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**Power Distance and Its Moderating Impact on
Empowerment and Team Participation**

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Power Distance and Its Moderating Impact on Empowerment and Team Participation

ABSTRACT

This paper studies how power distance (the level of acceptance of an uneven distribution) impacts empowerment and team participation for two types of Chinese employees: those working in Chinese R&D companies, and employees of China-based American R&D companies. These two groups have different perceptions of individual power distance; Chinese employees in American companies have a lower power distance perception than Chinese employees in Chinese companies. High power distance and high empowerment lead to high team participation. Indigenously rooted cultures and companies' home-country cultures together influence employees' values, attitudes, and behaviors through top-down socialization and organizational acculturation processes. The findings have implications for managers in American companies, in evaluating and improving team participation.

Introduction

A broad range of empirical research has indicated that effective management practices relating to empowerment and team participation vary with the degree of power distance. China is a high power distance, low empowerment, and high team participation society (Hofstede, 1991). The notion that team participation is an important measure of performance in China has been verified by scholars (Hofstede, 1991; Triandis, 1995; Xin & Pearce, 1996), and this (team participation) is important to innovation (Amabile, Conti, Coon, Lazenby, & Herron, 1996; Anderson & West, 1998). In a high power distance culture, team participation is presumed as decisions are made by managements (Hofstede, 1991).

Both theoretical (Deci & Ryan, 1985; Higgins & Thomas, 2001) and empirical (Janz, Colquitt, & Noe, 1997; Siegall & Gardner, 2000; Spreitzer, 1995) studies have shown that without controlling for power distance, empowerment is positively related to several organizational variables; power distance does influence the relationships of empowerment and other organizational variables, examples being empowerment and job satisfaction (Hui, Au, & Fock, 2004; Robert, Probst, Martocchio, Drasgow, & Lawler, 2000), and empowerment and performance (Eylon & Au, 1999).

Most of the above studies, however, have focused on cross-country differences. Scant research has been conducted to study within-country differences, which too can be significant. China now has two distinct work cultures, the major difference being the degree of power distance. With increasing globalization, many foreign R&D companies have located parts or whole of their R&D operations in China, with large numbers of local Chinese employees. Chinese employees of China-based foreign-owned companies are routinely acculturated to fit the cultures of the parent organizations. Thus, employees of foreign R&D companies often experience levels of power distance that are significantly different from those experienced by employees of Chinese companies, resulting in a within-country culture difference.

However, employees in all R&D companies need both significant empowerment and team participation to create and innovate (Amabile, Conti et al., 1996; Anderson & West, 1998; Thomas & Velhouse, 1990). The moot question is whether the prevailing culture of high power distance in China hinders empowerment and team participation, two factors that are critical to creativity and innovation. This paper seeks to examine how different the levels of

power distance are, in China arms of MNCs (multinational corporations) and Chinese companies, and how they influence empowerment and team participation in China. The Chinese economy is growing very rapidly and balancing of the cultural differences between Chinese and foreign owned enterprises is crucial to nurturing innovation and creativity in the economy as a whole.

Major Concepts

Three major concepts are discussed: power distance, empowerment, and team participation. The relationships of the three variables are explored in subsequent sections.

Power Distance. Power distance refers to the degree of acceptance of an uneven distribution of power in society (Hofstede, 1980). It is one of the five culture dimensions, initially developed in a study of IBM employees, and later found generalizable to represent cultural differences among societies (Hofstede, 1980). Hofstede's framework has been debated (its theory, methodology, and implications for cultural change) over time (Javidan, House, Dorfman, Hanges, & Sully de Luque, 2006; Kirkman, Lowe, & Gibson, 2006; McSweeney, 2002; Tang & Koveos, 2008; Williamson, 2002), and is still considered to be the most important perspective and has been a widely accepted means of investigating a society's culture, its broad clarity, and resonance with managers (Brock, Shenkar, Shoham, & Siscovick, 2008; House, Hanges, Javidan, Dorfman, & Gupta, 2004; Kirkman, Lowe et al., 2006).

