

# UC Irvine

## UC Irvine Previously Published Works

### Title

Should management practice adapt to cultural values? the evidence against power distance adaptation

### Permalink

<https://escholarship.org/uc/item/9q47t92v>

### Journal

Cross Cultural and Strategic Management, 23(2)

### ISSN

2059-5794

### Authors

Rao, AN  
Pearce, JL

### Publication Date

2016-04-29

### DOI

10.1108/CCSM-03-2014-0035

Peer reviewed

**Should Management Practice Adapt to Cultural Values? The Evidence Against Power Distance  
Adaptation**

Professor Alaka Rao  
Department of Organization and Management  
College of Business  
San José State University  
San José, CA 95192-0070  
+1-408-924-3417  
[Alaka.rao@sjsu.edu](mailto:Alaka.rao@sjsu.edu)

Professor Jone L. Pearce  
Merage School of Business  
University of California, Irvine  
Irvine, CA 92697-3125  
[jlpearce@uci.edu](mailto:jlpearce@uci.edu)

Forthcoming in 2016 in *Cross Cultural & Strategic Management*

## **Should Management Practice Adapt to Cultural Values? The Evidence Against Power Distance Adaptation**

### **Abstract**

**Purpose:** We focus on the cultural concept of power distance to test whether or not culture-practice fit or universal supervisory practices are associated with team collaboration, innovation, current and future team performance. This test is possible because power distance is conceptually deconstructed and scales developed that reliably and validly differentiate between the societal level values and workplace practices. Next, drawing on these measures, we test the culture-fit-vs.-universal practices hypotheses in a sample of ethnically similar employees dispersed across the United States and India.

**Design/ methodology/ approach:** Data were collected from a survey administered to employees and their supervisors in a Non-Western Multinational Corporation.

**Findings:** We find support for the universal-practices perspective in this study. Those Indian and local managers who were low in interpersonal power distance, regardless of their subordinates' societal power-distance cultural values had better team collaboration, innovation, and future performance. Trust in fellow team members was found to mediate these relationships.

**Originality/ value:** Findings from this study contribute to our understanding of power distance, and also provide insight into the central question of when and how management practices should be adapted to local cultures.

**Keywords:** power distance, cultural values, trust

**Article Classification:** Research Paper

## **Should Management Practice Adapt to Cultural Values? The Evidence Against Power**

### **Distance Adaptation**

A central challenge for scholars of international management is to produce knowledge for those who must decide which foreign management practices can be successfully applied in their own organizations. Yet, there is conflicting evidence about how successful imported management practices can be. On the one hand, many provide evidence and argue that they must match the local culture for those practices to be effective, something we call the culture-fit view (e.g., Newman and Nollen, 1996), further, Ralston (2008) has proposed a dynamic interaction of existing sociocultural influences and (often Western) business ideology influences to produce unique combinations with the local culture incorporating imported economic and technological values. Yet globalization has produced a wide importation of foreign management practices which have been successful in other cultures. We call this latter approach the universal business-practice view. Here we propose that these contradictions can be understood as arising, in part, from flawed generalizations of societal cultural values to workplace interpersonal relationships fostered by measures that confound societal cultural values with workplace practices. We report the result of the development of non-confounded theory and measures of power distance that are tested in a sample of employees of a Non-Western Multinational Corporation globally dispersed across countries. We focus on power distance, because how power is exercised is central to organizations, and directly compare the culture-practice fit hypotheses to universal-practice hypotheses. Such head-to-head tests of competing hypotheses are done for two reasons. First, they show respect for the contradictory theorizing and empirical results in the literature without privileging our own preferred ideas. Second, this practice follows the recommendations of Platt (1964) who proposed that theory is best advanced by subjecting our own ideas to refutation by conducting tests of competing hypotheses. We developed scales of strong reliability, convergent and discriminant validity that differentiate between individual perceptions of the societal level

value of power distance and the actions of their supervisors. We then use these new measures to test whether supervisory practices that are congruent with employees' societal power-distance cultural values result in better collaboration and innovation in teams and project performance than supervisory practices that North-American-centric literature has long proposed as universally superior. Findings from this study contribute to our understanding of the cultural value of power distance, and provide insight into the central question of which practices of Non-Western Multinational Corporations (NMNCs) should be adapted as they move into differing societal cultures.

### **The Distinction between Societal and Interpersonal Power Distance**

Organizational researchers have drawn upon the works of Mulder's (1977) and Hofstede's (1980a, 2001) to theorize that there are societal cultural differences in how individuals behave in situations of power difference. Hofstede identifies power distance as a societal value, defined as "the extent to which a society accepts the fact that power in institutions and organizations is distributed unequally" (Hofstede, 1980b, p. 45).

Although proposing that power distance is a societal-level construct, Hofstede (1980a) measured power distance via questions about supervisor-subordinate relationships. Supervisors were expected to act in ways that reflect their greater power and be more distant and directive in high societal power distance cultures. In contrast, he stated that subordinates approach and critique their supervisors freely as a measure of low power distance societies. Thus, Hofstede proposed that power distance was a cultural level value, but measured employees' reports of workplace practices that can be influenced by many things other than cultural values. Researchers, such as Kirkman, Lowe and Gibson (2006) have criticized Hofstede's cultural framework for "reducing culture to an overly simplistic four or five dimension conceptualization, limiting the sample to a single multinational corporation, failing to capture the malleability of culture over time, and ignoring within-country cultural heterogeneity" (Kirkman et al., 2006: 290). Smith (2002) has further questioned the validity of Hofstede's measures and the methods by which they were constructed. For

example, conventional statistics such as Cronbach alphas for the measures were not provided due to the methods and weightings used to construct the indices (Hofstede, 2001), meaning that it may not be a coherent construct. Furthermore, McSweeney (2002) has challenged the critical assumptions which underlie Hofstede's dimensions of culture as well as its methodological flaws, while Brewer and Venaik (2014) examined the "ecological fallacy" and detrimental implications of projecting Hofstede's national-level culture characteristics onto individuals and organizations. In an introductory article to a *Journal of International Business Studies* issue focused on culture and international business, Tung and Verbeke (2010) summarized and critiqued the recent research on cultural dimensions, their measurement and assumptions. We join a long tradition of criticizing Hofstede's cultural measures (Kirkman, Lowe and Gibson, 2006; Smith, 2002; McSweeney, 2002; Brewer and Venaik, 2014; Tung and Verbeke, 2010).

Subsequent researchers have developed their own measures of power distance, however, their measures also confound societal culture with workplace supervisory practices. Earley and Erez (1997), Brockner *et al.* (2001), House *et al.* (2004), and Maznevski, DiStephano, Gomez, Noorderhaven and Wu (2002) have included measures of workplace obedience to the supervisor and an autocratic style of supervisory decision-making in their measures of societal-level power distance. Further, along with Brockner *et al.* (2001), Earley and Erez (1997) have broadened the scope of power distance by including a key element of organizational structure -- the level of organizational formalization adding further conceptual confusion. Maznevski *et al.* (2002) adds further confounding with the measure, "hierarchy of groups in a society should remain consistent over time," which confounds preference for hierarchy with the extent to which the respondent believes there should be changes over time in social status (see Sue-Chan and Ong, 2002). Thus, there are several fundamental limitations across these studies based on theoretical focus, construct validity, and the level of analysis to which power distance refers (see Appendix A). Researchers have incorporated diverse ideas in the measure of power distance without sound theoretical explanations, thereby clouding the core construct of power distance as a cultural-level construct. All

theorists have generally agreed on the definition of power distance as a cultural value reflecting the extent to which individuals accept differences in behavior among those with different power and that this will vary across cultures. However, researchers have attempted to capture a variety of dimensions in their societal measure of power distance, including obedience, autocratic supervision, organizational formalization, the acceptance of privilege. These proposed components have been inconsistently applied across studies, reflecting poor construct validity and may be one reason for the inconsistent results noted above. Measuring power distance at the societal level without confounding it with organizational practices provides a more consist measure of the construct. In summary, the measures of power distance confound differing ideas: societal values and the actions of particular supervisors. These construct and measurement problems are not just academic niceties of interest only to measurement specialists, but have resulted in fundamental contradictions in a central question for international management: when and how should management practices reflect local cultures. At present, with so many conflicting research results, those preferring to argue for cultural fit in management practices can find studies to support their preferred view, and those preferring to argue that universal management practices can be successfully imported into other cultures also can find studies to support their preferred view.

Here we resolve these contradictions with regards to power distance by proposing theory that differentiates power distance in society from management-practice, beginning with a clearer specification of the construct of power distance. We adopt the approach of Triandis (1995) who argued that corresponding to the individualism and collectivism concepts at the cultural level are processes at the individual, psychological level labeled idiocentrism and allocentrism. Drawing on this distinction, we propose that the meaning of power distance also differs between societal values and the individual workplace practices of supervisors. We adopt the etic approach of the literature we wish to address. Extending the work of Farh, Hackett, and Liang (2007) who examined power distance at the individual level, we propose that there are differences in how individuals perceive power distally within their larger society and how they perceive

power more proximally within their interpersonal relationships. Societal Power Distance (SPD) is defined as the extent to which the individual accepts differences in rank, status, privileges and power within a society. Societal power distance is an expected cultural value, not anyone's ideal. SPD also goes beyond the idea of acceptance. For individuals can accept others' power over them, but it might not be their preference based on the societal value under which they have been raised. The concept of SPD follows research by House et al's (2004) who argues that one cannot assess a societal culture as reflecting the organizational practices of a particular country. We differentiate this construct of power distance as individual perceptions of a societal value from Interpersonal Power Distance (IPD).

