

An Explorative Study into How Overseas Experience Influences Individual Power Distance

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Abstract

This study is designed as an initial step towards better understanding an individual's values system, specifically an individual's power distance values. It will explore which factors influence power distance at the individual level and investigate if an increasingly globalised world changes how they affect an individual. It is hoped that the results of this explorative study may help guide managers of MNEs in understanding how the power distance scores of workers and colleagues of a certain nationality may differ from their national norm, depending on their exposure to other cultures and their personal background and values.

Introduction

Increasing levels of international business have been taking place, these changes have created the need for greater understanding of cross-cultural management techniques (Randolph & Sashkin, 2002). In today's context where new technologies are reducing the distance between business parties, Friedman's book "The World is Flat" asks the question "whose values will govern?" when a company becomes globalised (Friedman, 2007, p.243). The research has shown that employees from different cultural backgrounds respond differently to different management techniques (Sprietzer, Pertulla & Xin, 2005) and so MNE performance is affected by the choice of management values within each different cultural context that the MNE operates. Whether the cultural values of those individuals who make up today's enterprises and who are engaging in international business and communications are also "flattening" to become more and more alike. It is this issue which motivates the following research.

In many studies concerning the impact of culture, researchers have chosen to use the four dimensions defined in Geert Hofstede's 1980 work "Culture's Consequences" as a proxy for national cultural values. He argues that different national cultures can be defined using the dimensions of uncertainty avoidance, individualism-collectivism, masculinity-femininity and power distance (Hofstede, 1980). Hofstede also identified a link between the power distance score of a country, which he termed the power distance index (PDI) and organisations, stating that "The power distance norm as measured by the PDI is clearly conceptually related to concentration of authority" (Hofstede, 1980, p.134).

When describing how national cultural characteristics influence organisational behaviour,

much cross-cultural research has taken pains to avoid the impact of “cultural contamination” (Fu & Yukl, 2000) on a sample. With increasing levels of business taking place across national (and cultural) borders, “cultural contamination” between countries being an inescapable reality and a clear gap in the literature on power distance, there is a need to further investigate how the spread of cultures and movement of people across borders has impacted upon cultural values at the individual level. Furthermore whether it is possible to group individuals with similar values along lines other than nationality, the implications this may have for the management of MNEs are also questions which have given rise to this research.

This study is designed as an initial step towards better understanding an individual’s values system, specifically an individual’s power distance values. It will explore which factors influence power distance at the individual level and investigate if an increasingly globalised world changes how they affect an individual. It is hoped that the results of this explorative study may help guide managers of MNEs in understanding how the power distance scores of workers and colleagues of a certain nationality may differ from their national norm, depending on their exposure to other cultures and their personal background and values. This study begins to address the questions: is there a relationship between overseas experience and individual’s power distance values? What factors cause an individual’s power distance values to change? What does this mean for MNEs?

Following on, the paragraph gives a detailed review of the literature concerning power distance. The methodology applied in this research is covered in third paragraph. The research model is outlined and then the research variables are described in detail. Subsequently, hypotheses are asserted and the statistical methods used to analyze the research data are presented. Forth then presents the results from statistical testing of the research data. Lastly, a discussion of these findings is entered into, with managerial implications and conclusions being drawn.

Theoretical Framework

Other researchers have particularly sought to avoid “cultural contamination” of the sample when conducting studies on power distance (Fu & Yukl, 2000). These researchers aimed to take a sample of people who had had little or no contact with other cultures. They did this so that by grouping people by nationality, generalisation of the results would be more convenient. That these studies required the avoidance of “cultural contamination” suggests that they believe that the cultural values of people who have had overseas experience have been tainted by those experiences and as a result may have power distance scores that do not represent a national average. Preliminary interviews also supported the idea that those who had spent more time overseas may have differing cultural values. As such the primary hypothesis of this research is:

H₁. There is a relationship between overseas experience (time overseas) and individual power distance.

