4): 513-533.
- Oh, H., Labianca, G., & Chung, M.-H. (2006) A multilevel model of group social capital. *Academy of Management Review*, 31 (3): 569-582.
- Okhuysen, G. A., & Bechky, B. A. (2009) Coordination in Organizations: An Integrative Perspective. *The Academy of Management Annals*, 3 (1): 463-502.
- Ou, C. X. J., Davison, R. M., Zhong, X., & Liang, Y. (2010) Empowering employees through instant messaging. *Information Technology & People*, 23 (2): 193-211.
- Pablos, P. O. d. (2005) Western and Eastern views on social networks. *The Learning Organization*, 12 (5): 436-456.
- Pan, Y., Rowney, J.A. and Peterson, M.F. (2012) The structure of Chinese cultural traditions: An empirical study of business employees in China. *Management and Organization Review*, 8 (1): 77-96.
- Park, S. H., & Luo, Y. (2001) Guanxi and organizational dynamics: organizational networking in Chinese firms. *Strategic Management Journal*, 22 (5): 455-477.
- Peng, M. W., Lu, Y., Shenkar, O., & Wang, D. Y. (2001) Treasures in the China house: A review of management and organizational research on Greater China. *Journal of Business Research*, 52 (2): 95-110.
- Portes, A. (1998) Social capital: Its origins and applications in modern sociology. *Annual Review of Sociology*, 24 (1): 1-24.
- Provan, K. G., Fish, A., & Sydow, J. (2007) Interorganizational networks at the network level: A review of the empirical literature on whole networks. *Journal of Management*, 33 (3): 479-516.

- Qi, X. (2013) Guanxi, social capital theory and beyond: toward a globalized social science. *The British journal of sociology*, 64 (2), 308-324.
- Quer, D., & Claver, E. (2008) Foreign Direct Investment in China: Beyond the Representative Office. *Journal of Asia Business Studies*, 2 (2): 23-31.
- Ramamoorthy, N., Gupta, A., Sardesai, R. M., & Flood, P. C. (2005). Individualism/collectivism and attitudes towards human resource systems: A comparative study of American, Irish and Indian MBA students. *The International Journal of Human Resource Management*, 16 (5): 852-869.
- Riemer, K., & Klein, S. (2008) Is the V-form the next generation organisation? An analysis of challenges, pitfalls and remedies of ICT-enabled virtual organisations based on social capital theory. *Journal of Information Technology*, 23 (3): 147-162.
- Roberts, C., & Coghlan, D. (2011) Concentric collaboration: A model of leadership development for healthcare organizations. *Action Learning: Research and Practice*, 8 (3): 231-252.
- Salas-Fumás, V., & Sanchez-Asin, J. J. (2013) Information and trust in hierarchies. *Decision Support Systems*, 55 (4): 988-999.
- Saunders, M., Lewis, P., & Thornhill, A. (2007) *Research methods for business students*. Essex: Pearson.
- Schiuma, G., Franssila, H., Okkonen, J., Savolainen, R., & Talja, S. (2012) The formation of coordinative knowledge practices in distributed work: towards an explanatory model. *Journal of Knowledge Management*, 16 (4): 650-665.
- Schmidt, C., Mansson, S., & Dolles, H. (2013) Managing talents for global leadership positions in MNCs: Responding to the challenges in China. *Asian Business & Management*, 12 (4): 477-496.
- Scott, W. R., & Davis, G. F. (2016) *Organizations and organizing: Rational, natural and open systems perspectives*. London: Routledge.
- Sheard, A. G., & Kakabadse, A. P. (2007) A role-based perspective on leadership as a network of relationships. *The Journal of Management Development*, 26 (4): 331-351.
- Sherif, K., Tsado, L., Zheng, W., & Airhia, B. (2013) An exploratory study of organization architecture and the balance between exploration and exploitation of knowledge. *VINE: The journal of information and knowledge management systems*, 43 (4): 442-461.
- Shi, J. (2017). China brightens Fortune 500 list. *China Daily*. 2017-07-22. (Online) http://www.chinadaily.com.cn/business/2017-07/22/content_30209599.htm (Assessed on 30 April 2018)
- Shivers-Blackwell, S. L. (2004) Using role theory to examine determinants of transformational and transactional leader behavior. *Journal of Leadership & Organizational Studies*, 10 (3): 41-50.

