

Supervisor–Subordinate Guanxi and Employee Work Outcomes: The Mediating Role of Job Satisfaction

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ABSTRACT. In this study, we attempt to explain the divergent results found in the relationships between supervisor–subordinate guanxi and employee work outcomes. Specifically, we propose that the relationships between supervisor–subordinate guanxi and participatory management, turnover intentions, and organizational commitment are mediated by job satisfaction. Based on the data collected from a sample of 196 employees of three local manufacturing firms in Zhejiang Province, China, we found that job satisfaction fully mediated the effects of supervisor–subordinate guanxi on participatory management and intentions to leave, but partially mediated the relationship between supervisor–subordinate guanxi and organizational commitment. Theoretical and practical implications are discussed.

KEY WORDS: supervisor–subordinate guanxi, job satisfaction, participatory management, turnover intentions, organizational commitment, China

Introduction

Due to its ubiquitous existence and importance in people's daily life and business activities in China, guanxi has attracted increasing scholarly attention in recent decades (Chan et al., 2002; Fan, 2002; Xin and Pearce, 1996; Zhang and Zhang, 2006). Particularly, guanxi has been widely studied in different disciplines, such as philosophy (Hwang, 1987), sociology (Yang, 1994), strategic management (Peng and Luo, 2000), ethics (Tan and Snell, 2002), and organizational behavior (Chen and Tjosvold, 2006; Tsui and Farh, 1997), to name just a few. Guanxi is generally conceptualized as close relationships between people of different relations that are based on mutual interests and benefits (Yang, 1994).

This study investigates the mediating role of job satisfaction in the relationships between supervisor–subordinate guanxi and employee work outcomes. Supervisor–subordinate guanxi refers to personal relationship between a supervisor and a subordinate developed largely from non-work related social interactions both inside and outside working hours. Although supervisor–subordinate guanxi has been criticized as a means of encouraging bribery and under-table transactions, close particularistic ties have also been widely used as a substitute for reducing high transactional cost for a society with a less formal institutional support (Xin and Pearce, 1996; Warren et al., 2004). For example, supervisor–subordinate guanxi has been found to be related to subordinates' trust in their supervisors (Wong et al., 2003), to participative leadership (Chen and Tjosvold, 2006), to open-minded communication (Chen and Tjosvold, 2007), and to organizational commitment and turnover intentions (Farh et al., 1998). However, others did not find any significant link between supervisor–subordinate guanxi and employee work outcomes (Chen and Tjosvold, 2006; Farh et al., 1998; Wong et al., 2003). Given these inconclusive empirical findings, supervisor–subordinate guanxi might be at the risk of being unethically exploited in practice if the conditions underlying the link between supervisor–subordinate guanxi and employee work outcomes are not thoroughly investigated.

Farh et al. (1998) offered a plausible explanation to the insignificant effects of supervisor–subordinate guanxi on organizational commitment and turnover intentions. They argued that such insignificant effects might be due to the possibility of neglected conditions that fail to link an employee's level of

commitment to a supervisor to his/her level of commitment to the company. Recently researchers have begun to notice and document the missing mediating links between supervisor–subordinate guanxi and employee work outcomes. For example, Chen and Tjosvold (2007) reported that supervisor–subordinate guanxi could be directly and indirectly affected by open-mined communications that in turn affect challenging job assignments and promotions. Moreover, supervisor–subordinate guanxi has been found to be both directly and indirectly related to subordinates' organizational citizenship behavior through their trust in supervisor (Wong et al., 2003). Although these empirical findings have advanced our understanding of the links between supervisor–subordinate guanxi and employee work outcomes through the examination of some mediators, unfortunately, little is known about the mediating role of job satisfaction in the relationships between supervisor–subordinate guanxi and employee work outcomes. Given the salience of this issue, results of this study are expected to enrich the literature on supervisor–subordinate guanxi and employee work outcomes. Therefore, we propose that job satisfaction is one of the important mediators that exist between supervisor–subordinate guanxi and employee work outcomes.

Job satisfaction refers to a person's pleasurable state that stems from one's own appraisal of one's job or job experience. Hui and Graen (1997) argued that individuals' view on their jobs are related to their perceived status of membership in the interpersonal network and such status is reflective of supervisor–subordinate guanxi quality. In a similar vein, Song and Werbel (2007) also suggested that the more the time individuals devoted to social networking, the higher rewards they are able to capture from such investment, such as a higher chance of getting satisfying jobs.