Interpersonal Power Distance is defined as the perceived difference in power between two individuals. This idea of power between individuals has a long history of research in sociology and organizational theory. The concept is based on Emerson's (1962) concept of asymmetrical power (or power imbalance) where power is a function of the level of dependence and social distance between two actors differing in power, and is a situation-specific perception (see also, Kipnis, Castell, Gergen, and Mauch, 1976, and Jackson, 1964). Here, we focus on individuals' perceptions of the behaviors of their particular supervisors that reinforce or increase dependence and social distance. Thus, societal power distance refers to an employee's cultural values, similar to Hofstede's concept, while interpersonal power distance refers to the employee's perception of their supervisor's actions that increase or reinforce the dependence and social distance between them. The difference between IPD and SPD is the difference between perceptions and values. Note that these two are not strictly parallel – SPD refers to a cultural value of how those in that culture expect one to act when interacting with those with different power than oneself and IPD refers to the actions of one's immediate supervisor that increase or decrease power between the two.

Although this theoretical distinction between individual and societal power distance has been considered (Farh *et al.*, 2007; Kirkman *et al.*, 2009), researchers have not empirically differentiated these concepts or tested if the meaning of power distance differs across societal and workplace practices. In this



study, we clarify the construct of power distance and propose that employees can and will differentiate their societal-level cultural values (SPD) from their characterizations of their supervisor's relationship with them (IPD). Both Societal and Interpersonal Power Distance are assessed by the individual. We expect the IPD and SPD concepts to be correlated (yet distinct), as an individual's acceptance of Societal Power Distance within their society would influence the extent to which they perceive the behaviors of their supervisor to reinforce or increase dependence.

*Hypothesis 1:* Power distance consists of two distinct dimensions of Societal Power Distance and Interpersonal Power Distance.

Drawing on the concepts of interpersonal and societal power distance, two competing perspectives are examined to understand the relationship between individual perceptions of cultural values and management practices in the sample of globally dispersed employees examined in this study.

### **Two Competing Perspectives: Cultural Fit versus Universal Practices**

Many observers have noted that management practices vary across cultures in ways consistent with the cultural values of the host country. This idea of cultural fit typically refers to the fit, match, agreement, or similarity between two conceptually distinct constructs or a construct's relation to two different entities (e.g., Edwards, 1991; Ostroff, Shin and Kinicki, 2005). The terms fit, match, similarity and congruence are used interchangeable here, similar to previous studies (i.e. Newman and Nollen, 1996). Researchers have proposed that similarity between management practices and employees' societal culture is attractive to employees leading to positive employee attitudes (Ostroff *et al.*, 2005; Francesco and Gold, 1998; Gomez, Kirkman and Shapiro, 1999; Long, Sitkin, and Cardinal, 2005). Some empirical research supports these proposed relationships, and many scholars (e.g., Farh *et al.*, 2007) have also found moderator relationships, such that the relationships are stronger for employees in some cultures than in others, implying that managerial practices are more effective when consistent with societal culture. For example, in the power distance literature, considerable research has indicated that in high power distance cultures, management

practices of empowerment and participation lead to employee dissatisfaction, less organizational commitment, and lower perceptions of fairness (Gomez, Kirkman, and Shapiro, 1999; Francesco and Chen, 2000; Morris and Pavett, 1992; Brockner *et al.*, 2001). Scholars such as Francesco and Gold (1998), House *et al.* (2004), and Robert, Probst, Martocchio, Drasgow, and Lawler (2000) argue that the use of participation would be inappropriate in high power distance cultures because it can create an impression of managers' incompetence or abdication of their appropriate roles. These scholars argue that a lack of cultural fit between societal values and management practices creates cognitive dissonance and frustration. Indeed, Erez (2004) and Hofstede (1980b) argued that the North-American-centric practices that receive the most attention do not and should not apply abroad.

Ralston *et al.* (1993) found a convergence in Hofstede's (1980a) measure of power distance between the United States and Hong Kong managers that was significantly different from Mainland Chinese managers, suggesting the ethnic Chinese Hong Kong managers went some way to adopting the power distance values closer to developed Western countries than their ethnic Chinese cousins due to their experiences in a British colony and free-market economic system, suggesting some adaptation, if not a fully universal approach. Although few (and no scholars we could discover) argue for cultural imperialism in management practices, there are reports of widespread resentment and opposition to practices that, while usual and expected in a local culture, appear to be ineffective there. For example, Pearce (2001) reported that employees in transitional Lithuania and Hungary were less committed and less satisfied than comparable American employees because they were treated in an arbitrary and capricious way by their organizations and supervisors, despite those being culturally acceptable supervisory actions in these countries. Further evidence comes from the world of practice where the transfer of practices across national borders is widespread. If such importations were always dysfunctional we would not find Kaijin inventory systems in Mexican factories, suggesting that some management practices are effective across cultures. Empirical studies further support the idea that employees do not necessarily respond more positively to

culturally congruent management practices. For example, despite their expectations to the contrary Zheng, Morrison and O'Neill (2006) found that employees in China responded positively to the culturally imported pay-for-performance systems, as Chang and Hahn (2006) also found in their Korean sample (see also, House et al., 2004; Du & Choi, 2010; and Taras *et al.*, 2010). There is evidence for the universal effectiveness of management practices initially developed in low Societal Power Distance cultures. Robert *et al.* (2000) found that in some high power distance countries such as Mexico, employees responded positively to perceived participatory management practices with greater satisfaction and organizational commitment; Eylon and Au (1999) found that participants from both high and low power distance cultures were more satisfied when empowered; and Lind, Tyler, and Huo (1997) saw the same relationship between participation and fairness which were equivalent in high and low power distance cultures. While those arguing for cultural fit propose that employees are more comfortable if their expectations are met, it is possible that they respond positively if their experience is unexpectedly positive. Involving employees in decision making reflects trust in and respect for employees, and once employees have experience with autonomy and respectful treatment they may very well like it.

#### *Team collaboration, innovation and performance*

We address these competing theories and contradictory research evidence of power distance cultural fit versus universal practices with a study of team collaboration, innovation and performance. These are of particular interest since researchers (i.e. Newman and Nollen, 1996; Francesco and Chen, 2000) have found contradictory evidence for the impact of cultural fit on many of these outcomes, such as performance. Further, few have studied how cultural fit influences the team, and the global outsourcing teams in this study provide an opportunity to gain insight into team collaboration, innovation and performance.

Team collaboration has been conceptualized in various ways across studies, including the concept of teamwork (Hoegl and Gemuenden, 2001), the process of communication (Fiol, 1994), the sharing and exchange of information (Michie, Dooley, and Fryxell, 2002), and the time and effort spent interacting with

team members (Harrison, Price, Gavin, and Florey, 2002). A common element running across these conceptualizations is the concept of communication within the team. Hoegl and Gemuenden (2001) argue that communication is one of the most elementary components of collaboration, and propose that the ability of team members to communicate directly with all others and exchange information openly is critical to the quality of teamwork.

In addition to collaboration, we focus on the concept of innovation in teams by examining both adaptation and experimentation. Building on March's (1991) foundational work linking innovation to exploration and exploitation tensions, researchers have focused on an organization's ability to be flexible and adapt effectively to changing environmental demands (Tushman and O'Reilly, 1996). According to Burke, Stagl, Salas, Pierce, and Kendall (2006), team adaptation is manifested in innovation and goal-directed actions. Others, such as Klein and Pierce (2001) and Katila and Ajuka (2002) have further noted the importance of adaptation to innovation, arguing that organizations search and solve problems to create new products and innovate which in turn allows organizations to adapt. In a dynamic environment, adaptation to changes in the environment is considered critical to organizational success (Duncan, 1976). Burke *et al.* (2006) argue that team adaptation is manifested in the innovation of new or modification of existing structures or capabilities. Thus, innovation is considered in this study in terms of adaptation and experimentation. The creation of new ideas and exploration of knowledge through experimentation has been seen as central to innovation (March, 1991; Gibson and Vermeulen, 2003).

A final focus of this study is the performance of global teams. Researchers have conceptualized team performance in multiple ways, including the quality and cost of team products or services (Cohen, Ledford, and Spreitzer, 1996) and customer satisfaction (Cohen and Spreitzer, 1994). We draw on these ideas to understand both current and future performance of global teams. Here, current team performance is assessed by productivity, project quality and costs. Future performance is reflected in the relationship with the client and market orientation. Researchers, such as Lee, Lee and Kang (2005) and Dickson (2003) have

argued that customer satisfaction and trust are critical in assessing future business performance. Market orientation, defined as the extent to which employees understand customer needs and competitors in the market, and feel able to respond to them, is a central concept in the strategic management and marketing literatures (Day, 1994; Jaworski and Kohli, 1996; Voss and Voss, 2000). More market orientation provides the firm with a source of sustainable competitive advantage by enabling it to understand and respond to market requirements effectively and to anticipate changing conditions (Baker and Sinkula, 1999; Day, 1994; Jaworski and Kohli, 1996).