- Smith, P. B., Wasti, S. A., Grigoryan, L., Achoui, M., Bedford, O., Budhwar, P., Torres, C. (2014) Are guanxi-type supervisor–subordinate relationships culture-general? An eight-nation test of measurement invariance. *Journal of Cross-Cultural Psychology*, 45 (6): 921-938.
- Solomon, M. R., Surprenant, C., Czepiel, J. A., & Gutman, E. G. (1985) A role theory perspective on dyadic interactions: the service encounter. *The Journal of Marketing*, Jan: 99-111.
- Srikanth, P., & Jomon, M. (2013) " Is This My Job at All?" The Impact of Flexible Role Orientation in Predicting Extra-Role Behavior. *Southern Business Review*, 38 (2): 29.
- Staber, U. (2006) Social capital processes in cross cultural management. *International Journal of Cross Cultural Management*, 6 (2): 189-203.
- Stivers, B. P., & Joyce, T. (2000) Building a balanced performance management system. *SAM Advanced Management Journal*, 65 (2): 22.
- Swierczek, F., & Hirsch, G. (1994) Joint ventures in Asia and multicultural management. *European Management Journal*, 12 (2): 197-209.
- SZGOV. (2014). Shenzhen Overview. (Online) <http://english.sz.gov.cn/gj/> (Assessed 30 April 2018)
- Tang, Y.-T., & Chang, C.-H. (2010) Impact of role ambiguity and role conflict on employee creativity. *African Journal of Business Management*, 4 (6): 869-881.
- Teh, P.-L., Yong, C.-C., & Lin, B. (2012) Multidimensional and mediating relationships between TQM, role conflict and role ambiguity: A role theory perspective. *Total Quality Management & Business Excellence*, 25(11-12): 1365-1381.
- Teng, C. I., Lee, I. C., Chu, T. L., Chang, H. T., & Liu, T. W. (2012) How Can Supervisors Improve Employees' Intention to Help Colleagues? Perspectives From Social Exchange and Appraisal-Coping Theories. *Journal of Service Research*, 15 (3): 332-342.
- Thomas, A. B. (2004). *Research skills for management studies*. London: Routledge.
- Thomson, A. M., & Perry, J. L. (2006). Collaboration Processes: Inside the Black Box. *Public Administration Review*, 66 (S1): 20-32.
- Trompenaars, F., & Hampden-Turner, C. (2012) *Riding the waves of culture: Understanding diversity in business*. London: Nicholas Brealey.
- Tsui, A. S., Farh, J.-I., & Xin, K. R. (2000) Guanxi in the Chinese context. In: Li, J., Tsui, A. & Weldon, E. eds. *Management and organizations in the Chinese context*. London: Palgrave Macmillan: 225-244.
- Ünal, A. F., Chen, C. C., & Xin, K. R. (2017) Justice Climates and Management Team Effectiveness: The Central Role of Group Harmony. *Management and Organization Review*, 13 (4): 821-849.
- UNCTAD. (2013) *World investment report 2013: Global value chains: investment and trade for development*. New York: United Nations.