Power distance is evident in many day-to-day activities, be it parent-child, teacher-student, manager-subordinate or religious leader-follower relationships (House et al., 2004). According to Hofstede (1980), power distance is determined societally, so differs from country to country. This research hypothesises spending time in other societies will result in the individual adjusting to the societal norm. Preliminary interviews support this supposition as it was found that the behaviour of the interviewees would change according to the environment they were in. For example interviewee one said that she would hug other people when she greeted them if she was

abroad or if they were foreigners, but not if they were Taiwanese. If a person has spent more time in cultures with lower power distance scores than Taiwan, it make sense that the individual's power distance score will be lower as they will have been influenced by that society's norm. Likewise, if more time has been spent in countries with higher power distance scores than Taiwan, the individual's power distance score will be higher. If, however, a person spends equal amounts of time in places with both higher and lower power distance values than Taiwan, these effects may counterbalance each other and the subject will show little change in their power distance scores, even though they have extensive overseas experience. Thus it is clear that the location of a person's overseas visit will be a moderating factor in the relationship between overseas experience and power distance. As such the following hypothesis is presented:

H_{2a}. The location an individual travels to will moderate the relationship between overseas experience (time overseas) and individual power distance.

Primary indications from the interviews carried out in preparation of this research show that a person's motivation for travel abroad will affect the degree to which they are influenced by the foreign cultural values. For example, interviewee two went abroad for his honeymoon exclusively to travel. He was not there to seek interaction with foreigners, but rather to glimpse at a different country while holidaying. Little interaction with the host society results in little chance for that society's norms to affect the individual's norms and as such the individual is unlikely to alter his behaviour or beliefs accordingly. Conversely, interviewee three had travelled to many countries for business and thus had interacted frequently with people from other cultural backgrounds and in different societal contexts. This means she would have had more exposure to different cultural norms than interviewee two, and more chance to align herself with that society's values. In fact, the need for successful business relationships requires interviewee three to adapt to several norms of the host country. Interviewee three also commented that she learns different ways of doing things from her overseas trips and takes some of them back to Taiwan with her.

A student is also likely to learn other cultural values through his/her interaction with teachers and students from the destination country. If the student does not work overseas however, any change to their cultural values may not translate into the workplace in the same way they would for somebody who had overseas working experience.

From these examples, it is clear that why a person travels abroad will be an important factor in the extent to which experiences outside Taiwan will affect their cultural values. According to the findings made during this primary research, the following hypothesis is formulated:

H_{2b}. A person's motivation for travel abroad will moderate the relationship between overseas experience (time overseas) and individual power distance.

Preliminary interviews showed that different people have different beliefs about education. The degree to which an individual believes it is important to study overseas concepts and languages will affect the degree to which overseas experiences affect their cultural values as it will show how receptive they are to values that are not necessarily endorsed by their home society.

It was discovered from earlier interviews that a person's fluency in English had an affect on their overseas experiences. For example, interviewee number one graduated university from the English department and so was both willing and able to interact with foreigners when abroad.

Likewise interviewee three was able to use English as a common language of communication when doing business in both English-speaking and non-English-speaking countries, greatly enhancing her interaction with people from different cultures.

Different interviewees had different views about the importance of studying foreign languages and theories, the use of foreign teaching materials and the role of teachers in encouraging students to travel abroad. For example, interviewee one had chosen to study English at university and interviewee three commented on the effect of foreign education on her relatives' children. Interviewee two, however, placed less importance on studying abroad. It was found that the interviewees' values related to education influenced how they approached overseas experiences and as such it was decided that this factor should also be investigated as a potential moderator of the relationship between time abroad and power distance. This study therefore proposes that:

H_{2c}. A person's education will moderate the relationship between overseas experience (time overseas) and individual power distance.

It has been argued that parents are critical in establishing cultural norms for their children for their own personal empowerment (McClelland, 1961) and how the fundamental relationship of parent to child is the earliest form of boss to subordinate (Hofstede, 1980). As "acceptance of a low or a high power distance is conditioned by families and support groups from an early age" (House et al, 2004), this research considers it critical to discover the respondent's beliefs about family and their family situation.