Here, we consider how team collaboration, innovation, and performance are affected by the cultural fit or universal-practices perspectives of power distance. Those studying cultural fit have generally documented how the lack of fit has negative effects on organizations and teams, including conflicts, difficulty working effectively with others and coordinating activities (Michie, Dooley, and Fryxell, 2001). For example, Chatman and Barsade (1995) and Chatman (1991) reported lower cooperation when individuals' values were inconsistent with their organizations' values. Bhagat, Kedia, Harveston and Triandis (2002) theorized that lack of fit between management practices and personal values creates ineffective inter-organizational relationships by distorting the knowledge that is transferred between organizations. Similarly, those examining cultural congruence between firms have argued that similarity in cultural values generates a foundation for common understanding which can then enhance the communication and coordination between partners (Park and Ungson, 1997). In contrast, lack of fit between management practices and cultural values can create cognitive dissonance and frustration, and confusion about one's role in their immediate environment, thereby fostering supervisor and team distrust, and consequently hindering team collaboration and innovation.

Regarding team performance, Newman and Nollen (1996) were among the first to report that cultural fit improves it. They found that the performance of work units with power-distance cultural fit had higher performance than those work units with incongruent management practices and societal cultural

values. Further, Sivasubramaniam and Venkata Ratnam (1998) proposed that the hierarchical character of Indian society makes the implementation of high-performance work systems there difficult to achieve (see also, Francisco & Chen, 2000). Drawing on these studies, we first propose that cultural fit is expected to produce better current and future performance in terms of the client relationship and market orientation. This is because when supervisors' actions match employees' societal expectations it provides the clarity necessary for employees to understand their role expectations and perform better, as well as trust clients and orient themselves toward the market. If employees face confusing expectations, they are less able to focus on clients and markets (Kahn, Wolfe, Quinn, Snoek, and Rosenthal, 1964). Like for collaboration and innovation, met expectations for how supervisors should treat subordinates provides the clarity team members need to perform well now and in the future. Thus, from the fit perspective when an employee's power-distance cultural values are aligned with their proximal experience of dependence on an autocratic supervisor, employees will report greater team communication, adaptation, experimentation, current team performance, client relationships and market orientation.

*Hypothesis 2:* Employees have higher team communication, adaptation, experimentation, current team performance, client relationships and market orientation when there is congruence between their Societal Power Distance values and their Interpersonal Power Distance than when these are incongruent.

We contrast this culture-practice fit hypothesis with its alternative: that low supervisory Interpersonal Power Distance practices universally foster team communication, adaptation, experimentation, current and future team performance regardless of employees' societal power distance values. Those who have studied participative practices, while not directly addressing cultural differences, have implied that their effectiveness is not contingent on culture. Researchers have argued that encouraging questions and participation stimulates the exchange and integration of information (Stasser and Titus, 1987), facilitates commitment to team decisions (e.g., King, Anderson, and West, 1991), and fosters learning through the acquisition, sharing and combining of knowledge (Edmondson, 1999). Campion,

Medsker, and Higgs (1993) found empirical support for the relationship between participation, social support and cooperative communication (see also, Mumford and Gustafson, 1988). Researchers from the universal perspective suggest that participation is critical for a team's ability to foster new ideas and create innovative products and services (De Dreu and West, 2001). When information and influence over decision making are shared within teams and there is a high level of interaction among team members, the cross fertilization of perspectives can spawn innovation (Mumford and Gustafson, 1988; Anderson and King, 1993; West and Anderson, 1996; and De Dreu and West, 2001).

Further, autocratic management practices proposed to be congruent with high Societal Power Distance values may be particularly dysfunctional for building the client relationships on which that future performance depends. In his meta-analysis, Wagner (1994) found that participation has a positive relationship to performance (Lewin, Lippitt, and White, 1939) Similarly, those studying high-involvement work practices suggest that they produce better responsiveness to clients and better performance (Zatzick and Iverson, 2006). If high Interpersonal Power Distance supervisors try to control all interactions with clients, then employees are blocked from learning about clients' needs and market demands. Therefore, it is possible that the information provision, autonomy and participation associated with low supervisory Interpersonal Power Distance are superior practices for all but the most routine tasks, and so will produce better current and future team performance.

*Hypothesis 3:* Employees with low Interpersonal Power Distance supervisors have higher team communication, adaptation, experimentation, current team performance, client relationships, and market orientation than employees with high Interpersonal Power Distance supervisors, whether this is congruent or incongruent with employees' Societal Power Distance values.

#### *The mediating role of trust*

The foregoing arguments are all based on employee trust. Below, we focus on interpersonal trust and draw upon Rousseau, Sitkin, Burt, and Camerer's (1998: 395) definition of trust as "a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or

behavior of another." Here, we focus on employee's trust in their coworkers grounded in both cognitive judgments of another's competence or reliability and affective trust (McAllister, 1995), combining them in an overall measure of trust (Dirks and Ferrin, 2002). Interpersonal trust increases workplace collaboration because it fosters the exchange of information (Earley, 1986), the ability to engage in risky activities which cannot be controlled or monitored (Luhmann, 1988), and helps to promote norms of reciprocity and cooperation that underpin civil society (Putnam, 1993). Trust in others would have a positive impact on the exchange of information and innovation because the broader an individual's connections and greater confidence, the more open they are to new experiences, and have access to new ideas (Granovetter, 1973) which can foster innovation as well as performance.

Further, many have argued that building trust in one another is fundamental to the success of globally distributed teams. For example, O'Hara-Devereaux and Johansen (1994) note that trust can prevent the geographical and organizational distances of global projects from becoming psychological distances, whereby dispersed employees feel alienated from one another (See also, Das and Teng, 1998; Gulati, 1995; Poppo and Zenger, 2002). Furthermore, interpersonal trust reduces the high levels of uncertainty endemic to the global and innovative technological environments (Jarvenpaa and Leidner, 1999) and facilitates adaptive responses. Thus, trust within teams is critical to collaboration, building client relationships, fostering team effectiveness (Lipnack and Stamps, 1997), and facilitating adaptation and experimentation (Gibson and Birkinshaw, 2004; Adler, Heckscher and Cummings, 2010; and Edmondson, 1999).

Those holding the cultural fit view propose that when supervisors behave in ways congruent with cultural expectations, employees have clearer expectations about the behavior and intentions of their supervisor which impacts employee trust in their supervisor as employees are likely to feel safer and more positive about their manager (Dirks and Ferrin, 2002). Those holding the culture-practice fit perspective would agree with Lewicki and Bunker (1995) who proposed that those whose behavior is unexpected and unpredictable generate others' distrust in them. Research on leader-member exchange has found that trust



and obligations between leaders and their subordinates will have spillover effects on their coworkers, resulting in strong coworker exchange relationships, characterized by trust (Sherony and Green, 2002; Sparrowe and Liden, 1997; Lau and Liden, 2008). Therefore, from a fit perspective coworker interpersonal trust will partially mediate the relationship between supervisory IPD-SPD fit and our team outcomes. We propose partial, rather than full, mediation because the fit between societal values and supervisors' interpersonal power distance may have other effects on collaboration, innovation and performance, unrelated to coworker trust.

*Hypothesis 4:* Coworker trust will partially mediate the positive relationship between Interpersonal Power Distance congruence with their Societal Power Distance cultural values, and team communication, adaptation, experimentation, current team performance, client relationships, and market orientation.

Finally, for the competing, universal perspective interpersonal trust also could be expected to mediate the expected relationships between low Interpersonal Power Distance management practices and these team outcomes. When low IPD supervisors reduce the power distance between themselves and their subordinates they communicate trust in their subordinates and model interpersonal trust expectations for their team. Dirks and Ferrin (2002) argue that participative decision making sends a message that the leader has confidence in, and concern and respect for subordinates, that spills over to trust in coworkers; Cordery, Mueller and Smith (1991) found that working in autonomous teams increased employee trust in one another (See also, Lewin et al, 1939; Bothner, Stuart, and White, 2004; Pearce; 2001), while autocratic supervision will create distrust among coworkers. Several researchers working in high societal power-distant cultures outside North America and Northern Europe have documented employee distrust under culturally expected autocratic supervisors and leaders. Gambetta (1988) observed that those working under capricious Sicilian autocratic leadership were reluctant to cooperate with peers leading to economic stagnation. Walder (1986) reported that autocratic workplace leadership in the People's Republic of China led to distrust, and Banfield (1958) proposed that distrust made cooperative action difficult in the Southern Italian region he studied.

Pearce (2001) found that employees under autocratic supervision in communist Hungary and Lithuania did not trust their supervisors or coworkers, and reported withholding information rather than collaborating. All of these studies suggest that high IPD autocratic supervisors, even though they reflected the employees' societal expectations, nonetheless resulted in less trust, less collaboration among coworkers, fear, and societal stagnation rather than innovation. Thus, we propose trust partially mediates the effects of low IPD on team outcomes.