- UNCTAD. (2017) World Investment Report 2017: Investment and the Digital Economy. New York: United Nations.
- Vanhala, S., & Stavrou, E. (2013) Human resource management practices and the HRM-performance link in public and private sector organizations in three Western societal clusters. *Baltic Journal of Management*, 8 (4): 416-437.
- Walsh, J., & Zhu, Y. (2007) Local complexities and global uncertainties: a study of foreign ownership and human resource management in China. *International Journal of Human Resource Management*, 18 (2): 249-267.
- Wang, G., Wang, X., & Zheng, Y. (2014) Investing in guanxi: An analysis of interpersonal relation-specific investment (RSI) in China. *Industrial Marketing Management*, 43 (4): 659-670.
- Wang, J.-H., & Hsung, R.-M. (2016) *Rethinking Social Capital and Entrepreneurship in Greater China: Is Guanxi Still Important?* London: Routledge.
- Wang, Z., Chen, Y.-f. N., Tjosvold, D., & Shi, K. (2010) Cooperative goals and team agreeableness composition for constructive controversy in China. *Asia Pacific Journal of Management*, 27(1): 139-153.
- Warner, M. (2010). In search of Confucian HRM: theory and practice in Greater China and beyond. *The International Journal of Human Resource Management*, 21 (12): 2053-2078.
- Warner, M. (2014a). Conclusions. In: Warner, M. ed. *Understanding management in China: Past, present and future*. Oxon: Routledge: 189-206.
- Warner, M. (2014b). Managers. In: Warner, M. ed. *Understanding management in China: Past, present and future*. Oxon: Routledge: 108-133.
- Weng, L.-C. (2014). Improving Employee Job Performance through Ethical Leadership and 'Guanxi': The Moderation Effects of Supervisor-subordinate guanxi differentiation. *Asia Pacific Management Review*, 19 (3): 321.
- Werner, J. M. (2000) Implications of OCB and contextual performance for human resource management. *Human Resource Management Review*, 10(1): 3-24.
- Westrup, C., & Liu, W. (2008) Both global and local: ICTs and joint ventures in China. *Information Systems Journal*, 18 (4): 427-443.
- Westwood, R., Chan, A., & Linstead, S. (2004) Theorizing Chinese employment relations comparatively: Exchange, reciprocity and the moral economy. *Asia Pacific Journal of Management*, 21 (3): 365-389.
- Whipp, R. (1998) Qualitative methods: technique or size. In: Whitfield, K. & Strauss, G. eds. *Researching the world of work: Strategies and methods in studying industrial relations*. New York: Cornell University: 51-64:
- Wickham, M., & Parker, M. (2007) Reconceptualising organisational role theory for contemporary organisational contexts. *Journal of Managerial Psychology*, 22 (5): 440-464.

- Wong, A., & Tjosvold, D. (2010) Guanxi and Conflict Management for Effective Partnering with Competitors in China. *British Journal of Management*, 21 (3):772.
- Wong, C.-S., Wong, Y.-t., Hui, C., & Law, K. S. (2001) The significant role of Chinese employees' organizational commitment: Implications for managing employees in Chinese societies. *Journal of World Business*, 36 (3): 326-340.
- Wong, J. W.-C., & Kong, S.-H. (2017) What does the 'inner world' of Chinese managers tell us about their management values, thoughts and practices? An ethnographic study. *Asia Pacific Business Review*, 23 (5): 625-640.
- Wong, M. (2010) Guanxi Management in Lean Production System—An Empirical Study of Taiwan-Japanese Firms. *American Journal of Economics and Sociology*, 69 (3): 1079-1106.
- Wong, Y.-T. (2017) Trust, job security and subordinate–supervisor guanxi: Chinese employees in joint ventures and state-owned enterprises. *Asia Pacific Business Review*, Oct: 1-18.
- Wong, Y.-T., Ngo, H.-Y., & Wong, C.-S. (2003) Antecedents and outcomes of employees' trust in Chinese joint ventures. *Asia Pacific Journal of Management*, 20 (4): 481-499.
- Wong, Y.-T., Wong, S.-H., & Wong, Y.-W. (2010) A study of subordinate–supervisor guanxi in Chinese joint ventures. *The International Journal of Human Resource Management*, 21 (12): 2142-2155.
- Wong, Y.-T., & Wong, Y.-W. (2013) Workplace guanxi and employee commitment to supervisor in Chinese international joint ventures. *Journal of Chinese Human Resource Management*, 4 (1): 39-57.
- Wood, S. and Menezes, L.M.d. (2011) High involvement management, high-performance work systems and well-being. *The International Journal of Human Resource Management*, 22(7): 1586-1610.
- Worm, V., & Frankenstein, J. (2000) The dilemma of managerial cooperation in Sino-Western business operations. *Thunderbird International Business Review*, 42(3): 261-283.
- Wright, P. C., Szeto, W. F., & Geory, G. D. (2000) Changing the management mindset: management style and coping with world-class competition. *Management Decision*, 38 (9): 607-611.
- Chen, X., Eberly, M., Chiang, T., Farh, J. & Cheng, B. (2011) Affective Trust in Chinese Leaders: Linking Paternalistic Leadership to Employee Performance. *Journal of Management*, 40 (3): 796-819.
- Xiao, Z., & Tsui, A. S. (2007) When brokers may not work: The cultural contingency of social capital in Chinese high-tech firms. *Administrative Science Quarterly*, 52 (1): 1-31.
- Xu, Y. (2011). A SOCIAL-COGNITIVE PERSPECTIVE ON FIRM INNOVATION. *Academy of Strategic Management Journal*, 10 (2): 33-54.