However, since the 1990's, some other cross-cultural frameworks related to power distance have been developed (e.g., House, Hanges et al., 2004; Schwartz, 1992); they are quite similar to the concept of power distance by Hofstede. This paper uses Hofstede's power distance concept but not his construct because doubts have been cast on its reliability and validity (McSweeney, 2002; Van de Vijver & Poortinga, 2002).

Every country has its own level of power distance. US has a lower power distance culture than China (Hofstede, 1991). Power distance at the societal level has been studied extensively over a long time (Hofstede, 1980, 1991; House, Hanges et al., 2004). In recent years, there has been much interest in studying it at an individual level also (Brockner, Ackerman, Greenberg, Gelfand, Francesco, Chen, Leung, Bierbrauer, Gomez, Kirkman, & Shapiro, 2001; Clugston, Howell, & Dorfman, 2000; Eylon & Au, 1999; Farh, Hackett, & Liang, 2007; Hui, Au et al.,

2004; Kirkman & Shapiro, 2001).

Perceptions of national cultural values differ between individuals. Within-nation differences or within-group differences have gained more attention (Kirkman, Chen, Farh, Chen, & Lowe, 2009; Kirkman, Lowe et al., 2006). Power distance at an individual level refers to the degree to which an individual accepts uneven distribution of power in an organization (Clugston, Howell et al., 2000). Top-down decision-making, hierarchical relationships, and supervision of workers are typical characteristics of a high power distance organization (Sagie & Aycan, 2003).

Empowerment. Empowerment refers to organizations allowing employees discretion and autonomy in performing their duties and functions, and is considered to be an individual's reaction to the company's managerial practices (Hackman & Oldham, 1976; Spreitzer, 1995). The core element of empowerment is managers allowing employees discretion over certain task-related activities (Conger & Kanungo, 1988).

Individual empowerment allows individuals a sense of choice and autonomy in initiating and regulating their own actions (Drach-Zahavy, 2004). Autonomy implies empowering employees by providing them with information and decision-making authority so that they develop a sense of self-determination (Spreitzer, 1995). This study specifies that the notion of self-determination for empowerment as self-determination can capture the comparative effect of empowerment (Hui, Au et al., 2004).

Team participation. Team participation means the members participate, cooperate, and collaborate through influencing, interacting, sharing information, and offering ideas for new and improved ways of working (Anderson & West, 1998). Team participation implies actions that create a team climate (Anderson & West, 1998) and play a critical role in the team process and performance behaviours necessary for effective team outcomes (Mathieu, Maynard, Rapp, & Gilson, 2008). When team members interact regularly with each other, they assimilate one another's knowledge and develop a common knowledge base, specialty, the capacity to solve problems (Hansen, Mors, & Løvås, 2005), and to develop new ideas (Amabile, Conti et al., 1996; Anderson & West, 1998). American companies have lower team participation than Chinese companies (Hofstede, 1991).

Development of Hypotheses

An individual's subjective value priorities are generally guided by characteristics of the shared culture and previous personal experiences (Schwartz, 1992; Triandis, 1994). Values evolve from national culture (Hofstede, 1991), organizational culture (Feldman, 1976), and other personal experiences (Schwartz, 1992). Chinese employees working for China-based subsidiaries of American companies experience the Chinese national culture, as well as the American companies' (corporate) cultures.

Every company has its own culture, influenced and bound by the national culture of the country in which the company operates (Hofstede, 1991). Previous studies have found that American high-tech companies have a strong tendency to export their corporate cultures to their overseas subsidiaries (Yuen & Kee, 1993). These companies, such as Microsoft and IBM, have strong core competencies for developing new products, have few local competitors, and have low need for being responsive to local norms and values. They are in a position to practice their own (rather than local) corporate policies and cultures to improve their innovation performance and products (Hill, 2003).

American companies' cultures and policies influence their local employees' values and attitudes (Hofstede, 1980; Schwartz, 1992; Triandis, 1994). The change that takes place in values of Chinese employees who work in American companies is organizational socialization and an acculturation process (Selmer & de Leon, 2002). Occurrence of this type of value change has been established and empirically corroborated and verified in several studies (Selmer & de Leon, 1993; Selmer & de Leon, 1996; Weiss, 1978).