*Hypothesis 5:* Coworker trust will partially mediate the positive relationship between low Interpersonal Power Distance and team communication, adaptation, experimentation, current team performance, client relationships, and market orientation.

## **Methods**

### *Sample*

The research site for this study was an NMNC that designs information technology solutions and provides consulting services to organizations operating across a range of industries. The organization consists of approximately 75,000 employees, located in over twenty-five different countries. Data were obtained from a sample of outsourcing projects spanning the emerging economies such as India and China, as well as developed countries of the United States and Europe. Employees and teams across various geographic regions were randomly selected by the organization to participate in the study.

A survey was administered to employees and managers working in global teams. The response rate for the surveys was 74.43% with a total of 1347 employees and managers located across seven countries participating in the survey. The majority of respondents were currently working in India (74.3%) and the United States (9.8%). A small percentage of the sample was also working in the United Kingdom (2.9%), Australia (1.3%), Japan (3.1%), China (1.3%), and Mexico (1.2%). Approximately 19% of the sample worked at client locations, 58% were located at corporate headquarters or other offshore locations, and 12% of respondents had worked at both client and offshore locations. The majority of respondents were ethnically Indian (88.8%). Approximately 78% were employees on the project and worked as software

engineers, while 14.3% were higher –level managers. The majority of respondents had worked on their teams for seven months to three years (58%), and for the MNC for one to four years (60%). The sample is 54.9% male, and 44.8% were between the ages of 23 and 26. All respondents in the sample had at least a Bachelor’s Degree, with 13% holding a Master’s degree. The scales were developed using the entire sample to aid in developing generalizable scales. The sample is dominated by the reports of the Indian nationals. However, the sample from other countries is retained because one would not expect much variance in societal power distance within only one country because it is a societal-level construct. The dominance of Indian nationals in this study has the effect of making the tests more conservative (due to reduced sample-level variance in reported societal-level power distance). To test the hypotheses, we then used only the sampled ethnic Indians (raised in a high SPD culture) working in either India (a high SPD culture) or the United States (a low SPD culture). We did this for two reasons. First, the sample sizes of employees from other countries are very small. Second, this allowed us to create competing tests in which Indians working in their home high-SPD culture and Indians working in a foreign low-SPD culture can be compared. Much of the existing expatriate literature has focused on developed-world (usually low SPD) cultures employees working, often, in developing (usually high SPD) cultures ignoring the increasing movement of professional and managerial expatriates from developing countries to assignments in developed countries.

Ethnically Indian employees on global teams, residing in either the US or India received questionnaires. Approximately 85% worked as software engineers, while 14% were managers on the project with the subsample having virtually identical demographic characteristics as the whole sample, with tenure on their project teams anywhere between 1-3 years.

### *Measures*

To facilitate the questionnaire development, 30 initial structured and unstructured interviews of both employees and managers were conducted to understand the context of global outsourcing teams, develop hypotheses and questionnaire scale items. Employees across all corporate and project levels

participated in the interviews, from senior executives in the organization, managers on technology and consulting projects to software engineers.

All data collection was conducted in English, because English is the primary language of communication at work. To address any colloquial English differences across locations, particularly between the United States and India where the majority of employees worked, 26 senior management and project managers in India and the United States reviewed the questionnaire, identifying and helping to correct any inappropriate colloquialisms. Next, the questionnaire was pilot tested with 75 employees and revised twice.

The questionnaire was administered to employees working in a sample of global outsourcing projects. The sample of information technology projects were chosen for geographical dispersion of the projects across countries. The web-based questionnaire was administered to all employees on the projects across locations. All items were assessed on a five-point scale, ranging from “strongly disagree” (1) to “strongly agree” (5).

#### *Societal and Interpersonal Power Distance*

Societal and Interpersonal Power Distance were based on the power distance literature as well as related research on autocratic supervision, power and influence was conducted. In addition, six items were generated to measure interpersonal and societal power distance based on their relevance to the current context. All items measuring SPD and IPD are listed in the Appendix B. Rao (2008) provides a detailed discussion of the measure and its construction. Interpersonal Power Distance measures employees’ perceptions of their current project supervisor. The ethnicity and cultural values of these supervisors was not available.

The items comprising Societal and Interpersonal Power Distance were factor analyzed using direct oblimin rotation to test the convergent and discriminant validity of these scales. Items were retained that had factor loadings above 0.50 on the target factor. Items with factor loadings below 0.50, and cross-

loadings were eliminated. A final factor analysis with direct oblim rotation and a factor extraction criteria requesting two factors, revealed the pattern matrix results reported in Appendix B.

#### *SPD–IPD Categorization*

To test the competing hypotheses we needed to create the SPD-IPD categories, two culturally congruent and two culturally incongruent categories on SPD and IPD based on the sample of Indian employees in India and the US. A median split was performed on each variable. Employees with scores below the median on both variables were considered as Low IPD-Low SPD, and so on. This categorization produced the following distribution: 300 respondents (or 30% of the sample) were in the Low SPD–Low IPD category; 193 respondents (or 19% of the sample), High SPD–Low IPD; 236 respondents (24% of the sample), Low SPD–High IPD; and 264 (27% of the sample), High SPD-High IPD.

#### *Team Collaboration and Innovation*

Team communication was assessed drawing on two items from Gibson and Vermeulen (2003), specifically "There is open communication in this team" and "Everyone has a chance to express their opinion." The scale demonstrated an acceptable internal reliability of 0.76 in this study. To assess innovation, we considered the level of adaptation and experimentation on the team. Team adaptation was measured using three items modified from Gibson and Birkinshaw (2004) which assessed the extent to which the team is able to adjust to their environment and is flexible to respond to changes. A sample item was "This project team evolves rapidly in response to shifts in our business priorities." The internal consistency coefficient for this scale was 0.81 in this sample. Lastly, experimentation was measured with a two item scale that combined measures from Gibson and Vermeulen (2003) along with an item that was created for this context. A sample item is "This team comes up with many new ideas about how work should be done." The scale had an acceptable alpha of 0.69. The means, standard deviations, and intercorrelations among all study variables appear in Table 1.

Insert Table 1 About Here

---

### *Team Performance*

Multiple senior managers rated their project on these current performance items. The core performance measure included items assessing project effectiveness, customer satisfaction and business impact of outsourcing. A sample item is “I am confident that this customer is satisfied with our project performance.” The measure demonstrated strong internal consistency ( $\alpha = 0.88$ ). Future performance was reflected in the quality of client relationships, measured with four items assessing trust, integrity, fairness and confidence in the client which were developed for this context. Senior project managers rated their projects on this outcome. A sample item is “this client is trustworthy.” The scale also demonstrated an acceptable internal reliability of 0.75. Finally, market orientation was assessed by drawing on the marketing and strategic management literatures, with items for this construct developed through in-depth discussions with employees. A sample item is “It is important for me to understand what is happening in this industry.” Six items were used to assess market orientation, and the scale demonstrated strong internal consistency with an alpha coefficient of 0.82.

### *Coworker Trust*

Coworker trust was assessed using several items from Pearce, Bigley, and Branyiczki’s (1997) scale, including “We have confidence in one another in this project.” The internal consistency reliability for the final six item scale was 0.87.

### *Controls*

*Number of International Assignments:* The number of international assignments undertaken by each employee was included to control for possible alternative explanations, as this variable may have some influence on team outcomes for this sample of globally mobile IT professionals. Each employee was asked to report on how many international assignments to different countries they had undertaken. Responses

ranged from 0 to 6. *Country*: To control for the possible effect of country on our outcomes, the country in which employees worked was dummy coding with the US as 1, and India as 0. *Employee/ Supervisor*: To control for the possible effect of whether the respondent was an employee or supervisor, job title was included as a control with 0 for employee and 1 for supervisor. Although there are different payroll ranks of employees and supervisors, they did not affect the findings. None of the employees had supervisory responsibilities. *Education*: Education was included as a control variable as this variable may have some influence on the outcomes. Respondents reported whether they had a Bachelors (coded 1), Masters (coded 2) or PhD (coded 3) degree. *Organizational Tenure*: The length of time the employee had worked in the MNC was taken into account as a control variable as it may influence team collaboration and innovation. Responses for organizational tenure ranged from less than a year to 6 years.

### *Analyses*

Hypothesis 1 was tested using confirmatory factor analyses to assess the discriminant validity of the IPD and SPD scales. We used one-way ANOVA with post hoc tests to test Hypotheses 2 and 3. We also evaluated Levene's test for homogeneity of variance, and when significant, used the Welch test. When the Omnibus F from the ANOVA results was significant, post hoc analyses were conducted drawing on Duncan's multiple range, Tukey's, or Games-Howell's tests depending on whether the homogeneity of variance assumption was met. Effect sizes were also calculated for the variables. Mediation tests were conducted using regression analyses and Sobel's test. To address the possibility for the occurrence of common method variance, a Harman single factor test was conducted. We used exploratory factor analysis on the 35 items from all scales to test the extent of common method variance in these data. Harman proposes that problematic common method variance exists if a single factor emerges or the first factor explains more than 50% of the variance. According to his criteria there is not problematic common methods variance here because seven factors had eigenvalues greater than one and the first factor explained only 26% of the variance among these items.