- Yan, Y. N. (2003). A comparative study of human resource management practices in international joint ventures: the impact of national origin. *International Journal of Human Resource Management*, 14 (4): 487-510.
- Yau, O., & Powell, S. (2004) Spotlight: management styles in the West and East. *Management Decision*, 42(5/6): 807-811.
- Yen, D. A., Barnes, B. R., & Wang, C. L. (2011) The measurement of guanxi: Introducing the GRX scale. *Industrial Marketing Management*, 40 (1): 97-108.
- Yin, R. K. (2014) *Case study research: Design and methods*. London: Sage.
- Yuan, L. (2013) *Traditional Chinese Thinking on HRM Practices*. Basingstoke: Palgrave Macmillan.
- Yulong, L. (2011) ERP adoption in Chinese small enterprise: an exploratory case study. *Journal of Manufacturing Technology Management*, 22 (4): 489-505.
- Zhan, J. V. (2012) Filling the gap of formal institutions: the effects of Guanxi network on corruption in reform-era China. *Crime, Law and Social Change*, 58 (2): 93-109.
- Zhang, J., & Pimpa, N. (2010) Embracing Guanxi: The Literature Review. *International Journal of Asian Business and Information Management*, 1 (1): 23-31.
- Zhang, Y., & Zhang, Z. (2006) Guanxi and organizational dynamics in China: a link between individual and organizational levels. *Journal of Business Ethics*, 67(4): 375-392.
- Zhou, Y. M. (2013) Designing for complexity: Using divisions and hierarchy to manage complex tasks. *Organization Science*, 24 (2): 339-355.
- Zhu, C. J., Cooper, B. K., Fan, D., & De Cieri, H. (2013) HR practices from the perspective of managers and employees in multinational enterprises in China: Alignment issues and implications. *Journal of World Business*, 48(2): 241-250.
- Zhu, C. J., Thomson, S. B., & Cieri, H. D. (2008) A retrospective and prospective analysis of HRM research in Chinese firms: implications and directions for future study. *Human Resource Management*, 47 (1): 133-156.
- Zhu, C. J., & Warner, M. (2017) The emergence of Human Resource Management in China: Convergence, divergence and contextualization. *Human Resource Management Review*. Nov.
- Zhu, Y., & Li, D. (2016) Supervisor–subordinate Guanxi violations: Trickle-down effects beyond the Dyad. *Asian Business & Management*, 15 (5): 399-423.
- Zhu, Y., Warner, M., & Rowley, C. (2007) Human resource management with 'Asian' characteristics: a hybrid people-management system in East Asia. *The International Journal of Human Resource Management*, 18 (5): 745-768.
- Zuwarimwe, J. (2007) Beyond the social capital rhetoric - an investigation of the use of social networks in the co-ordination of intra-enterprise activities. In: Osborne, M., Sankey, K. & Wilson, B. eds. *Social capital, lifelong learning and the management of place: an international perspective*, Oxon: Routledge: 124-140.