Past research also highlighted that individuals who are satisfied with their jobs are willing to participate in decisions-making related to their positions in the firm (Scott et al., 2003) and value the organizational membership owing to attractive career development opportunities (Curry et al., 1986). These individuals may also be unwilling to incur a high cost of losing the favors of job if they choose to leave the existing organization (Tekleab et al., 2005). Despite the above studies indicated the possible chain of

relationships from supervisor–subordinate guanxi, to job satisfaction, and to employee work outcomes, unfortunately, we are unaware of any study that explicitly explores the role of job satisfaction as a mediator in the relationships between supervisor–subordinate guanxi and work outcomes.

The objective of this study is in twofolds: (a) to examine the link between supervisor–subordinate guanxi and subordinates' job satisfaction; and (b) to investigate the extent to which job satisfaction extends the effects of supervisor–subordinate guanxi to organizational commitment, participatory management, and turnover intentions. This study offers an alternative explanation to the insignificant links found between supervisor–subordinate guanxi and work outcomes in the past studies by arguing that in a guanxi relationship, the target of the subordinate's reciprocity is supervisor not organization. Therefore, to translate the effects of person-relevant supervisor–subordinate guanxi into positive organization-relevant work outcomes, job satisfaction should act as a mediator. In other words, subordinates who have a good personal relationship their subordinates will be motivated to be committed to and to stay with the firm and will be happy to participate in decision making when they are satisfied with their jobs.

In the following sections, we first review the literature on supervisor–subordinate guanxi, job satisfaction and employee work outcomes and then develop three hypotheses concerning the relationships among supervisor–subordinate guanxi, job satisfaction, and the work outcomes. Finally, we test our proposed mediation model based on the data collected from 196 employees of three manufacturing firms in China. Then, we conclude this article by a discussion on research results and practical implications for researchers and practitioners.

Literature review and hypotheses

supervisor–subordinate guanxi

Guanxi is categorized into three types on the basis of family ties (kinship), familiar persons (former classmates and colleagues), and strangers (with common demographic attributes) (Farh et al., 1998; Zhang and Zhang, 2006). According to the social exchange

theory (Blau, 1964), when one gets the favor, the receiver is trusted to have an obligation to repay the favor to the donor in unspecified time. Guanxi is regarded as a double-edged sword (Warren et al., 2004). On one hand, guanxi is viewed as a useful social capital that provides access to distribution channels (Nee, 1992) and enhances business performance (Peng and Luo, 2000; Xin and Pearce, 1996). On the other hand, guanxi has been found to be associated with illicit payments and under-table transactions (Zhang and Zhang, 2006).

Drawing on Chen and Tjosvold (2006), we define supervisor–subordinate guanxi as personal relationship between a supervisor and a subordinate that is developed largely from non-work related social interactions both inside and outside working hours. This guanxi relationship can give subordinates favors and resources like career advancement opportunities. As indicated above, supervisor–subordinate guanxi can also be a double-edged sword. On one hand, some unethical behaviors might take place in supervisor–subordinate guanxi. For example, subordinates can make use of guanxi with their supervisor to know the final shortlists of internal promotions prior to formal announcements (Chan et al., 2002; Millington et al., 2005; Standifird and Marshall, 2000). On the other hand, subordinates could make use of the good guanxi with their supervisor to explain their honest mistakes and the supervisor may find it easier to forgive the mistakes made by these subordinates (Kiong and Kee, 1998).

supervisor–subordinate guanxi is different from leader–member exchange (LMX) in that the latter refers to quality working relationship between subordinates and their supervisor whereas the former refers to the quality personal relationship largely developed from social interactions between subordinates and their superior both inside and outside working hours with a special reference to the Chinese context. Given the increasing prominence of supervisor–subordinate guanxi in Asia settings, researchers have started to pay more attention to supervisor–subordinate guanxi. It has been found to be related to supervisory administrative decisions (Law et al., 2000), joint decisions making and open-minded discussions (Chen and Tjosvold, 2006), and subordinates' trust in their supervisor and organizational citizenship behaviors (Wong et al., 2003).

We argue that employees' job satisfaction can translate the effects of supervisor–subordinate guanxi into positive work outcomes by curbing subordinates' ethical behaviors and enhancing their loyalty and commitment to the firm. The Figure 1 depicts our conceptual model by linking supervisor–subordinate guanxi to job satisfaction and then linking job satisfaction to work outcomes.

supervisor–subordinate guanxi and job satisfaction

Drawing on the inducement and contribution theory (March and Simons, 1958), we argue that those subordinates who receive more inducements from their superior (e.g., career advancement opportunities, resources, premium assignments, and time attentions) than their counterparts may perceive a higher status to stay with that network relationship. Subordinates who have a good guanxi with their supervisor may perceive a higher self-esteem when they are believed to be more important than others in the organization (Child et al., 1995). Such prestigious feeling can lead to a positive affective orientation toward the jobs.