However, with or without acculturation, behaviours, attitudes, and values of employees and their organizations need to be compatible for employees to feel satisfied and perform well – i.e. a person-organization fit process (Chatman, 1991; Simmering, Colquitt, Noe, & Porter, 2003). This study attempts to examine both processes, i.e. acculturation and person-organization fit, to explore the key research question.

Acculturation

Some past studies have shown that values are formed in people's early childhood, and remain relatively stable in the rest of their lives (Hofstede, 1991; Newman & Nollen, 1996;

Schwartz, 1992). However, if societies are unstable (Rokeach, 1985), people experience discomfort or deprivation while acquiring values (Jones & Gerard, 1967), and if there are environmental changes (Leung, Bhagat, Buchan, Erez, & Gibson, 2005), the assumption of cultural stability may be invalid, i.e. people's values may change over time. Chinese employees working in American companies find their working environment significantly different from Chinese companies, and, therefore, their values may shift, i.e. the acculturation process occurs.

When Chinese employees work in China-based subsidiaries of American companies, in most cases, they are exposed to a different environment and a low power distance setting. When people work in a company, for a while, their shared values, norms, and philosophies become institutionalized, and serve as a means to bind people together (Triandis, 1994). However, individuals can belong to, or be immersed in, more than one culture, at the same time. For example, bi-cultural individuals acquire a different cultural ethos when they are exposed to a second cultural context (Hong, Morris, Chiu, & Benet-Martinez, 2000). Chinese employees of American companies are exposed to a second cultural context, which is different from cultural inclinations of employees working in Chinese companies, leading to the process of acculturation.

Person-organization fit

One of the major differences between cultures of Chinese and American companies is power distance, which has also been proposed to be one of the malleable values; it can shift in the face of ideological pressures (Heuer, Cumming, & Hutabarat, 1999; Hofstede, 1991; McGrath, MatMillan, Yang, & Tsai, 1992). When people develop more skills, attain higher education, and earn higher incomes, they feel and become more equal than the rest of the group, leading to a decrease in their perception of power distance (Harbison & Myers, 1964). China-based American companies recruit employees with higher education and generally pay higher emoluments than Chinese companies (Wang, 2002). Chinese employees of American companies already have higher education and even higher income, and thus have a better person-organization fit with their American employers right from the beginning.

They further develop the feeling of equality with other people in their companies through socialization and acculturation processes. This changes their perceptions of individual power distance, i.e. their sense of power distance becomes smaller than it was before they worked

for American companies.

Thus, individuals recruited by American companies already have a sense of low power distance and the person-organization fit is a given in their case. Those with high educational outcomes and prosperous family backgrounds tend to feel empowered because of endogenous reasons also, and the person-organization fit perspective results in such employees seeking jobs with American companies which, in turn, look for such individuals when recruiting.

Work values or perspectives, in people's work settings, are linked to their job choices (Judge & Bretz, 1992). People actively choose situations matching their own values with organizational values; companies recruit those with values matching the organization's values, since such individuals adjust to organizational values more quickly, feel more satisfied, and stay longer (Cable, Aiman-Smith, Mulvey, & Edwards, 2000; Chatman, 1991). As a result, individuals in China who place emphasis on low power distance values may self-select themselves to China-based American organizations, which have low power distance cultures. Hence, Chinese employees who work for China subsidiaries of American companies may already have a sense of low power distance, than those who work for Chinese companies.

Hypothesis 1. Chinese employees in Chinese companies perceive the degree of power distance to be higher than that perceived by Chinese employees in China-based American companies.

Moderating Effect of Power Distance on Empowerment and Team Participation

Without control of power distance, empowerment positively relates to team outcomes, such as participation safety, team proactiveness in seeking improvement and innovation, and in seeking collective reflection on alternative courses of action (Edmondson, 2002; Kirkman & Rosen, 1999). Teams need working environments with diverse knowledge and abilities. It is not realistic to expect a single worker to have all the required knowledge, and to master all the required skills. An empowered team is likely to produce elaboration and sharing of task relevant information (Conger & Kanungo, 1988; Van Knippenberg, De Dreu, & Homan, 2004).