Raw data	Interpretation of raw data	Coded ideas	Subthemes	Themes	Overarching themes	Research Questions
'Every department is not independent since there are linkages between our tasks. But [we] are not familiar with those [cross-department colleagues] with whom we seldom coordinate with.' (IQA)	Task interdependence affects frequency of interpersonal interaction.	Frequency of interpersonal interaction	Structural dimension of Guanxi	Impact of formal role relations on Guanxi relationships	Intertwining of Guanxi relationships with formal role relations	Research Question 1
'Cross-team [interaction] is non-hierarchical. Within-team [interaction] is hierarchical between managers and subordinates, and [therefore] is straightforward [because] there is no much to negotiate' (QM)	Formal organisation hierarchy defines hierarchy of interpersonal interaction.	Hierarchy of interpersonal interaction	Structural dimension of Guanxi	Impact of formal role relations on Guanxi relationships	Intertwining of Guanxi relationships with formal role relations	Research Question 1
'In comparison with cross-department colleagues, there is more trust between department colleagues. After all there are (more) interaction [within a department], relatively speaking.' (IS)	Frequent interpersonal interaction within team results in the development of more trust within teams	Development of interpersonal trust	Relational dimension of Guanxi	Impact of formal role relations on Guanxi relationships	Intertwining of Guanxi relationships with formal role relations	Research Question 1
'There is some competition between sales staff. ... To compare department colleagues with cross-department colleagues, there is similar level of trust. [But sometimes] I don't trust our colleagues in the sales department.' (DS)	Competitive role relations hinder the development of interpersonal trust	Development of interpersonal trust	Relational dimension of Guanxi	Impact of formal role relations on Guanxi relationships	Intertwining of Guanxi relationships with formal role relations	Research Question 1
'There are [interpersonal affection] at work. After all we work together for such a long time and there is some affection because our daily collaboration is pleasant.' (PE)	Frequent interpersonal interaction leads to the development of interpersonal affection.	Development of interpersonal affection	Relational dimension of Guanxi	Impact of formal role relations on Guanxi relationships	Intertwining of Guanxi relationships with formal role relations	Research Question 1
'This task is not his job. Even though he knows [how to handle it], he can't help me handle it. If he handles it, he will have to take responsibility [for it]. It is not a big deal if there is no problem. Once a problem occurs, [he] could not get away from it.' (DS)	Employees are directed to emphasise organisational obligations.	Stress on organisation obligations	Cognitive dimension of Guanxi	Impact of formal role relations on Guanxi relationships	Intertwining of Guanxi relationships with formal role relations	Research Question 1
'The company has the rule that [employees] can't help others privately deal with tasks [that are not their job] ... [We] need approval from managers to deal with the tasks for others. The most troublesome ones are not big private requests, but small requests. It is difficult to refuse to handle [small private request] and also difficult to agree to handle [them]. It is sometimes troublesome to maintain interpersonal relationships, ... because Chinese Renqing is about, from my understanding, you offering me a favour and I offering you a favour.' (TSM)	Competition between organisational and relational obligations.	Competition of organisational and relational obligations	Cognitive dimension of Guanxi	Impact of formal role relations on Guanxi relationships	Intertwining of Guanxi relationships with formal role relations	Research Question 1
'Inside a company, I personally feel that it is better not to be too close with colleagues, especially when [we] need to coordinate at work because there are some conflicts of interests. But it is also better not to be too distant. [Being too distant] is not beneficial for work so that [our] relationships ought to be slightly close.' (DQA)	Conflicts between organisational and relational obligations discourage close interpersonal relationships but task interdependence strengthens the intention to develop relationships.	Intention to develop interpersonal relationships	Cognitive dimension of Guanxi	Impact of formal role relations on Guanxi relationships	Intertwining of Guanxi relationships with formal role relations	Research Question 1

Appendix 1 Example of Thematic Analysis

Appendix 2. Interview Topic Guide

Interviewee's Name (Code): _____

Job Title (General description): _____

Interview Date and Location: _____

Interview Mode: _____

Participants invited to the semi-structured interviews:

- Role 1. Senior Manager which oversees two intra-organisational functions
- Role 2. Line Manager A which manages function A
- Role 3. Line Manager B which manages function B
- Role 4. Employee A1 in function A
- Role 5. Employee A2 in function A
- Role 6. Employee B1 in function B
- Role 7. Employee B2 in function B

Topic 1 Understand the roles of the participants

The researcher will ask the interviewees to describe their role in order to understand their interpretation on their role activities. Sample questions might include:

- Could you please tell me what are your day-to-day responsibilities?
- Could you please tell me about your day today?
- Could you please tell me which resources or assistance you need to perform your work?
- Could you please tell me what is your routine? If there is one.
- Could you please tell me how your tasks are allocated, started and ended?

Topic 2 Understand the role relations between participants

The researcher will ask the interviewees to describe their work in relation to each of the other participants to understand their interpretation of the role relations. Sample questions might include:

- May I ask which team and colleagues you work most closely with?
- Do you know what these colleagues do? What are their jobs?
- How are your job and role connected with these colleagues'?
- Do you know what these colleagues expect from you?
- What do you normally expect from these colleagues?