## Results

In the first hypothesis, power distance was expected to be characterized by two distinct dimensions – Societal Power Distance (SPD) and Interpersonal Power Distance (IPD). This hypothesis was tested with employees working in all countries studied. In Appendix B we can see that this hypothesis was supported: SPD and IPD formed two distinct discriminant scales using this most conservative test of convergent and discriminant validity. To further establish the validity of our new SPD measure, in Table 2 we provide the scores of the seven countries from this sample on Societal Power Distance. Hofstede (2001) noted that low power distant countries tend to have higher Gross Domestic Product (GDP) per capita than high power distant countries and Davis and Ruhe (2003) found a positive and significant correlation between Hofstede’s power distance and corruption. We find a similar pattern here with our measure of Societal Power Distance whereby countries with high SPD generally had lower GDP per capita and higher levels of corruption. Some countries in the sample, such as Mexico and Australia differed from Hofstede’s predicted pattern, perhaps due to our limited sample size in these countries. Overall, we conclude that the IPD Scale measures interpersonal power distance between employees and their supervisors distinctly from the SPD Scale which assesses power distance at the societal level, supporting Hypothesis 1.

---

Insert Table 2 About Here

---

In Hypothesis 2 it was expected that team communication, adaptation, experimentation, current team performance, client relationships, and market orientation would be higher when supervisory practices were congruent with employees’ societal cultural values, whereas in Hypothesis 3 it was proposed that team communication, adaptation, experimentation, current team performance, client relationships, and market orientation would be higher when supervisors used practices low in interpersonal power distance with their subordinates, no matter employees’ societal cultural values. In Table 3, we can see that the culture-practice



fit Hypothesis 2 was not supported in all five tests. However, Hypothesis 3 (the universal hypothesis) was supported in four of the five tests. These Indian employees with supervisors practicing low Interpersonal Power Distance had higher team communication, adaptation and experimentation than did employees working for high IPD supervisors no matter what their societal cultural values.

Employees working for low Interpersonal Power Distance supervisors had significantly better future performance in terms of client relationships and market orientation than did employees working for high IPD supervisors, regardless of their own societal cultural values. However, there was no significant difference in the current performance of the teams whether the supervisors' actions were culturally congruent or universal. Current team performance in this organization had no relationship with supervisory management practices or employee cultural values and only modest relationships with team collaboration and innovation in project teams (see Table 1); the possible reasons for these weak relationships are explored in the Discussion Section.

---

Insert Tables 3 About Here

---

Finally, whether or not coworker trust mediated the relationships between power distance and team collaboration, innovation and future team performance were tested, controlling for whether the respondent was an employee or supervisor, education, organizational tenure, work location, and number of international assignments. Because the fit hypotheses were not significant it is not possible to test the mediation Hypothesis 4. Similarly, there was no direct power distance effect on current team performance. Tables 4-6 report the results of the mediation tests of Hypothesis 5. The association between the IPD and the dependent variables is reduced significantly by the inclusion of trust in the final regression (Model 3). The exception to these findings was the measure of future performance, market orientation, where full mediation was found. The Sobel's z test was significant across all tests, indicating significant partial mediation for all of the dependent variables tested, and as noted above, full mediation for market

orientation. How much of the effect of Interpersonal Power Distance is through the mediator coworker trust is reported in Table 7. The third column reports a ratio index between the indirect effect to the total effect based on the standardized coefficients, while the last column reports the effect size measures based on R square estimates. For example for team communication, over three-fourths of the variance in the total effect is composed of the indirect effect. Based on these results we can conclude that Hypothesis 5 is supported: coworker trust partially mediated the relationships between Interpersonal Power Distance and team communication, adaptation, experimentation, and the client relationship, and fully mediated the relationship with market orientation.

---

Insert Tables 4,5,6 and 7 About Here

---

Interview data support the detrimental effects of interpersonal power distance on employees and teams evident in the survey results. Employees reported frequent communication with their managers, and one interviewee described the autocratic behaviors of another project manager, stating that “You have these folks that are so directive—you won’t believe it. On a call, I’ve actually [heard]: [Project Manager] ‘I told you to put this comma there instead of a dot.’ [Software Developer]: ‘I put the dot there because it makes more sense.’ [Project Manager]: ‘No – it’s a comma, right?’ [Software Developer]: ‘Right it’s a comma.’ The interviewee then stated that “It gets changed overnight and it becomes a comma in the morning.” He summed up the impact of high IPD supervisors by stating that some employees “start getting disgruntled. And then it starts impacting the project.” A substantial number of interviewees further discussed the prevalence of supervisory interpersonal power distance practices and its effects on employees, with one interviewee summarizing, “a bossy boss never gets anywhere and gets the wrong reactions...(employees) don’t like it either...”, consistent with the tests above. These interviewee quotes give us a sense of why employees, even within high societal power distance countries react positively to low IPD supervisors.

## **Discussion**

This study supports the universal practice arguments for power distance: that supervisors in a Non-Western Multinational Corporation who practiced empowerment, consultation and information exchange had employees who reported better team collaboration, innovation and future team performance than supervisors who acted to increase their subordinates' dependence on themselves whether or not these actions were consistent with employees' societal power distance values. Supervisors who engaged in these low interpersonal power-distance management practices were better able to foster interpersonal trust within their teams. Coworker trust mediated employee perceptions of supervisory practices and team-related outcomes of team collaboration, innovation and future performance. We were able to conduct these tests by, first, successfully differentiating previously confounded power distance into individual and societal foci, and developing scales that reliably and validly differentiated between individual perceptions of the societal level value and supervisory practices. Next, we found that supervisory actions that are congruent with these employees' high societal power distance did not result in better team collaboration, innovation and future team performance compared to the universal practices of openness, participation, autonomy, and voice. Tests of our hypotheses on ethnically Indian employees working in different societal power-distant cultures of the U.S and India support the universal practices perspective prevalent in the North American-centric literature. These results did not support either the fit, nor the universal view of the relationship between current team performance and power distance.

There are a number of contributions of this study. First, we found support for a more sophisticated understanding of the nature of power distance, its meaning and measurement. Hofstede's (2001) concept of power distance has long been accepted in the management literature as a fundamental societal cultural value. We join a long tradition of criticizing Hofstede's cultural measures (Kirkman et al., 2006; Smith, 2002; McSweeney, 2002; Brewer and Venaik, 2014; Tung and Verbeke, 2010). We attempted to address an empirical limitation of Hofstede's work by differentiating power distance into individual and societal foci,

and creating distinct scales to measure each. Empirical results supported the discriminant validity between societal and interpersonal power distance. Thus, we found empirical support for Kirkman *et al.*'s (2006) argument that one's acceptance of differences in behavior based on differences in the expected actions of those with power in society is distinct from management practices of one's supervisor. Confounding these two into a single measure had led to theoretical and empirical contradiction and confusion, confusion with practical implications for our understanding of how much supervisors' practices should adapt to local cultural values. In addition, disentangling societal and interpersonal power distance will help support further tests of Ralston's (2008) promising work on crossvergence of cultural value evolution. He proposes that sociocultural influences are slower to influence values but that economic, political and technological factors have a more immediate impact. These results support his theorizing and provide a more direct way to test the dynamic interplay of sociocultural and business ideology influences on cultural values.

By clarifying the construct and measurement of power distance, we address numerous calls in the management literature to untangle the levels of analysis issues to better understand the meaning of power distance (Kirkman *et al.*, 2006; Kirkman *et al.*, 2009; Farh *et al.*, 2007), as well as its nomological network. Further, we used this clarification to address one of the fundamental questions in cross-cultural management: should management practices be adapted to local cultures? While many have found that adaptations were positively received by employees or that certain practices are more strongly attractive in certain cultures, this research suggests that management practices should not unthinkingly be force-fit into assumptions based on employees' societal cultural values. Here, we questioned this assumption, and conducted competing tests of the cultural congruence and universal practices perspectives. We hope this work can serve as a model for future tests using competing hypotheses in international management in a wide range of areas where theory and data are contradictory.

These results supporting the universal perspective on the usefulness of reducing the power distance between supervisors and their subordinates are particularly important to the growing number of Non-

Western Multinational Corporations. Many of these societies were late to industrialize and retain high power-distant supervisory practices. Here we found that management practices of high supervisory interpersonal power distance fostered less team collaboration, innovation, and future team performance in this NMNC originating in a high-SPD society. Employees regardless of current country assignment, responded well to autonomy, openness, and respectful treatment from their supervisors, whether the employee held the values of low societal power distance or were high on societal values of power distance. These findings echo past research by Lewin *et al.*, (1939) who reported negative reactions and less collaboration and team creativity under an autocratic leader, and Pearce (2001) who found less trust under supervisors in Hungary and Lithuania who emphasized high power distance between themselves and their subordinates. Indeed, it is not surprising that individuals, regardless of societal cultural values appreciate basic human values of dignity and respect for the work-relevant information they possess. This awareness might be particularly true today, with employees exposed to differing leadership styles due to greater employee mobility across geographical locations. In fact we found that the degree to which employees had been globally mobile across countries was positively related to building the client relationship and their market-oriented relationships with clients (See Table 1).