However, the positive relationship of team participation with empowerment may vary with differences in power distance. In low power distance settings, employees' empowerment may accrue greatly from authority (Hofstede, 2001). In low power distance settings,

individual members of an organization feel comfortable interacting with other team members regardless of seniority, professional status, and gender (Cheung & Chow, 1999). Low power distance may facilitate team members' desire to form opinions and make decisions (Hui, Au et al., 2004), and may further increase their sense of security while sharing information and listening to each other, irrespective of different hierarchical positions of members of the team. Hence, in low power distance settings, empowerment increases team participation.

On the other hand, in a situation where power distance is high, organizational hierarchies make decisions; people follow the organizational hierarchy rigidly and do not believe in initiating actions (Hofstede, 1991; Newman & Nollen, 1996; Sagie & Aycan, 2003). In these societies, high empowerment of employees does not work effectively. Team participation suffers, to some degree, because of low empowerment.

At the same time, team participation in a high power distance setting becomes necessary, though it is driven by the hierarchy through high supervision and providing help rather than interaction and motivation (Hofstede, 1991). Therefore, empowerment may have an ambivalent relationship with team participation, because of the counter effects of the relationships of high power distance, low empowerment, and high team participation.

Hypothesis 2. Low power distance has a stronger moderating effect on the positive relationship of empowerment and team participation than high power distance.

Method

Data Collection

A survey of employees of R&D organizations (technicians, engineers and scientists) having similar nature of tasks was conducted in China in 2006. They were asked to answer structured questionnaires. Survey instruments used for all three variables have been developed and measured by other research scholars in the past, and have been used in China before (Hui, Au et al., 2004; Zhang, Hempel, Han, & Tjosvold, 2007). The original instruments were translated into Chinese, and were then back-translated into English by different bilingual Chinese Ph.D. students in Dublin. To avoid any bias resulting from change of language, and to ensure that the meaning of items had not been changed in translation, the back translation process was iterated three times (Brislin, 1980). After translation, a pretest was conducted on 32 Chinese participants to ensure and reconfirm that the translated version was bias free. The

outcome was further compared with available Chinese translations used by other scholars to assure accuracy. All items used for each instrument are shown in Table 1.

Insert Table 1 about here

Chinese and American R&D organizations were chosen from out of the top 500 national and multinational companies in China (Tian, 2005). Most of them are located in Beijing, where technology companies are clustered. Most of the participants were from China-based R&D divisions of large foreign-owned technology companies, while two were from R&D and design companies. All chosen companies were large, highly recognized and listed on either Chinese or American stock markets. Final participants were selected from five Chinese companies and five China subsidiaries of American companies that were willing to cooperate. The sample adequately represents China-based R&D arms of American companies since they are all located in technology clusters, and have the right sizes and are the right types of companies.

Participants received questionnaires and cover letters that explained the purpose of the research, and assured confidentiality. In the first stage of data collection, a set of documents was distributed to participants through HR departments of their respective companies. These participants included project managers and R&D tenured employees. Questionnaires were delivered in sealed envelopes to participants for reasons of confidentiality. A week after the distribution, follow-up phone calls were made every two to three days, to ensure adequate response rate. Most questionnaires were collected in one or two weeks. The survey was completed in about three months. The response rate was 40% for Chinese employees of American companies (American sample), and it was 50% for employees of Chinese companies (Chinese sample). The final usable questionnaires numbered 157 for the American sample, and 170 for the Chinese sample.

Instruments

Power distance. Power distance measure is parallel to Brockner and colleagues' measurement of power distance (2001), which was used at an individual level and found reliable (Hui, Au et al., 2004). Power distance is measured with five items, which assess the degree to which inequality in the management-employee relationship is acceptable. A 7-point scale to permit greater systemic variability was used for power distance, rather than the original 5-point scale,

following Hui et al. In their sample, which combined hotel employees in Beijing and Toronto, mean, standard deviation, and coefficient alpha were 4.40, 1.04, and 0.70, respectively. The mean, standard deviation, and coefficient alpha in the current study, for the combined sample, were 4.73, 0.98, and 0.77, respectively.