Moreover, the subordinates may also take advantage of the close personal friendship with their supervisor to seek better job-related returns, such as assignment of premium jobs and provision of additional career advancements as well as better work environment. The subordinates are more likely to seek work advice from supervisor when they gain increased breadth and depth of communication than others who do not (Chen and Tjosvold, 2006). In this context, the subordinates may find it easier to meet the job requirements of their superior and this facilitates the subordinates' job executions. Consequently, this gives the subordinates a higher level of job satisfaction.

Taken from the standpoint of the supervisor, they might be willing to use informal channels to resolve non-routine work problems of those subordinates with whom they have close guanxi relationship because such practice is timelier (Bian, 1994). For example, the supervisor may use personal means to create developmental opportunities and to exert personal influence on job assignments, resources allocations, and promotions that match up with

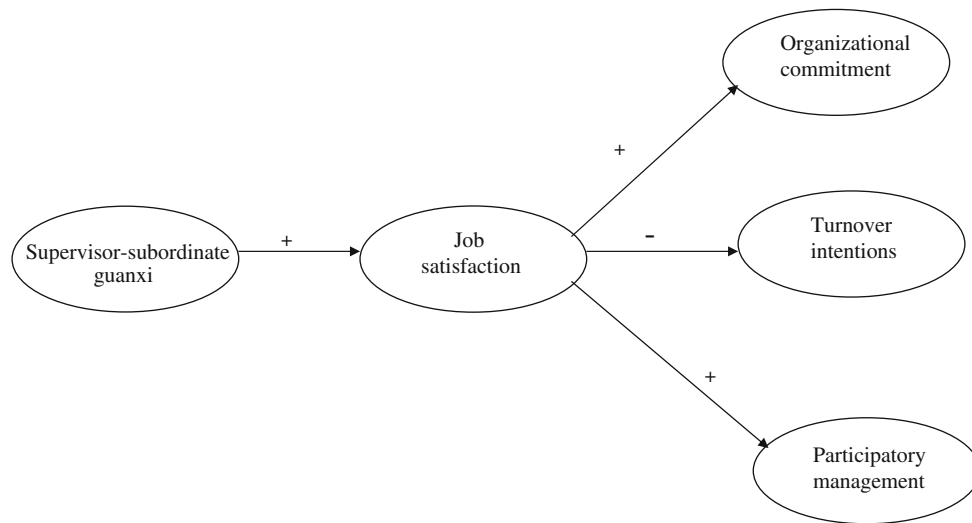


Figure 1. Hypothesized model of the relationship between supervisor-subordinate guanxi, and organizational-relevant work outcomes.

subordinates' interests. Taken together, subordinates who benefit from a supervisor-subordinate guanxi relationship will be satisfied with their jobs. Thus, we conjecture that:

Hypothesis 1: supervisor-subordinate guanxi is positively related to job satisfaction.

Job satisfaction and organizational commitment

Organizational commitment is defined as an individual's attitudes toward an organization that involve a strong belief in and acceptance of organizational goals and values (Mowday et al., 1982). Job satisfaction has been widely regarded as one of the major determinants of organizational commitment (Hom et al., 1984; Lawler, 1992; Mowday et al., 1982). Individuals are happy to work if their jobs enhance their self-esteem and provide opportunities for recognition of their work abilities. According to Korman (1970), individuals who are able to get an increased self-esteem from their jobs would be delighted to develop positive organizational attitudes, thus, resulting in organizational commitment.

Moreover, organizational commitment reflects an individual's fondness of a job and emotional attachment to that organization (Mitchell et al., 2001).

In other words, individuals regard themselves as key organizational members because of their positive feelings toward their jobs. Accordingly, the more harmonious the relationship between individuals and their job environment, the more these individuals prefer the organization (O'Reilly et al., 1991). As a result, the individuals are willing to attach to that organization. In addition, Steers (1977) also contended those individuals whose needs are satisfied by an organization are more likely to reciprocate by developing more commitment to that organization.

Furthermore, individuals may attribute the positive effects of the jobs to their employer (Lincoln and Kalleberg, 1990). The attribution may motivate these individuals to hold positive attitudes and exhibit constructive behaviors toward the organization. One of the possible actions that individuals may take is to promote future well beings of their organization (Rusbult et al., 1988). Therefore, we propose the following hypothesis:

Hypothesis 2a: Job satisfaction is positively related to organizational commitment.