Our finding that interpersonal power distance works not just directly but also indirectly through trust to affect employee and team outcomes addresses recent calls for examining mediators of cultural values (Kirkman *et al.*, 2006; Kirkman *et al.*, 2009). We provide insight on the mechanism through which interpersonal power distance influences important team and performance outcomes. As Lewin *et al.*'s (1939) study suggested, management practices of autocratic supervision negatively influenced trust, which had a critical impact on our outcomes. Thus, interpersonal power distance demonstrated both direct and indirect effects on teams and employees, regardless of cultural values. There may be unique features of low interpersonal power distance that do not extend to other management practices, and future research should explore other management practices in differing contexts.

Finally, the findings of this study draw further attention to a neglected area of research on developing-world expatriates on overseas assignments in developed countries. Much of the existing expatriate literature has focused on employees from developed economies and low-SPD countries, like the US, who work in developing countries high in SPD. Few have examined the increasing movement of professional and managerial expatriates from developing countries assigned to work overseas in developed countries. This study draws attention to this under-developed area of research. Employees moving from less developed to developed societies to work is a large and growing proportion of the global workforce, one that we need to better understand.

We did not find that societal power distance, interpersonal power distance, or their alignment were related to current project team performance. This is in contrast to Newman and Nollen's (1996) research which found business unit and team performance was related to power distance congruence. We suspect the results here are due to the context of the sampled NMNC, which had very strong project tracking and controls. It seems the very management practices designed to support high performance standards made trust and team processes less important to current project performance. Of course, such team processes may have consequences for employee retention and the ability of the organization to move into more open-ended, higher value-added tasks, challenges with which this particular organization struggles. Furthermore, the strong organizational controls in this NMNC may also contribute to the negative impact of tenure on team collaboration and innovation, such that employees were less inclined to communicate, experiment, or adapt the longer their tenure.

This one correlational study is limited. First, assessing power distance and many of the team outcomes from the same method and respondents creates a risk of common method bias (Podsakoff *et al.*, 2003). However, this common method bias would also reduce the power of the tests of competing hypotheses, and therefore does not undermine these convergence vs. universalist participative-management tests. Although the results of Harman's single-factor test indicated that common method bias is not

suspected as a likely contaminant of the results observed in this study, this single test is insufficient to rule out common method variance completely, and thus is one limitation of this study. A second limitation of this study lies in the use of cross-sectional data. Data were collected at one point in time from supervisors and employees, thus any conclusions regarding causality would be erroneous. To clarify the causal relationship of the arguments in this study, future research must collect longitudinal data which would allow for tests of causality between power distance and team processes and performance. A further limitation is that information on the ethnicity of the supervisors and their societal cultural values was not available in this study. The congruence between the supervisor's societal power distance and management practices might have a significant impact on team processes and performance. Future research should consider whether supervisors are same-culture or universalist in determining the acceptability of the practices, as previous research on contextualization suggests that it might make a difference (Zander, Mockaitis, Harzing, et al. (2011). A final limitation of this study is the nature of the sample which relies on ethnic Indian employees from India as well as the United States. This study begins to address Kirkman *et al.*'s (2006) call for research clarifying the construct of power distance, however, additional research is necessary to test the societal and interpersonal power distance distinction in other settings and samples, thereby establishing the validity and nomological network of these constructs among other nationals. For example, future research can examine whether in a high SPD country, such as China, professionals who work abroad in low SPD countries demonstrate a similar pattern in their response to supervisory IPD. Lastly, we urge future research to examine the impact of low IPD practices on employees and teams in other contexts and industries. The MNC in this study operates in the information technology sector where it may be more likely for employees and teams to respond positively to low IPD practices. One might expect different results in other sectors or industries, such as manufacturing and agriculture. Taking context into account is critical, as researchers such as Stahl & Tung (2015) note. The authors found in their content analysis that

cultural distance can engender positive outcomes and can be an asset in a range of international business contexts (Stahl & Tung, 2015).

In spite of these limitations, the results of this study can inform our understanding of the growing population of Non-Western MNCs. While a tremendous amount of research in international management has focused on Western MNCs, few have focused on NMNCs and their unique histories of late industrialization or their born-global nature. We hope this study is the beginning of further research on how and when NMNCs need to adapt management practices to societal values, and how their decisions and practices might differ from that of Western MNCs. The results of this study also have implications for the increased mobility of professionals from developing countries and emerging economies working in developed countries. This phenomena of professionals from particularly high Societal Power Distance countries, like India and China, working abroad has become far more prevalent in recent years with the growth of the information technology industry, and establishment of Non-Western MNCs establishing operations in developed countries. This study draws attention to this neglected area of research of expatriates on overseas assignments in developed countries. Future research may explore if there are some settings where congruence between societal and interpersonal power distance benefits employees, perhaps in older industries characterized by less mobility and globalization, rather than industries geared toward the global marketplace as explored in this study.

In conclusion, this study sheds light on the mixed theorizing and findings on power distance in the management literature. Only through disaggregating others' heterogeneous power distance constructs and a study of an NMNC with ethnically similar employees distributed globally was greater clarity and understanding gained on the relationships between the cultural values and supervisory practices. Differentiating the two allows a more nuanced understanding and appreciation for power distance and the interaction between its societal and interpersonal foci amongst this growing population of globally mobile professionals from emerging economies and high power distance countries. Confounding interpersonal and



societal power distance can cloud our understanding of the effects of societal power distance, and lead to erroneous conclusions as to how power distance influences organizational practices and employees responses to them. These results suggest that researchers in organizational behavior may have been too quick to speculate about how cultural values might be reflected in management practices. Medin, Bennis and Chandler (2010) point out that cross-cultural researchers often jump to conclusions about other cultures, rather than studying the phenomena of interest in terms of that culture and listening to their own voices. The results of this study encourage researchers to reexamine both theory and measurement of cultural values to provide insight into a central question for international management: when and how should management practices be adapted to local cultures.

## References

- Adler, P. S., Heckscher, C., and Cummings, C. (2010), "Collaborative community as an organizational design for contextual ambidexterity", Unpublished manuscript, University of Southern California, Los Angeles.
- Anderson, N. R., and King, N. (1993), "Innovation in organizations", In Cooper, C. L., Robertson, I. T. (Eds.), *International review of industrial and organizational psychology*, Vol. 8, Wiley, Chichester, England, pp. 1-34.
- Baker, W., and Sinkula, J. (1999), "The Synergistic Effect of Market Orientation and Learning Orientation on Organizational Performance", *Journal of the Academy of Marketing Science*, Vol. 27, pp. 411–27.
- Banfield, E. C. (1958), *The moral basis of a backward society*, Free Press, Chicago.
- Bhagat, R.S, Kedia, B., Harveston, P., and Triandis, H. (2002), "Cultural Variations in the Cross-Border Transfer of Organizational Knowledge: An Integrative Framework", *Academy of Management Review*, Vol. 27, pp. 204-221.
- Bothner, M., Stuart, T., and White, H. (2004), "Status differentiation and the cohesion of social networks", *Journal of Mathematical Sociology*, Vol. 28, pp 261-295.
- Bowers, D. G., and Seashore, S. E. (1966), "Predicting organizational effectiveness with a four-factor theory of leadership", *Administrative Science Quarterly*, Vol. 11, pp. 238-263.
- Brewer, P., and Venaik, S. (2014), "The ecological fallacy in national culture research", *Organization Studies*, Vol. 35, pp. 1063-1086
- Brockner, J., Ackerman, G., Greenberg, J., Gelfand, M., Francesco, A., Chen, Z., Leung, K., Bierbrauer, G., Gormez, C., Kirkman, B., and Shapiro, D. (2001), "Culture and procedural justice: the influence of power distance on reactions to voice", *Journal of Experimental Social Psychology*, Vol. 37, pp. 300-315.
- Burke, C., Stagl, K., Salas, E., and Kendall, D. (2006), "Understanding Team Adaptation: A Conceptual Analysis and Model", *Journal of Applied Psychology*, Vol. 91, No. 6, pp. 1189-1207.
- Campion, M. A., Medsker, G. J., and Higgs, A. C. (1993), "Relations between work group characteristics and effectiveness: Implications for designing effective work groups", *Personnel Psychology*, Vol. 46, pp. 823-850.
- Chang, E., and Hahn, J. (2006), "Does pay-for-performance enhance perceived distributive justice for collectivistic employees", *Personnel Review*, Vol. 35, pp. 397-412.
- Chatman, J. (1991), "Matching people and organizations: selection and socialization", *Administrative Science Quarterly*, Vol. 36, pp. 459-484.
- Chatman, J.A., and Barsade, S.G. (1995), "Personality, organizational culture, and cooperation. Evidence from a business simulation", *Administrative Science Quarterly*, Vol. 40, pp. 423-443.