As with educational values, preliminary research also showed that an individual's family values may influence his/her desire to gain experience of other cultures. If a person's parents believe it is important to gain overseas experience, then this will affect their children's attitude towards other cultural values. As a result the values which a person holds about families and their family background will be a factor in deciding how much overseas experiences will affect their individual cultural values.

Different interviewees also expressed different reactions when questioned about how their family felt about them travelling abroad. For example, interviewee two suggested his wife could accept him travelling abroad but did not like it. Some interviewees parents also liked to travel abroad, others did not. Another important issue which resulted from the interviews was that of cross-cultural marriage and the degree to which it could be accepted by the interviewee's family and themselves.

Two of the three interviewees indicated that they had family living abroad. These overseas family members may bring foreign cultural values into the family and as such have influence on the respondent's individual values. Having family abroad may also motivate people to travel abroad when they otherwise would not. From these observations it was decided to record whether a respondent to the questionnaire had family members living abroad and if so how many. As such this study hypothesises that:

H_{2a}. A person's family will moderate the relationship between overseas experience (time overseas) and individual power distance.

Research Method

Time was selected as proxy for the independent variable of overseas experience, as it is easily measured and applicable to all overseas visits, as all experiences have duration. The time a person spends abroad may vary greatly case by case. Power distance is “the extent to which a society accepts the fact that power in institutions and organisations is distributed unevenly” (Hofstede, 1980). At the individual level, this then becomes, “The extent to which an individual accepts the unequal distribution of power in institutions and organisations” (Clugston et al., 2000; Farh et al., 2007). This study is primarily focused on power distance in the workplace and as such used the questionnaire items designed by Dorfman & Howell (1988) for use in Taiwan and also used by Farh et al. (2007) for use in the People’s Republic of China. These six questions ask the respondent to give their opinion about how managers and their subordinates should interact in the workplace using a six point Likert scale ranging from “totally disagree” to “totally agree”.

This research is primarily concerned with assessing the relationship between overseas experience (time overseas) and individual power distance. It focuses on power distance in the workplace, operationalised as the relationship between manager and subordinate. It seeks to understand what implications an increasingly globalised workforce may have for multinational corporations. Initially the sample consisted of members and graduates of the FJ University EMBA program and other contacts of the author of working age. In addition, a snowballing technique was used whereby the questionnaire was forwarded by many respondents to their friends for completion. This study seeks only to assess the relationship between the research variables for individuals with varying degrees of overseas experience. Therefore people with no overseas experience were not included in the sample. In total the sample consisted of 96 cases, making it of adequate size for statistical analyses and the generalization of results.

Results

Although the questionnaire items used to measure a person’s power distance were directly taken from previous research done on a Taiwanese sample, the reliability of these items in representing a person’s power distance was only 0.574 at first. With the removal of one item , however, this was then increased to 0.649, only a little below 0.7. As this research is only a first step in exploring power distance at the individual level, lower reliability is acceptable.

In order to perform a Chi-squared analysis for each sub-dimension, the sample had to be broken down into categories according to the descriptive statistics for each sub-dimension. The sample was split into cases that had at least one experience with a duration of one year or more, and cases that did not. The median individual power distance value for the sample was found and all cases with that value were deleted. The remaining cases were divided into two categories: above median individual power distance and below median individual power distance.

The difference between that PDI value and Taiwan’s PDI value was calculated. Then the three differences between the location’s and Taiwan’s PDI were added together to give the overall difference in PDI. The sample was then divided into two categories: $PDI > \text{Taiwan}$ and $PDI < \text{Taiwan}$. Otherwise, if the person cited two or more experiences with holiday, study, or work as the motivation, then they were classified into the holiday, study, or work motivation group. Cases that cited all three motivations were not included as they showed no particular motivation as dominating that person’s most influential experiences.