Job satisfaction and turnover intentions

Drawing on the expectancy theory (Vroom, 1964), we argue that when job characteristics such as job

autonomy and job variety are in line with what employees expect. This can provide a positive motivational force for them to maintain the satisfying work situations. As a result, employees will be unwilling to leave the organization because their exit will definitely lead to a loss of job related favors. Moreover, the satisfying job conditions may meet the personal values of subordinates if such job provides a sense of excitement and accomplishment (George and Jones, 1996). In this situation, these subordinates who feel good about their jobs may put in more efforts to keep the satisfying jobs. Hence, the positive affective responses toward the job may contribute toward individuals' desire to stay with the organization. Taken above, we offer the following hypothesis:

Hypothesis 2b: Job satisfaction is negatively related to intentions to leave an organization.

Job satisfaction and participatory management

Participatory management is an effective tool of promoting employees' morale and improving their work performance. Participation allows employees to share the influence among individuals who are hierarchically unequal (Locke and Schweiger, 1979) and to involve in decision-making related to information processing (Wagner, 1994). According to the expectancy theory (Vroom, 1964), employees who hold a positive predisposition of jobs may act in a certain way on the expectation that the input efforts devoted to the jobs will provide them enjoyment of reaching ones' full potential. Hence, these employees are led by the positive affective feelings to actively contribute to organizational decision-making.

Moreover, employees may also ascribe the positive disposition of jobs to organizational concerns for them. When employees have positive views of the organization, this facilitates their development of a sense of belonging to that organization. When employees regard themselves as key organizational members, they may be eager to care for the fate of that organization and participate in decision-making that concerns the welfare of that organization. Therefore, those employees who are satisfied with their jobs will be happy to voice constructive

opinions and influence the quality of organizational decisions. Accordingly, we hypothesize that:

Hypothesis 2c: Job satisfaction is positively related to participatory management.

The mediating role of job satisfaction

As discussed above, empirical findings are inconclusive regarding the relationship between supervisor–subordinate guanxi and work outcomes. For example, Farh et al. (1998) did not find any direct link between supervisor–subordinate guanxi and organizational commitment and turnover intentions. Furthermore, supervisor–subordinate guanxi was found to indirectly influence challenging job assignment and promotions through open–dialogue communications (Chen and Tjosvold, 2006). Wong et al. (2003) also revealed a chain of relationships linking supervisor–subordinate guanxi to organizational citizenship behavior through subordinates' trust in their supervisor. Clearly, these evidences point to the possibility that mediators such as job satisfaction may account for the insignificant link between supervisor–subordinate guanxi and work outcomes.

Moreover, supervisor–subordinate guanxi is a personal tie that subordinates develop with their supervisor from social interactions both inside and outside working hours. The target of subordinate's reciprocity in a supervisor–subordinate guanxi relationship is the superior not the organization, particularly in the Chinese context. However, work outcomes such as participatory management, organizational commitment, and turnover intentions are organization-relevant. Based on Fishbein and Ajzen's (1974), attitudes and behaviors will be strongly related to each other if these responses are expressed at the same foci. Therefore, person-relevant supervisor–subordinate guanxi may not be able to have a direct impact on organization-relevant work outcomes. In order to do so, mediators like job satisfaction are needed to extend the effects of supervisor–subordinate guanxi to work outcomes.

Based on the hypotheses developed above, we argue that job satisfaction is such a mediator that extends the effects of person-relevant supervisor–subordinate guanxi to favorable organization-rele-

vant outcomes. Subordinates who have a good guanxi with their superior are more likely to get extra job benefits such as more challenging job assignments and training opportunities than others. Consequently, the subordinates have a positive view of their jobs. Satisfied employees are motivated to show their organizational commitment, stay with the organization and to actively participate in organizational decision-making. Therefore, we posit that job satisfaction is a missing link that bridges the relationship between person-relevant supervisor-subordinate guanxi and organization-relevant work outcomes. Hence, the following hypothesis is proposed.

Hypothesis 3a: Job satisfaction mediates the relationship between supervisor-subordinate guanxi and subordinates' organizational commitment.

Hypothesis 3b: Job satisfaction mediates the relationship between supervisor-subordinate guanxi and subordinates' turnover intentions.

Hypothesis 3c: Job satisfaction mediates the relationship between supervisor-subordinate guanxi and subordinates' participatory management.