- Cohen, S. G., Ledford, G. E., Jr., and Spreitzer, G. M. (1996), "A predictive model of self-managing work team effectiveness", *Human Relations*, Vol. 49, pp. 643-676.
- Cohen, S. G., and Spreitzer, G. M. (1994), "Employee involvement: The impact of self-managing work teams on productivity, customer satisfaction, and employee quality of work life", Paper presented at the annual meeting of the Academy of Management, Dallas, TX.
- Cordery, J.L., Mueller, W.S., and Smith, L.M. (1991), "Attitudinal and behavioral effects of autonomous group working: A longitudinal field study", *Academy of Management Journal*, Vol. 34, pp. 464-476.
- Das, T.K., and Teng, B.S. (1998), "Between Trust and Control: Developing Confidence in Partner Cooperation in Alliances", *Academy of Management Review*, Vol. 23, pp. 491-512.
- Davis, J.H., and Ruhe, J. (2003), "Perceptions of Country Corruption: Antecedents and Outcomes", *Journal of Business Ethics*, Vol. 43, No.4, pp. 275-88.
- Day, G. (1994), "The Capabilities of Market-Driven Organizations", *Journal of Marketing*, Vol. 58, pp. 37-52.
- De Dreu, C.K.W., and West, M. (2001), "Minority Dissent and Team Innovation: The Importance of Participation in Decision-Making", *Journal of Applied Psychology*, Vol.86, No.6, pp. 1191-1201.
- Dickson, K. (2003), "When others control your reputation: Outsourcing organizational impression management", Unpublished doctoral dissertation, University of Texas at Austin, Austin, TX.
- Dirks, K. T., and Ferrin, D. L. (2002), "Trust in leadership: Meta-analytic findings and implications for research and practice", *Journal of Applied Psychology*, Vol. 87, pp. 611-628.
- Du, J., and Choi, J. N. (2010), "Pay for performance in emerging markets: Insights from China", *Journal of International Business Studies*, Vol. 41, pp. 671-689.
- Duncan, R. B. (1976), "The ambidextrous organization: Designing dual structures for innovation", In Kilmann, R. H., Pondy, L. R., Slevin, D. P. (Eds.), *The management of organization design*, New York, NY: Elsevier North-Holland, pp. 167-188.
- Earley P. C. (1986), "Trust, Perceived Importance of Praise and Criticism, and Work Performance: An Examination of Feedback in the United States and England", *Journal of Management*, Vol. 12, pp. 457- 479.
- Earley P. C., and Erez, M. (1997), *The transplanted executive: Why you need to understand how workers in other countries see the world differently*, Oxford University Press, New York.
- Edmondson, A. (1999), "Psychological safety and learning behavior in work teams", *Administrative Science Quarterly*, Vol. 44, pp. 350-383.
- Edwards, J.R. (1991), "Person-job fit: a conceptual integration, literature review, and methodological critique", *International Review of Industrial/Organizational Psychology*, Vol. 6, pp. 283-357.
- Emerson, R.M. (1962), "Power dependence relations", *American Sociological Review*, Vol. 27, pp. 31-41.

- Erez, M. (2004), "Make management practice fit organizational culture", In E. A. Locke (Ed.) *Handbook of principles of organizational behavior*, Blackwell, Malden, MA, pp. 418-434.
- Eylon, D., and Au, K. (1999), "Exploring Empowerment Cross-Cultural Differences Along the Power Distance Dimension", *International Journal of Intercultural Relations*, Vol. 23, No. 3, pp. 373-385.
- Farh, J., Hackett, R.D., and Liang, J. (2007), "Individual-Level Cultural Values as Moderators of Perceived Organizational Support-Employee Outcome Relationships in China: Comparing the Effects of Power Distance and Traditionality", *Academy of Management Journal*, Vol. 59, No. 3, pp. 715-729.
- Fiol, C.M. (1994), "Consensus, Diversity and Learning in Organizations", *Organization Science*, Vol. 5, No. 3, pp. 403-420.
- Francesco, A.M, and Chen, Z. (2000), "Cross-cultural differences within a single culture: Power distance as a moderator of the participation-outcome relationship in the People's Republic of China", Paper was presented at the Academy of Management meeting, Toronto, Canada, August 2000.
- Francesco, A.M., and Gold, B.A. (1998), *International Organizational Behavior*, Prentice Hall, NJ.
- Gambetta, D. (1988), "Can we trust trust?", In D. Gambetta (Ed.). *Trust: Making and breaking cooperative relations*, Blackwell, New York: NY, pp. 213-237.
- Gibson, C.B., and Birkinshaw, J., (2004), "The antecedents, consequences, and mediating role of organizational ambidexterity", *Academy of Management Journal*, Vol. 47, No. 2, pp. 209-226.
- Gibson, C. B., and Vermuelen, F. (2003), "A healthy divide: Subgroups as a stimulus for team learning behavior", *Administrative Science Quarterly*, Vol. 48, No. 2, pp. 202-239.
- Gomez, C.B., Kirkman, B.L., and Shapiro, D.A. (1999), "The impact of power distance on the relationship between participation and organizational commitment in Argentina, Mexico, and the United States", Paper presented at the annual meeting of the Academy of Management, Chicago.
- Granovetter, Mark. (1973), "The Strength of Weak Ties", *American Journal of Sociology*, Vol. 78, pp. 1360-1380.
- Gulati, R. (1995), "Familiarity Breeds Trust? The Implications of Repeated Ties on Contractual Choice in Alliances", *Academy of Management Journal*, Vol. 38, pp. 85-112.
- Harrison, D.A., Price, K.H., Gavin, J.H., and Florey, A.T. (2002), "Time, teams, and task performance: Changing effects of surface- and deep-level diversity on group functioning", *Academy of Management Journal*, Vol. 45, pp. 1029-1045.
- Hoegl, M., and Gemuenden, H.G. (2001), "Teamwork Quality and the Success of Innovative Projects: A Theoretical Concept and Empirical Evidence", *Organization Science*, Vol. 12, No. 4, pp. 435-449.
- Hofstede, G. (1980a), *Culture's Consequences: International differences in work related values*, Sage, Beverly Hills, CA.

- Hofstede, G. (1980b), "Motivation, leadership, and organization: Do American theories apply abroad?", *Organizational Dynamics*, Vol. 9, pp. 42-63.
- Hofstede, G. (2001), *Culture's Consequences: Comparing values, behaviors, institutions, and organizations across nations*. Sage Publications, Thousand Oaks, CA.
- House, R., Hanges, P., Javidan, M., Dorfman, P., and Gupta, V. (2004), *Culture, Leadership, and Organizations: A GLOBE Study of 62 Societies*, Sage Publications, Thousand Oaks.
- Jackson, J. M. (1964), "The organization and its communication problems", In Leavitt, H. J., Pondy, L. R. (Eds.), *Readings in managerial psychology*. University of Chicago Press, Chicago.
- Jarvenpaa, S.L., and Leidner, D. E. (1999), "Communication and Trust in Global Virtual Teams", *Organization Science*, Vol. 10, pp. 791-816.
- Jaworski B., and Kohli, A. (1996), "Market orientation: antecedents and consequences", *Journal of Marketing*, Vol. 57, pp. 53-71.
- Kahn, D., Wolfe, R., Quinn, J., Snoek, R., and Rosenthal. (1964), *Occupational stress: Studies in role conflict and ambiguity*, Wiley: New York.
- Katila, R. A., and Ahuja, G. (2002), "Something old, something new: A longitudinal study of search behavior and new product introduction", *Academy of Management Journal*, Vol. 45, pp. 1183-1194.
- King, N., Anderson, N., and West, M. A. (1991), "Organizational innovation: A case study of perceptions and processes", *Work and Stress*, Vol. 5, pp. 331-339.
- Kipnis, D., Castell, J., Gergen, M., and Mauch, D. (1976), "Metamorphic effects of power", *Journal of Applied Psychology*, Vol. 61, No. 2, pp. 127-135.
- Kirkman, B. L., Chen, G., Chen, Z.X., and Lowe, K.B. (2009), "Individual Power Distance Orientation and Follower Reactions to Transformational Leaders: A Cross-Level, Cross-Cultural Examination", *Academy of Management Journal*, Vol. 52, No. 4, pp. 744-764.
- Kirkman, B. L., Lowe, K. B., and Gibson, C. B. (2006), "A quarter century of Culture's Consequences: A review of empirical research incorporating Hofstede's cultural values framework", *Journal of International Business Studies*, Vol. 37, pp. 285-320.
- Klein, G., and Pierce, L. (2001), *Adaptive teams*, Draft technical report, Purchase Order H438556[A] for Link Simulation and Training Division/Army Prim Contract No. DAAD17-00-A-5002, Klein Associates, Fairborn, OH.
- Lau, D., Liden, R. (2008), "Antecedents of Coworker Trust: Leaders' Blessings", *Journal of Applied Psychology*, Vol. 93, No. 5, pp. 1130-1138.
- Lee, K., Lee, J., and Kang, I. (2005), "KMPI: Measuring Knowledge Management Performance", *Information and Management*, Vol. 42, pp. 469-482.