Topic 3 Understand the issues affecting role performance

The researcher will ask the interviewees about the issues affecting their performance, especially formal or informal rules guiding the role performance. Sample questions might include:

- What do you think are the most important factors for you to perform your job effectively?
- Could you describe a recent event in which you worked with others to achieve good results?
- Are there any guidelines on the way that you perform your job and coordinate with others?
- Are there any performance requirements on your performance and coordination with others?
- What do you think is important for achieving a positive performance appraisal?

Topic 4 Understand coordination activities between roles

The researcher will ask participants to describe the coordination activities between their roles to understand the social processes of coordination. Sample questions might include:

- How do you work and coordinate with others at work?
- Could you describe a recent event in which you coordinate with others for your work?
- Could you describe a typical event in which you coordinate with more than two other colleagues?
- How does communication impact your coordination with others? To what extent?
- What do you do normally to enhance the coordination and communication with others at work?

Topic 5 Understand social interaction under formal role system

The researcher will ask the participants to describe their social interaction at work to understand the interface of formal role system with informal social relations. Sample questions might include:

- How important is it for you to build interpersonal relationships with others at work place? Why?
- How does the design of the formal role system affect your interpersonal interaction and relationship with each other at and/or beyond workplace?
- How do interpersonal relationships with the colleagues affect the way that you perform your job?
- In which types of situation are interpersonal relationships helpful or not helpful for performing your job effectively?
- In which types of situation are interpersonal relationships helpful or not helpful for your coordination with others?

Topic 6 Understand coordination outcomes

The researcher will ask interviewees about their perception on the coordination outcome in the company. Sample questions might include:

- Do you feel that coordination and communication are effective in your company, and how does this affect you performing your job?
- During your coordination with others, do you feel that all of you understand others' responsibilities? To what extent?
- During your coordination with others, do you feel that all of you know when to start the job after others finish their tasks? To what extent?
- During your coordination with others, do you feel that all of you have a common understanding about how to work together? To what extent?

- How would you describe the working culture in your company? Would you say, for example, that individuals mostly focus on performing their own jobs, or do individuals focus mostly on helping each other to achieve group performance?
- Are there any occasions when you went beyond your formal responsibilities to support other participants? Why and how often?
- Are there any challenges or difficulties in your coordination with others? What are they?

Topic 7 Understand the perception of Guanxi culture at workplace

The researcher will ask interviewees about their perception on Guanxi culture, the traditional Chinese emphasis on harmonious interpersonal relationships, in the workplace. Sample questions might include:

- Do you feel that people in your company generally tend to maintain harmonious interpersonal relationships in the workplace? To what extent?
- Do you feel that the traditional Chinese emphasis on harmonious interpersonal relationship still plays a role in the organizational management in your company? Why?
- In which types of situation is the emphasis on harmonious interpersonal relationship helpful for the organizational management in your company? And in which types of situation is it harmful? Why?
- Do you feel that the emphasis on harmonious interpersonal relationship conflicts with, or enhances the implementation of the formal role system in your company? Why?
- Do you feel that the emphasis on harmonious interpersonal relationships is too strong or not strong enough for the collaborative working in your company? Why?
- Do you feel that the demands of maintaining good interpersonal relationship are worthwhile at workplace? Why?

Appendix 3. Participant Information Leaflet

Study Title: Interface of Chinese Guanxi with Formal Role Coordination Mechanism in Foreign-Invested Enterprises in China

Investigator(s): Rui Xu

Introduction

You are invited to take part in a research study. Before you decide, you need to understand why the research is being done and what it would involve for you. Please take the time to read the following information carefully. Talk to others about the study if you wish.

(Part 1 tells you the purpose of the study and what will happen to you if you take part. Part 2 gives you more detailed information about the conduct of the study)

Please ask us if there is anything that is not clear or if you would like more information. Take time to decide whether or not you wish to take part.

PART 1

What is the study about?

The research is to study the working of the formally-designed intra-organisational role system in conjunction with Chinese cultural practices of Guanxi in foreign-invested enterprises in China, in order to understand how the interface of Guanxi with the formal role system affects the organisational coordination.

Do I have to take part?

It is entirely up to you to decide. I will describe the study and go through this information sheet, which we will give you to keep. If you choose to participate, we will ask you to sign a consent form to confirm that you have agreed to take part. You will be free to withdraw at any time, without giving a reason and this will not affect you or your circumstances in any way.