Methodology

Data were randomly collected from employees of three firms from food, clothing, and electronics industries, respectively, in Hangzhou, Zhejiang Province, China. After successful contacts with the human resources representatives of these three firms, we dispatched local research assistants to collect data on-site. During data collection, our research assistants explained clearly the research objectives, procedure of data collection, and guaranteed the anonymity of respondents. Out of 200 questionnaires, 196 usable questionnaires were returned, with a very high response rate of 98%. Out of 196 respondents, 84% of them came from a private firm, followed by 7% from a collective firm, and 9% of a Sino-French joint venture. Over half of the respondents were male (55.7%), secondary educated (37.3%), earn US\$160 monthly (11.6%), and are supportive workers (23%). Majority of these respondents participate in industry of electronic, clothing, and food. The mean age and organizational tenure of these respondents were 31.2 and 7.1 years.

Measures

All constructs are subordinate self-rated ranging from a scale of 1 "strongly disagree" and 7 "strongly agree." With exception of participatory management, subordinates are rated on a 7-likert with a scale of 1 "subordinate has no right" to 7 "subordinate enjoys right of participation."

supervisor-subordinate guanxi

Since supervisor-subordinate guanxi is a personal relationship developed through close social interactions between subordinate and superior, we design the three-item scale to contain these special elements by developing a new item and adopting two items from Liden et al. (1993). Since feeling (Qing) is one of two predictors of quality of guanxi (Chen et al., 2004), we focus on the feeling aspect of guanxi to measure the quality of guanxi between supervisor and subordinate. An example item is, "My supervisor invites me to his/her home for lunch or dinner." The Cronbach alpha of supervisor-subordinate guanxi scale is 0.78.

Job satisfaction

The 10-item version of the satisfaction with work was adopted from Illinois Job Satisfaction Index (Chernyshenko et al., 2003). After removal of two items due to low factor loading, eight items retained, and an example of these items is, "I am satisfied with my work." The Cronbach alpha of job satisfaction scale is 0.70.

Organizational commitment

A 10-item scale of organizational commitment was adopted from Allen and Meyer (1991). An example item is, "I really feel that problems faced by my organization are also my problems." Cronbach alpha of this scale is 0.76.

Intentions to leave

A 10-items scale was adopted from Cammann et al. (1979). An example item is, "I am actively looking

for another job.” After dropping two items of low loadings, eight items retained and the Cronbach alpha of the scale is 0.72.

Participatory management

We chose a 12-item measure of Chinese derivative of Rooney’s worker participation index used in Wu and Lee (2001) to measure the degree of participatory management. An example item is, “To what extent have you participated and being recognized in terms of pay scale?” The Cronbach alpha of participatory management scale is 0.87.

Control variables

Gender, educational level, age, organizational tenure, and monthly salary are controlled to rule out the plausible impacts on employees’ organizational commitment, intentions to leave, and participatory management.

The questionnaire items were originally in English and then translated into Chinese by a researcher who was bilingual in Mandarin and English. We used a back-translation method (Brislin et al., 1973) to ensure that there is high accuracy of both English and Mandarin versions.

Analytical procedures and results

Before the testing of hypotheses, we checked the convergent validity of supervisor–subordinate guanxi and job satisfaction, using AMOS 6.0. Results suggested that the hypothesized two-factor model (CFI = 0.73, TLI = 0.45, RMSEA = 0.13) yielded a better fit than the single factor model (CFI = 0.49, TLI = 0.41, RMSEA = 0.15). The change in chi-square of 28.4 ($\Delta df = 1$, $p < 0.01$), indicates that there was high convergent validity of supervisor–subordinate guanxi and job satisfaction. In addition, results also indicated that the hypothesized three-factor model, comprising of dependent variables – organizational commitment, intentions to leave, and participatory management, has high convergent validity because the fit indices of this three-factor model (CFI = 0.50, TLI = 0.26, RMSEA = 0.15)

yielded a better fit than the single-factor model (CFI = 0.51, TLI = 0.47, RMSEA = 0.12). The change in chi-square was 468.27 ($\Delta df = 3$, $p < 0.01$) indicated that organizational commitment, intentions to leave, and participatory management have high convergent validity.

In order to check the discriminant validity of supervisor–subordinate guanxi and job satisfaction, we tested whether the variance–extracted estimates from the items in the scales exceed the square of the correlation between the two constructs. If this is the case, evidence for discriminant validity exists (see Fornell and Larcker, 1981). The variance–extracted estimates are 0.55 for supervisor–subordinate guanxi and 0.47 for job satisfaction. Clearly, these values exceed the square of the correlation between the constructs (0.07), which offer support for their discriminant validity. On the other hand, the variance–extracted estimates are 0.50, 0.50, and 0.59 for organizational commitment, intentions to leave, and participatory management, respectively. Indeed, these values also exceed the square of the correlations between organizational commitment and intentions to leave (0.06), intentions to leave and participatory management (0.03), and participatory management and organizational commitment (0.10). Results of this testing suggest sufficient discriminant validity for the three measures.