Empowerment. The measure for empowerment was adapted from Spreitzer's subscale of self-determination (1995), which measures whether individuals had a sense of choice in initiating and regulating their actions. It was assessed with three items on a 7-point Likert scale. In its original use in the U.S., it showed mean, standard deviation, and coefficient alpha of 5.51, 0.83, and 0.81, respectively. A subsequent adaptation by Hui et al. (2004), for their combined sample, showed mean, standard deviation, and coefficient alpha of 5.09, 1.09, and 0.78, respectively. The mean, standard deviation, and coefficient alpha in the current study, for the combined sample, were 4.53, 1.25, and 0.87, respectively.

Team participation. Team participation was measured by using a subscale adapted from Anderson and West's Team Climate Inventory (TCI) (1998) that used a 7-point Likert scale, with eight items. In its original use in the UK, it showed mean and coefficient alpha of 5.28 and 0.89, respectively (Anderson & West, 1998). In a subsequent adaptation by Zhang et al. (2007) to samples from high-tech companies in China, its mean and coefficient alpha were 5.42 and 0.85, respectively. The mean and coefficient alpha in the current study were 5.44 and 0.91, respectively.

Demographic variables. Six variables (different country of the company, respondents position, age, job tenure, gender, and education) were chosen as demographic control variables. When a company's country of domicile is different, the power distance too can be different (Hofstede, 1991), which may influence empowerment and team participation. Power distance is found to be related to individuals' professional positions, gender, and education in the organizational hierarchy. The difference across these categories is greater than difference across national cultures in respect to power distance (Hofstede, 1991; Stedham & Yamamura, 2004). Professional position levels, age, and job tenure may have an influence on person-organization fit (Chatman, 1991; Huang, Shi, Zhang, & Cheung, 2006; Lee, Pillutla, & Law, 2000) and, in turn, influence the changes of power distance, empowerment, and team participation.

Data Analysis

In order to check construct validity, exploratory factor analysis was conducted for all items (Churchill, 1979) of the three variables, and clean loadings (coefficients ≥ 0.4) were

found on expected factors for all 16 items (see Table 1). This data analysis used the mean of the items as the value for each variable. Table 2 reports the descriptive statistics, including means, standard deviations, reliabilities, and correlations for each sample. Reliabilities on coefficient alpha were over 0.75 in all variables in the two samples.

Insert Table 2 about here

Hypothesis 1 argues that the two (Chinese and American) samples should have significantly different mean values of power distance. Interclass correlation coefficients (ICC1 and ICC2) were first computed to assess the variance of power distance between the two samples (Klein & Kozlowski, 2000; Robinson, 1957). One-way analysis of variance (ANOVA) was then conducted for testing the difference in power distance between the two samples.

Hypothesis 2 proposes that power distance has a negative moderating effect on the positive relationship of empowerment with team participation. The relationship was assessed through hierarchical regression analysis, and the same analysis was used for a moderator test, as suggested by Sharma, Durand, and Gur-Arie (1981). Three steps were taken to assess team participation. The first step was to enter six control variables. The second step was to assess change of empowerment and power distance as the main effects on team participation. The third step was to assess power distance as a moderating effect, i.e. power distance times empowerment. Also, in the third step, the difference in a company's country of domicile was evaluated as a moderator, in order to check the relationship of empowerment and team participation between the two samples (Please see Table 3).

Insert Table 3 about here

Results

ICC1 equals to 0.69 and indicates 69% of variance that can be attributed to group membership. It shows that perceptions of power distance across the two groups of employees differ significantly (Klein & Kozlowski, 2000). ICC2 is the reliability of the group mean, which equals to 0.82, and represents the degree to which members in the group share common characteristics (Klein & Kozlowski, 2000). It means that perceptions of power distance are

similar among employees of the same group. The result for one-way analysis of variance (ANOVA) was as expected, and consistent with Hypothesis 1; power distance was significantly lower in the American sample than in the Chinese sample ($F[1, 324] = 5.42$, and $p = 0.02$). Thus, Hypothesis 1 is supported by the empirical results.

As expected, the results of hierarchical regression analysis showed that team participation was positively associated with empowerment, and power distance and a company's country of domicile both had a moderating impact on empowerment and team participation (see Table 3). Therefore, Hypothesis 2 was also supported. Figure 1 depicts that under low power distance, the positive relationship between empowerment and team participation is much sharper than under high power distance; the American sample, with a low power distance setting, had a positive relationship between empowerment and team participation that was much sharper than the Chinese sample.