What will happen to me if I take part?

If you decide to participate, you will be invited to an interview with the researcher, which will take about an hour. It will take place in your company or other places which you feel comfortable with. You will be asked to describe your job role and how you work in relation to the roles of other colleagues. You will be also asked to describe how you coordinate with others to complete your tasks and how you perceive the coordination outcome. Moreover, you will be asked to describe how the formal definition of your job role affects your interpersonal interaction with others and how your interpersonal interaction with others influences the performance of your roles. Finally, you will be asked how you perceive Chinese Guanxi culture at the workplace.

As the participation is voluntary, you are free to share your experiences, to refuse to answer any questions, to quit the interview at any point of the interview and to withdraw your data after the interview without having to give a reason. The information you provide will be only

used for the research. It will be kept anonymous and confidential.

If you permit it, the researcher would like to record the interview. You are free to stop the recording at any point of the interview. After the interview, the researcher will send you the transcript to review for accuracy. If you are not comfortable with any parts of the recording, the researcher will edit out these parts.

What are the possible disadvantages, side effects, risks, and/or discomforts of taking part in this study?

The researcher understands the importance of protecting research participants, and will therefore keep all the information you provide anonymous and confidential, and you are free to refuse to answer any question that makes you uncomfortable.

What are the possible benefits of taking part in this study?

At the end of the research, the researcher can send a copy of the PhD thesis to you on request. The researcher will also write a management report and make recommendations about the organisational coordination in your company. The researcher can send a copy of the report to you too if you wish to read and comment.

Expenses and payments

The researcher will travel to you to collect the data at the cost of the researcher herself. There will be no cost to you.

What will happen when the study ends?

When the study ends, the researcher will writing up a PhD thesis based the aggregate analysis of the interview data and may also do so in conferences papers, publications or management reports. In the thesis and papers, the data will be used anonymously to prevent the organisations and all individual participants from being identified, and large extracts of the raw data will not be used unless the researcher has your permission to do so.

During the research, the data collected, consent forms and administrative records will be kept in a password-protected laptop or PC which is only accessible by the researcher. After the PhD study, the researcher will remove all these records from the laptop or PC to a single password-protected data storage device. The data storage device will then be kept in a locked cabinet at the office of the researcher's supervisor at University of Warwick. No-one except the researcher and the supervisor will have the access to the records for at least 10 years according to the University's policy.

Will my taking part be kept confidential?

Yes. We will follow strict ethical and legal practice and all information about you will be handled in confidence. Further details are included in Part 2.

What if there is a problem?

Any complaint about the way you have been dealt with during the study or any possible harm that you might suffer will be addressed. Detailed information is given in Part 2.

This concludes Part 1.

If the information in Part 1 has interested you and you are considering participation, please read the additional information in Part 2 before making any decision.

PART 2

Who is organising and funding the study?

The research project is conducted as the researcher's PhD study under the supervision of Dr Tina Barnes, Principal Teaching Fellow at University of Warwick, UK. The PhD study is funded by EPSRC in UK.

What will happen if I don't want to carry on being part of the study?

Participation in this study is entirely voluntary. Refusal to participate will not affect you in any way. If you decide to take part in the study, you will need to sign a consent form, which states that you have given your consent to participate.

If you agree to participate, you may nevertheless withdraw from the study at any time without affecting you in any way.

You have the right to withdraw from the study completely and decline any further contact by the researcher after you withdraw.

What if there is a problem?

This study is covered by the University of Warwick's insurance and indemnity cover. If you have an issue, please contact the researcher:

Rui Xu
PhD Student
WMG, University of Warwick
Coventry
CV4 7AL
The United Kingdom
Email: [REDACTED]

Who should I contact if I wish to make a complaint?

Any complaint about the way you have been dealt with during the study or any possible harm you might have suffered will be addressed. Please address your complaint to the person below, who is a senior University of Warwick official entirely independent of this study:

Director of Delivery Assurance

Registrar's Office
University House
University of Warwick
Coventry
CV4 8UW
Complaints@Warwick.ac.uk
024 7657 4774

Will my taking part be kept confidential?