An additional test for common method variance bias was performed. As suggested by Podsakoff and Organ (1986), common method variance concern would have been high if a single factor could have been extracted to explain a majority of variance of the data. Using the eigenvalue greater than 1 as cutoff criterion, the results of the principal component analysis with varimax rotation suggested that five to eight factors could be justified and no generate factor was apparent. Thus, such results suggest a lack of substantial method variance to confound the interpretation of results in this study. Means, standard deviations, and correlations among variables are reported in Table I. Generally, means ranged from 1.16 to 5.24 with low standard deviations, with exceptions on age and organizational tenure. Specifically, supervisor–subordinate guanxi ($r = 0.27$, $p < 0.01$) was positively correlated with job satisfaction. Moreover, job satisfaction was each positively related to organizational commitment ($r = 0.45$, $p < 0.01$), and participatory management ($r = 0.21$,

TABLE I
Means, standard deviations, and zero-order correlations

No.	Variables	M	SD	1	2	3	4	5	6	7	8	9	10
1.	Gender (female = 1)	1.44	0.50										
2.	Age	1.16	8.25	-0.10									
3.	Educational level	3.07	1.22	0.00	0.00								
4.	Organizational tenure	7.09	7.32	-0.08	0.79**	-0.13							
5.	Monthly salary	5.24	3.21	-0.09	0.10	0.61**	-0.06						
6.	supervisor-subordinate guanxi	3.95	1.34	-0.04	0.12	0.04	0.09	-0.03					
7.	Job satisfaction	4.25	0.81	-0.08	0.12	0.03	0.08	-0.08	0.27**				
8.	Turnover intentions	3.98	0.93	-0.12	-0.08	0.04	-0.00	-0.04	-0.06	-0.13			
9.	Organizational commitment	4.47	0.83	0.01	0.02	0.19**	0.04	-0.04	0.37**	0.45**	-0.25**		
10.	Participatory management	3.75	1.01	0.07	0.18*	0.10	0.19**	0.04	0.16*	0.21**	-0.01	0.21**	-

N = 196, *p < 0.05; **p < 0.01.

p < 0.01), but insignificantly related to turnover intentions (r = -0.13, n.s.).

Table II presents the multiple regression results from testing the mediating hypotheses for the sample. In step 1, the controlled variables including gender, age, educational level, organizational tenure, and monthly salary were entered. In step 2, supervisor-subordinate guanxi was entered, results indicated that supervisor-subordinate guanxi ($\beta = 0.26, p < 0.001$)

TABLE II
Multiple regressions on job satisfaction

Job satisfaction		
Step 1		
Gender (female = 1)	-0.09	-0.08
Age	0.23*	0.21*
Educational level	0.15	0.13
Organizational tenure	-0.13	-0.13
Monthly salary	-0.21**	-0.19**
Step 2		
Supervisor-subordinate guanxi		0.26†
Adjusted R ²	0.02	0.08
F-statistics	1.75	3.75***

†p < 0.10; *p < 0.05; **p < 0.01; ***p < 0.001.

was positively related to job satisfaction. Hence, hypothesis 1 was supported.

As reported in Table III, after the control variables have been entered into the regressions in step 1, the inclusion of job satisfaction in step 2 was found to be positively related to participatory management ($\beta = 0.21, p < 0.05$) and organizational commitment ($\beta = 0.47, p < 0.001$), and negatively related to turnover intentions ($\beta = -0.19, p < 0.05$). Accordingly, hypotheses 2a-2c were supported.

The mediation effects were tested based on the three conditions suggested by Baron and Kenny (1986: (1) independent variable(s) should be related to mediator, (2) mediator should be relate to the dependable variable(s), and (3) full mediation exists when independent variable no longer related to the dependent variable(s) after mediator has been included.

After fulfilling the first two conditions as stipulated in hypothesis 1 and hypothesis 2, results of Table IV showed that the addition of job satisfaction weakened the positive effects of supervisor-subordinate guanxi on organizational commitment from $\beta = 0.39, p < 0.001$ to $\beta = 0.29, p < 0.001$. Therefore, the positive effect of supervisor-subordinate guanxi on organizational commitment was partially mediated by job satisfaction. On the other hand, the inclusion

TABLE III
Multiple regressions on participatory management, turnover intentions, and organizational commitment