Discussion and Managerial Implication

While studying the two groups, Chinese employees of Chinese companies, and Chinese employees of China operations of American companies, the first finding is that the perception of power distance remains different between the two. Secondly, the results empirically explain the change of values of Chinese employees and the resultant high group culture in China-based American companies.

Cultural difference, however, is only one of many variables that influence management. This paper concerns other factors also and regards cultural differences in terms of power distance as a moderator of empowerment and team participation.

Previous empirical research has showed that different portions of Chinese people live and work in different environments and have different values. For example, cultural environments are different in different regions, such as Hong Kong, Taiwan, and Mainland China (Cheung & Chow, 1999), and in six regions of Mainland China (Ralston, Yu, Wang, Terpstra, & He, 1996). Even Chinese people in the same region have different values in different time periods (Ralston, Egri, Stewart, Terpstra, & Yu, 1999; Ralston, Gustafson, Terpstra, & Holt, 1995). The above studies address the concepts of differences in personal values, as well as the life stage theory, which relates to within-culture values differences. Results of this study indicate subcultural differences between the two types of employees, in terms of their personal values.

The American culture and its influence on organizations may acculturate host-country employees, through top-down organizational socialization processes. For Chinese employees working in American companies, change of values occurs in several layers, to form the overall culture. At first, the change occurs at the most external layer of observed behaviors, and then it goes to deeper levels of shared values in the group's culture. Chinese employees' values tend to change to become more Americanized.

Previous empirical research has reported some findings on the relationship of power distance with empowerment and team participation but has focused on the three separately. This study treats these three factors together. The findings show that in a high power distance setting, team participation is not impacted significantly by empowerment, while in a low power distance setting, the positive relationship of empowerment and team participation is relatively more obvious.

In American companies (i.e. their China subsidiaries), management practices may naturally show high empowerment and low power distance that improve team participation. Employees of American companies operating in China may change their perceptions of their work values and attitudes to rely less on supervision and more on empowerment than before. The differences in perceptions of power distance, and the resultant impact on empowerment and team participation suggest that individual Chinese employees adapt to an American company's culture and the acculturation process occurs because of the different work environment. This finding also lends some support for the person-organization fit process, i.e. different situations and work environment would influence people's attitudes and behaviors, and individuals would interact with their organizational environment and culture to adjust their attitudinal and behavioural responses.

However, there may be some other factors influencing the two processes of acculturation and person-organization fit. Cultures of companies of the same country (domicile) also have differences that may influence the processes and further impact the relationships of power distance, empowerment, and team participation. Furthermore, how Chinese employees view themselves as members of their national culture would be another factor that would change the magnitude of the relationship. If people believe strongly in their national culture and values, the acculturation process may take place only slowly for such people (Gahan & Abeysekera, 2009; Leung, Bhagat et al., 2005).

The implication for practitioners is that management practices should fit both persons and organizational culture. Team participation is important to innovation and performance. This study indicates that average team participation in the Chinese sample was greater than it was in the American sample (Figure 1 and Table 2) and yet low power distance and high empowerment together may lead to high team participation.

However, this finding actually supports the notion that team participation is there in Chinese companies, despite a high power distance setting, and it may not increase greatly with empowerment. Therefore, it is important to understand that empowerment is needed for purposes other than enhancing team participation. Chinese managements need to understand how Chinese employees working in American companies, despite their strong indigenous cultural values, are being acculturated to the American ways, leading to greater innovation and creativity, while maintaining team participation.

Although American companies in China would like to maintain their headquarter cultures and socialize their Chinese employees with the American culture and norms, Chinese employees might also influence their organizational environment, culture, and practices through bottom-up processes. For example, attitudes of Chinese employees may result in more supervision, leading to greater team participation. If both American companies and their Chinese employees can adapt to each other, employees' performance may improve further, and the American companies may become even more competitive. The fit between the American cultural values and the team participation feature of the Chinese culture could result in a synergy for developing and sharing common rules and cultural values.