Yes. To protect the data confidentiality, firstly, the researcher will ensure the anonymity for storing and using the data. The data will not be identifiable in terms of both the organizations and the participants. For example, the researcher will use codes such as Company A, Manager B or Employee C to differentiate the participants in the data. With the participants' permission, the researcher may describe your jobs in general terms such as 'senior operation manager' instead of your exact job titles. Moreover, due to the sensitive nature of the data, the data will only be used for the research and not be disclosed to unauthorized parties, for example any individuals other than the participants themselves in the organizations. Only the research findings from the aggregate analysis of the interview data from a number of interviewees will be presented in the PhD thesis, conference papers, publications or management reports based on the research. The researcher will send the relevant parts of the thesis and papers to the participants to review before publicizing them. Without the permission of the participants, the raw data, for example large extracts from the interview transcripts, will not appear or be published in the PhD thesis and the papers based on the research.

To protect the data security, during the research, the data collected, consent forms and administrative records will be kept in a password-protected laptop or PC which is only accessible by the researcher. After the PhD study, the researcher will remove all these records from the laptop or PC to a single password-protected data storage device. The data storage device will then be kept in a locked cabinet at the office of the researcher's supervisor at University of Warwick. No-one except the researcher and the supervisor will have the access to the records for at least 10 years according to the University's policy.

What will happen to the results of the study?

The research findings from the aggregate analysis of the interview data collected from a number of interviewees will be presented in the PhD thesis, conference papers, publications or management reports based on the research. The researcher will send the relevant parts of the thesis and papers to the participants to review before publishing them. Without the participants' permission, large extracts from the interview transcripts will not appear in the thesis and papers.

Who has reviewed the study?

This study has been reviewed and given favourable opinion by the University of Warwick's Biomedical and Scientific Research Ethics Committee (BSREC).

What if I want more information about the study?

If you have any questions about any aspect of the study, or your participation in it, not answered by this participant information leaflet, please contact:

The researcher:

Rui Xu
PhD Student
WMG, University of Warwick
Coventry
CV4 7AL
The United Kingdom
Email: [REDACTED]

Or Academic Supervisor of the research:

Dr. Tina Barnes
Principal Teaching Fellow
WMG, University of Warwick
Coventry
CV4 7AL
The United Kingdom
Email: [REDACTED]

Thank you for taking the time to read this participant information leaflet.

Appendix 4. Consent Form

Study Number: 1057106

Patient Identification Number for this study:

Title of Project: Interface of Chinese Guanxi with Formal Role Coordination Mechanism in Foreign-Invested Enterprises in China

Name of Researcher(s): Rui Xu (PhD Student) & Dr Tina Barnes (Academic Supervisor)

Please initial all boxes

1. I confirm that I have read and understand the information sheet dated **[DATE]** for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.
2. I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason, without my legal rights being affected.
3. I agree to the interview being recorded by the researcher.
4. I understand that I am free to stop the recording at any time without needing to give any reason.
5. I agree to take part in the above study.

Name of Participant

Date

Signature

Name of Person

Date

Signature

taking consent

23rd July 2015

Warwick
Medical School

PRIVATE
Ms Rui Xu
Flat 21
Texryte House
Southgate Road
London
N1 3GN

Dear Rui,

Study Title and BSREC Reference: *Interface of Chinese Guanxi with Formal Role Coordination Mechanism in Foreign-Invested Enterprises in China* REGO-2015-1627

Thank you for submitting the above-named project to the University of Warwick Biomedical and Scientific Research Ethics Committee for research ethical review.

I am pleased to advise that research ethical approval is granted.

May I take this opportunity to wish you success with the study, and to remind you that any substantial amendments require approval from BSREC before they can be implemented. Please keep a copy of the original signed version of this letter with your study documentation.

Yours sincerely



Professor Scott Weich
Chair
Biomedical and Scientific
Research Ethics Sub-Committee

**Biomedical and Scientific
Research Ethics Sub-Committee**
A010 Medical School Building
Warwick Medical School,
Coventry, CV4 7AL.
Tel: 02476-528207
Email: BSREC@Warwick.ac.uk

Medical School Building
The University of Warwick
Coventry CV4 7AL United Kingdom
Tel: +44 (0)24 7657 4880
Fax: +44 (0)24 7652 8375