	Participatory management		Turnover intentions		Organizational commitment	
Step 1						
Gender (female = 1)	0.07	0.09	−0.18**	−0.20*	−0.03	0.01
Age	0.08	0.03	−0.12	−0.07	−0.06	−0.17
Educational level	0.16	0.12	0.20	0.22	0.32***	0.26
Organizational tenure	0.13	0.17	0.08	0.06	0.13	0.19
Monthly salary	−0.05	−0.01	−0.15	−0.19**	−0.21**	−0.12
Step 2						
Job satisfaction		0.21**		−0.19**		0.47†
Adjusted R^2	0.03	0.06	0.03	0.06	0.04	0.25
F -statistics	1.97*	2.90***	2.14*	2.92***	2.65**	11.12†

† $p < 0.10$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

of job satisfaction fully crowded out the significant negative relationship between supervisor–subordinate guanxi and turnover intentions (from $\beta = -0.13$, $p < 0.10$ to $\beta = -0.08$, n.s.) and also fully crowded out the significant positive relationship between supervisor–subordinate guanxi and participatory management (from $\beta = 0.15$, $p < 0.05$ to $\beta = 0.11$, n.s.). Clearly, job satisfaction partially mediated the effects of supervisor–subordinate guanxi on organizational commitment and fully mediated the effects of supervisor–subordinate guanxi on intentions to leave and participatory management. Hence, hypotheses 3a–3c were supported.

Discussion

In order to unravel the puzzle caused by the inconclusive empirical results on supervisor–subordinate guanxi and employees' work outcomes in the existing literature, we set out to investigate the mediating role of job satisfaction in the relationships between supervisor–subordinate guanxi and employees work outcomes, namely, intentions to leave, organizational commitment, and participatory management. The findings largely support our proposal that job satisfaction acts as a mediating channel to extend the effects of person-relevant supervisor–subordinate guanxi onto organization-relevant work outcomes. Specifically, we found that supervisor–subordinate guanxi was positively related to job satisfaction, and it

fully mediated the effects of supervisor–subordinate guanxi on participatory management and turnover intentions.

The results of this study show that job satisfaction was found to partially mediate the relationship between supervisor–subordinate guanxi and organizational commitment. A plausible explanation for this finding is that the spillover effects of person-relevant supervisor–subordinate guanxi may be strong enough to have a direct impact on employees' organizational commitment but might not be strong enough to affect employees' turnover intentions and participatory management. In the process of reciprocation, as far as organizational commitment is concerned, subordinates may perform some acts that not only benefit the superior but also benefit the organization. Consequently, supervisor–subordinate guanxi can have an impact on organizational commitment both directly and indirectly through job satisfaction. However, when it is concerned with intentions to leave and participatory management, subordinates might have a much clear target of reciprocation. In other words, to say or to leave, those subordinates who have good guanxi with their superior will be more likely to follow their superior's intentions to leave or to stay. However, only when those subordinates who have good guanxi their superior and are also satisfied with their jobs, will they be more likely to stay with the organization. The same argument can be applied to the findings on relationship between supervisor–subordinate

TABLE IV
Results of hierarchical regressions testing mediating hypotheses

	Participatory management			Turnover intentions			Organizational commitment		
Step 1									
Gender (female = 1)	0.07	0.08	0.09	-0.18**	-0.19**	-0.20***	-0.03	-0.02	0.01
Age	0.08	0.06	0.02	-0.12	-0.10	-0.07	-0.06	-0.10	-0.18
Educational level	0.16	0.14	0.11	0.20**	0.20**	0.23**	0.32***	0.29***	0.25**
Organizational tenure	0.13	0.13	0.16	0.08	0.08	0.06	0.13	0.12	0.17
Monthly salary	-0.05	-0.03	0.09	-0.15	-0.16	-0.19**	-0.21**	-0.18**	-0.11
Step 2									
Supervisor-subordinate guanxi		0.15**	0.11		-0.13*	-0.08		0.39†	0.29†
Step 3									
Job satisfaction			0.18**			-0.17**			0.39†
Adjusted R^2	0.03	0.05	0.07	0.03	0.04	0.06	0.04	0.20	0.33
F -statistics	1.97*	2.34**	2.77***	2.14*	2.28**	2.67**	2.65**	8.28†	13.61†

† $p < 0.10$; * $p < 0.05$; ** $p < 0.01$; *** $p < 0.001$.

guanxi and participatory management. Subordinates with good guanxi with their superior will only be interested in participatory management if they are happy with their jobs. Guanxi alone is not sufficient to have a direct impact on participatory management. Therefore, our findings indicate that supervisor-subordinate guanxi needs to rely on job satisfaction to extend its effects to participatory management and turnover intentions but might just be powerful enough to have spillover effects on employees' organizational commitment.