In fact, Chinese employees working for MNCs in China grow faster in their careers than Chinese employees working for Chinese companies. After gaining work experience in American subsidiaries, they usually make better leaders (supervisors and managers) in the long run. Also, MNC environments impact attitudes of Chinese employees in several ways, because of the autonomy they enjoy to make decisions. Due to these and other advantages, many talented people want to work for MNCs, where they are able to build further on their core strengths. They are well treated in the society at large and they often have good relations with those working for Chinese companies at similar levels. After having worked for MNCs for a few years, many of them are open to joining Chinese companies, in order to get higher

positions and accelerate the growth of their careers (Wang, 2002). The process of acculturation at MNCs, that alters abilities and attitudes significantly, may also work as a wake-up call for Chinese companies that can learn western management styles and can then adapt them to suit the local Chinese culture.

Limitations and Directions for Future Research

The study had several limitations. First, the study was based on self-reported data, which might cause the same-source measurement bias, though confirmatory factor analysis (CFA) on the entire sample was conducted (Podsakoff, MacKenzie, Podsakoff, & Lee, 2003). Results support the multiple factor structure of the data, thus offering at least some reassurance that common method variance did not play a major role. Nevertheless, to be objective and avoid bias, a future study can extend other data sources to compare the variables.

Second, the research should be based on longitudinal data. Researchers should investigate which preconditions and mechanisms are effective. Although Chinese employees in American subsidiaries are attracted by the American companies' training, competitive salary, and exciting projects (Wang, 2002), they may choose to work for American companies also because they are looking for low power distance environment. The acculturation process and person-organization fit process can be traced and understood better in a longitudinal study.

The above limitations of the current study have suggested several potential avenues for future study. Furthermore, additional research seems needed on the following aspects. An interesting research avenue to extend these findings would be to study China-based operations of foreign companies from countries other than America. Future research can check whether values of power distance in companies from other foreign companies have changed and whether the hypothesized relationships hold. Also, some other cultural dimensions can be explored.

Collectivism is one of the most important cultural characteristics in China. The collectivistic outlook of Chinese-owned companies encourages this collectivist ideology and contributes more to team participation than the individualistic outlook of American subsidiaries does (Hofstede, 1991). A combination of high power distance and collectivism may lead to a soft and people-oriented approach to management practices. Managers may

have two sides to managing and helping their employees and teams: as judges, and as mentors and coaches, due to a high power distance and collectivism culture (Panina & Aiello, 2005).

Conclusions

Empowerment and team participation are both important to performance and innovation. A high power distance culture in China is conducive for employees' team participation but not for empowerment, and a low power distance culture in American companies is conducive for employees' empowerment but not for team participation. The fact that Chinese employees work for American companies have their own Chinese values seems to have a countervailing effect leading to both high empowerment and high team participation.

This study provides empirical evidence confirming that team participation is lower in case of Chinese employees in American companies than in Chinese owned and managed companies, and indicates that team participation can be greatly improved through striking a balance between high empowerment and low power distance. The results suggest that there is an acculturation process that occurs for Chinese employees in American companies, which leads to change of the level of power distance, empowerment, and team participation. In addition, the person and the organization should fit each other adequately to achieve high innovation and team participation simultaneously. For example, American companies should take steps to maintain the characteristics of high team participation.

Apparently, American companies operating in China are enjoying a very unique win-win situation where they are able to promote innovation with their own low power distance culture and, at the same time, are able to achieve high team participation because of China's high power distance culture. This finding should lead to substantial research to find ways of blending innovation with team work in different cultures all over the globe. Obviously, there is need to find the right level of power distance that can breed innovation without impeding team participation. Future work can replicate the model of this study to examine other high power distance cultures. Because of the rapid economic growth of Asia in recent years, a large number of American companies have set up R&D operations in several Asian countries, besides China, such as India, Singapore, Thailand, Vietnam and others, many of whom have high power distance cultures (Hofstede, 2001). These companies too need to create, innovate, and be competitive. A key implication of the current study is that power distance perception

should not be ignored in studies of employees' behaviours. More attention to its cultural impacts on employees' behaviours may yield rich rewards in terms of performance and innovation, and by implication, outstanding business outcomes. Future research in these high power distance cultures will complement understanding of empowerment and team participation for innovation and performance.