- Lewicki, R., and Bunker, B.B. (1995), "Trust in relationships: A model of development and decline", In Bunker, B.B., Rubin, J.Z. (Eds.), *Conflict, cooperation, and justice: Essay inspired by the work of Morton Deutsch*, Jossey-Bass, San Francisco, pp. 133-174.
- Lewin, K., Lippitt, R., and White, R. K. (1939), "Patterns of aggressive behavior in experimentally created social climates", *Journal of Social Psychology*, Vol. 10, pp. 271-299.
- Lind, E. A., Tyler, T. R., and Huo, Y. J. (1997), "Procedural context and culture: Variation in the antecedents of procedural justice judgments", *Journal of Personality and Social Psychology*, Vol. 73, pp. 767-780.
- Lipnack, J., and Stamps, J. (1997), *Virtual teams: Reaching across space, time and organization with technology*, John Wiley and Sons, New York.
- Long, C.P., Sitkin, S.B., and Cardinal, L.B. (2005), "Managerial Action to Build Control, Trust, and Fairness in Organizations: The Effect of Conflict", Presentation at the 2005 Academy of Management Meeting, Honolulu, HI.
- Luhmann, N. (1988), "Familiarity, confidence, trust: Problems and alternatives", In D. Gambetta, *Trust*, Basil Blackwell, New York.
- March, J. (1991), "Exploration and exploitation in organizational learning", *Organization Science*, Vol. 2, pp. 71-87.
- Maznevski, M., DiStefano, J., Gomez, C., Noorderhaven, N., and Wu, P. (2002), "Cultural dimensions at the individual level of analysis", *International Journal of Cross-Cultural Management*, Vol. 2, pp. 275-295.
- McAllister, D. (1995), "Affect- and Cognition-Based Trust as Foundations for Interpersonal Cooperation in Organizations", *Academy of Management Journal*, Vol. 38, No. 1, pp. 24-59.
- McSweeney, B. (2002), "Hofstede's model of national cultural differences and their consequences: A triumph of faith – a failure of analysis", *Human Relations*, Vol. 55, pp. 89-118.
- Medin, D., Bennis, W., and Chandler, M. (2010), "Culture and The Home-Field Disadvantage", *Perspectives on Psychological Science*, Vol. 5, No. 6, pp. 708-713.
- Michie, S., Dooley, R., and Fryxell, G. (2002), "Top management team heterogeneity, consensus, and collaboration: A moderated mediation model of decision quality", Best Paper Proceedings at 62nd Academy of Management Meeting, Denver.
- Morris, T., and Pavett, C. M. (1992), "Management style and productivity in two cultures", *Journal of International Business Studies*, Vol. 23, pp. 169-179.
- Mulder, M. (1977), *The daily power game*, Martinus Nijhoff, Leiden, Netherlands.
- Mumford, M. D., and Gustafson, S. B. (1988), "Creativity syndrome: Integration, application, and innovation", *Psychological Bulletin*, Vol. 103, pp. 27-43.
- Newman, K. L., and Nollen, S. D. (1996), "Culture and congruence: The fit between management practices and national culture", *Journal of International Business Studies*, Vol. 27, pp. 753-779.

- O'Hara-Devereaux, Johansen, M. (1994), *Global Work: Bridging Distance, Culture, and Time*, Jossey-Bass, San Francisco, CA.
- Ostroff, C., Shin, Y., and Kinicki, A. J. (2005), "Multiple perspectives of congruence: Relationships between value congruence and employee attitudes", *Journal of Organizational Behavior*, Vol. 26, pp. 591-623.
- Park, S.H., and Ungson, G.R. (1997), "The effect of national culture, organizational complementarity, and economic motivation on joint venture dissolution", *Academy of Management Journal*, Vol. 40, pp. 279-307.
- Pearce, J. L. (2001), *Organization and Management in the Embrace of Government*, Lawrence Erlbaum Associates, Mahwah, NJ.
- Pearce, J.L., Bigley, G.A., and Branyiczki, I. (1997), "Procedural justice as modernism: Placing industrial psychology in context", *Applied Psychology: An International Review*, Vol. 46, pp. 291-311.
- Platt, J. R. (1964), "Strong inference: Certain systematic methods of scientific thinking may produce more rapid progress than others", *Science*, Vol. 146, pp. 347-353.
- Podsakoff, P. M., MacKenzie, S. B., Lee, J-Y, and Podsakoff, N. P. (2003), "Common methods biases in behavioral research", *Journal of Applied Psychology*, Vol. 88, pp. 879-903.
- Poppo, L., and Zenger, T. (2002), "Do Formal Contracts and Relational Governance Function as Substitutes or Complements?", *Strategic Management Journal*, Vol. 23, pp. 707-725.
- Putnam, R. D. (1993), *Making Democracy Work: Civic Traditions in Modern Italy*, Princeton University Press, Princeton.
- Ralston, D. A. (2008), "The Crossvergence Perspective: Reflections and Projections", *Journal of International Business Studies*, Vol. 39, pp. 27-40.
- Ralston, D. A., Gustafson, D. J., Cheung, F., and Terpstra, R. H. (1993), "Differences in Managerial Values: A Study of US, Hong Kong and PRC Managers", *Journal of International Business Studies*, Vol. 24, pp. 249-275.
- Rao, A. (2008), "Global Outsourcing Relationships: Testing the Effects of Culture and Market Pressures on Outsourcing Performance", Doctoral dissertation, University of California, Irvine at Irvine, CA.
- Robert, C., Probst, T., Martocchio, J., Drasgow, F., and Lawler, J. (2000), "Empowerment and continuous improvement in the United States, Mexico, Poland, and India: predicting fit on the basis of the dimensions of power distance and individualism", *Journal of Applied Psychology*, Vol. 85, pp. 643-658.
- Rousseau, Sitkin, Burt, and Camerer. (1998), "Not so different after all: A cross-discipline view of trust", *Academy of Management Review*, Vol. 23, No. 3, pp.393-404.

- Sherony, K. M., and Green, S. G. (2002), "Coworker exchange: Relationships between coworkers, leader-member exchange, and work attitudes", *Journal of Applied Psychology*, Vol. 87, pp. 542-548.
- Sivasubramaniam, N., and Venkata Ratnam, C. (1998), "Human resource management and firm performance: The Indian experience", Paper presented at the Academy of Management Annual Meeting, San Diego, CA.
- Smith, P.B. (2002), "Culture's consequences: Something old and something new". *Human Relations*, 55: 119-135.
- Sparrowe, R. T., and Liden, R. C. (1997), "Process and structure in leader-member exchange", *Academy of Management Review*, Vol. 22, pp. 522-552.
- Stahl, G.K., and Tung, R.L. (2015), "Towards a more balanced treatment of culture in international business studies: The need for positive cross-cultural scholarship", *Journal of International Business Studies*, Vol. 46, pp. 391-414.
- Stasser, G., and Titus, W. (1987), "Effects of information load and percentage of shared information on the dissemination of unshared information during group discussion", *Journal of Personality and Social Psychology*, Vol. 53, pp. 81-93.
- Sue-Chan, C., and Ong, M. (2002), "Goal Assignment and Performance: Assessing the mediating roles of goal commitment and self-efficacy and the moderating role of power distance", *Organizational Behavior and Human Decision Processes*, Vol. 89, pp. 1140-1161.
- Taras, V., Kirkman, B. L., and Steel, P. (2010), "Examining the impact of Culture's Consequences: A three-decade, multilevel, meta-analytic review of Hofstede's cultural value dimensions", *Journal of Applied Psychology*, Vol. 95, pp. 405-439.
- Transparency International. (2009), *Corruption Perceptions Index*. (<http://www.transparency.org/cpi/index>).
- Triandis, H.C. (1995), *Individualism and Collectivism*. West View Press, Boulder, CO.
- Tung, R.L., and Verbeke, A. (2010), "Beyond Hofstede and GLOBE: Improving the quality of cross-cultural research", *Journal of International Business Studies*, Vol. 41, pp. 1259-1274.
- Tushman, M. L., and O'Reilly, C. A. (1996), "Ambidextrous organizations: Managing evolutionary and revolutionary change", *California Management Review*, Vol. 38, No. 4, pp. 8-30.
- Voss, G.B., and Voss, Z.G. (2000), "Strategic Orientation and Firm Performance in an Artistic Environment", *Journal of Marketing*, Vol. 64, No. 1, pp. 67-83.
- Wagner, J. A. (1994), "Participation's effect on performance and satisfaction: A reconsideration of research evidence", *Academy of Management Review*, Vol. 19, pp. 312-330.
- Walder, A. G. (1986), *Communist neo-traditionalism*. University of California Press, Berkeley.
- West, M., and Anderson, N. (1996), "Innovation in Top Management Teams", *Journal of Applied Psychology*, Vol. 81, No. 6, pp. 680-693.



World Bank. (2009), *World Development Indicators Database, Gross Domestic Product (GDP) Data*, (<http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>)

Zander, L., Mockaitis, A., Harzing, A.W. et al. (2011), “Standardization and contextualization: A study of language and leadership across 17 countries”, *Journal of World Business*, Vol. 46, No. 3, pp. 296-304.

Zatzick, C. D., and Iverson, R. D. (2006), “High-involvement management and workforce reduction”, *Academy of Management Journal*, Vol. 49, pp. 999-1015.

Zheng, C., Morrison, M., and O’Neill, G. (2006), “An empirical study of high performance HRM practices in Chinese SMEs”, *International Journal of Human Resources Management*, Vol. 17, pp. 1722-1803.