Thus, our study is one of the first to extend the literature on supervisor-subordinate guanxi by demonstrating the important mediating role of job satisfaction in supervisor-subordinate guanxi-work outcomes relationship. Owing to the puzzle caused by the insignificant results found on the relationships between supervisor-subordinate guanxi and employee work outcomes in the existing literature, we investigated how job satisfaction mediates the relationships between supervisor-subordinate guanxi and employee work outcomes in the present study. Such investigation is salient because job satisfaction highlights the affective responses of employees to their job, and that is essential for providing underlying motivations for the positive employee outcomes. In addition, the present study also provides a key insight that job satisfaction may be effective to curb the ethical behaviors of subordinates in a

supervisor-subordinate guanxi relationship such as under-table transactions and illicit payments (Millington et al., 2005; Zhang and Zhang, 2006) and translate the effects of supervisor-subordinate guanxi into positive employee work outcomes.

The results of our study have several managerial implications. The results indicate that supervisor-subordinate guanxi relationships breed employees' job satisfaction, and thereby they are delighted to participate in joint decisions making, to commit themselves to the organization, and to stay with the organization. Given the salient role of job satisfaction, managers are advised to pay strong attention to the development of employees' job satisfaction. For example, practitioners are advised to provide attractive job tasks (e.g., task identity and task significance) that match up with the needs of employees (Bedeian and Armenakis, 1981; Gilsson and Durick, 1988). Employees should be provided clarity of job requirements and responsibilities as well as opportunities for practicing a variety of job skills (Hackman and Oldham, 1974). Moreover, practitioners may emphasize employees' success of goal attainment relating to jobs and provide them the means for such attainment (Klinger, 1977).

Despite the notion that guanxi could plausibly lead to unethical practices of bribery and under-table transactions (e.g., Chan et al., 2002), results of the

present study highlight that as long as employees are satisfied with their current jobs, this could effectively translate the effects of supervisor–subordinate guanxi into favorable organizational–relevant work outcomes, namely more participations on organizational decisions, sharing of organizational goals and values, and less turnover intentions.

Limitations and suggestions for future research

The current study has a number of limitations that should be addressed in future research. First, it is the inherent problem of cross-sectional data. Longitudinal study may address how the relationships of supervisor–subordinate guanxi lead to job satisfaction and to favorable employees' responses over time. Additionally, we propose that a longitudinal study may unwind the loop that the extent of job satisfaction may also be positively related to the quality of supervisor–subordinate guanxi, which in turn, may be conducive to favorable employee outcomes. Positive employees' work outcomes may then further motivate them to develop high quality guanxi relationships with their supervisor. Alternatively, it is possible that positive employees' work outcomes lead to a higher level of job satisfaction, which in turn enhances high quality of supervisor–subordinate guanxi.

Second, constructs of the mediation model were based on subordinates' self-reports. Despite the fact that the tests indicated the distinctiveness of the focal variables, it is possible that the employees' self-reported constructs may result in common source bias. However, results of one-factor and discriminant tests indicated common method variance bias does not exist. Furthermore, Crampton (1994) claimed that percept-percept inflation caused by common method bias is not a severe problem in micro-organizational research.

In future research, a macro-dyadic perspective on guanxi can be explored and the construct validity of guanxi can be tested in other Chinese contexts, such as Singapore and Hong Kong. Second, further studies can be conducted on whether guanxi is dynamic in different time and contexts? Aside from similarity in relational demography between supervisor and subordinates in the study of Farh et al.

(1998) and trust in the study of Chen et al. (2004), future research can be done to examine other determinants of high quality supervisor–subordinate guanxi. Third, future research may put more efforts in exploring other plausible mediators, such as interpersonal justice regarding the extent to which employees are treated by organizational representatives in dignity and respect that in turn promotes the translation of supervisor–subordinate guanxi into positive employee work outcomes. Alternatively, the relationships between supervisor–subordinate guanxi and employee work outcomes may also be moderated by employees' perceived effectiveness of participatory management in the organization.

Conclusions

In conclusion, findings of the current study support our theoretical model that job satisfaction mediates the relationships between supervisor–subordinate guanxi and work outcomes (namely, organizational commitment, intentions to leave, and participatory management). The fulfillment of employees' desirable job needs facilitates the translation of supervisor–subordinate guanxi into higher subordinates' participatory management, greater organizational commitment, and less turnover intentions. Firms are advised to pay attention to employees' job satisfaction so that supervisor–subordinate guanxi can be effectively translated into positive work outcomes, and consequently minimize the undesirable negative effects of personalistic guanxi if any.

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