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Table 1 *Exploratory factor analysis for the scales used in this study*

	Factor		
	1	2	3
1. Power Distance			
1) People at lower levels in the organization should carry out the requests of people at higher levels without questions		0.76	
2) People at higher levels in organizations have a responsibility to make important decisions for people below them		0.70	
3) Once a top-level executive makes a decision, people working for the company should not question it		0.79	
4) In work related matters, managers have a right to expect obedience from their subordinates		0.73	
5) A company's rules should not be broken, not even when the employee thinks it is in the company's best interest		0.62	
2. Empowerment			
1) I have significant autonomy in determining how I do my job.			0.85
2) I have considerable independence in determining how I do my job.			0.85
3) I can decide on my own how to go about doing my work.			0.86
3. Team Participation			
1) We share information generally in the team rather than keeping it to ourselves.	0.78		
2) We have a "we are in it together" attitude.	0.79		
3) We all influence each other.	0.70		
4) People keep each other informed about work-related issues in the team.	0.74		
5) People feel understood and accepted by each other.	0.79		
6) Everyone's view is listened to even if it is in a minority.	0.73		
7) There are real attempts to share information throughout the team.	0.83		
8) There is a lot of give and take.	0.80		
Cumulative variance %	34.92	51.97	63.29

Table 2 *Descriptive statistics, coefficient alpha reliabilities, and correlations for the two subsamples*

	M/SD/C	α /C	M/SD/A	α /A	PP	Age	JT	GN	PD	EMP	TP
PP	2.16/0.87		2.59/0.92		1	-0.03	-0.11	0.24**	-0.04	-0.02	-0.07
Age	28.8/5.6		31.2/4.4		-0.04	1	0.84**	0.13	0.09	-0.03	-0.02
JT	4.33/5.70		3.61/2.16		0.15	0.54**	1	-0.03	-0.11	0.30**	-0.04
GN	1.26/0.44		1.31/0.47		0.21*	-0.02	0.02	1	-0.10	-0.06	-0.20*
PD	4.85/0.99	0.75	4.61/0.96	0.79	-0.04	-0.07	0.13	-0.14	1	-0.03	0.08
EMP	4.46/1.25	0.87	4.61/1.26	0.87	0.01	0.17	-0.01	0.02	-0.04	1	0.27**
TP	5.52/0.97	0.92	5.33/0.83	0.90	-0.15	-0.13	0.02	-0.18*	0.27**	0.44**	1

Notes: M=Mean, SD= Standard deviation, α =Coefficient alpha, C= Chinese sample, A= American sample.

Cs' correlations are below the diagonal, and As' above;

The t-test column indicates statistical significance of variable means between the two subsamples.

PP= Professional position (1=technician, 2=engineer, 3=scientist); JT = Job tenure; GN= Gender (male=1, female=2),

PD= Power distance, EMP= Empowerment, TP= Team participation.

**p<0.01; *p<0.05; + p<0.10.

Table 3 Results of multiple hierarchical regression analyses

<i>Team participation</i>	
Different country's company	-0.11
Professional position	-0.04
Age	-0.03 ⁺
Job tenure	0.04 ⁺
Gender	-0.28 [*]
Education	0.14
	0.04 [*]
Empowerment	0.28 ^{**}
Power distance	0.21 ^{**}
	0.17 ^{**}
Power distance × Empowerment	-0.10 ^{**}
Working company × Empowerment	-0.20 ^{**}
	0.04 ^{**}
F- test	8.67 ^{**}
Total R ²	0.25
N	269

Notes: Gender: male=1, female=2; Different country's company: China=1; USA=2.

^{**}p<0.01; ^{*}p<0.05; ⁺p<0.10.

Figure 1, *Moderator of power distance on empowerment and team participation*

Note: Team Participation = $2.22 + 0.62 \times \text{Empowerment} + 0.65 \times \text{Power distance} - 0.10 \times \text{Empowerment} \times \text{Power Distance}$. The coefficient (0.62, 0.65, -0.09) and intercept (2.22) were taken from the last step in the unstandardized coefficients of the regression model.