The two sub-dimensions of education dimension were classified as educational values and English fluency. Educational values went through two stages of classification. The mean value from the six Likert-scale questions regarding educational values was classified into three groups following inspection of the distribution, frequencies and median of the means. Group one consisted of all cases with a mean below the median. Group two consisted on those cases with the median mean. Group three consisted of those cases with a mean above the median. Group two was then removed in order to derive two groups whose educational values means were as different as possible. This was necessary as the range of educational values means was limited. Group one was classified as “low” because these cases’ educational values were less conducive to experiencing and learning about other cultures. Group two was classified as “high”, as these cases’ educational values were more conducive to learning about and experiencing foreign cultures. Each individual’s rating of their speaking, reading and writing ability in English was added together to give a total score for English fluency. Then the frequencies of these scores were reviewed and the sample was categorised into high, medium and low English fluency.

Following inspection of the frequencies and range of the means, family values is classified case in a similar way to the other values sections. The sample was split into two categories, those cases with family members living abroad, and those without.

After dividing the sample into two categories based on overseas experience (time overseas), it was possible to see if there existed a relationship between overseas experience (time overseas) and individual power distance. A significant Chi-squared value is 2.597 and that the distribution of the data is not average as $p < 0.1$ ($p = 0.085$). As this research is exploratory in nature, a significance level of below 0.1 is considered acceptable to show that individual power distance is not independent from overseas experience (time spent abroad). Therefore, hypothesis one is supported as there is clearly a relationship between overseas experience (time abroad) and individual power distance.

It is clear that when controlling for the location to which a person travels, the relationship between overseas experience (time spent overseas) and individual power distance is significant if they travel to a place with a PDI higher than Taiwan. The Chi-squared value when moderated by a location that has power distance values greater than Taiwan is 3.214, with a significance level of 0.073. Travel to locations with power distance values smaller than Taiwan’s, however, does not moderate the relationship between the research variables, as in this case the Chi-squared value is only 1.014 and the p-value is greater than 0.1.

The sample was split into three classes depending on the motivation that dominated their three most influential overseas experiences. None of the p-values for any of the motivation classes were below 0.1, showing that motivation does not influence the relationship between the research variables. Therefore hypothesis H2b is rejected.

The results show that the sub-dimension of educational values does not moderate the relationship between the research variables. For both “high” and “low” classifications Chi-squared values were low and p-values above 0.1. A person’s English fluency, however, is found to be a sub-dimension of the education dimension that moderates the relationship between the research variables. If a person’s English fluency level is at the medium level, the relationship between the variables is significant, as Chi-squared is 7.207 and the p-value is significantly below 0.1 at 0.007. For people who have a low or high level of English fluency, however, Chi-

squared values are low and p-values are both above 0.1, showing that there is no significant relationship between the research variables.

The sub-dimension “family values” is not found to be a moderator of the relationship between the research variables, as both Chi-squared values are low and p-values above 0.1. The other sub-dimension “family members abroad” also does not significantly moderate the relationship between overseas experience (time overseas) and individual power distance, as p-values for those cases with family abroad and for those cases without were both above the acceptable 0.1 level. These results show that hypothesis H2e is not supported.

Conclusions

This study investigates the relationship between overseas experience (time overseas) and individual power distance.

Until now, researchers have mainly chosen to address power distance at the society level. As differences in culture often coincide with national boundaries, researchers have often focused on the national power distance norm, rather than individual values. However, as globalization progresses, and with it the exchange of cultures, the boundaries between societies become fuzzy. Therefore this study has argued that it is necessary to look at power distance at the individual level, as each individual’s exposure to foreign cultures is different. Rather than seeking a culturally pure sample of people who have not been exposed to foreign cultures, this study has embraced the diversity of global cultural experiences that exists within the Taiwanese population.

Previous research has shown that power distance is decided societally and learnt through everyday activities that require the interaction of superior and inferior. Power distance is not explicitly taught, but learnt through relationships such as those between parent and child, teacher and student, and manager and employee. The interaction between these players is different depending on the cultural values of the society in which they take place. As such, this study argues that when people travel abroad, the context in which they interact and the cultural values which govern those interactions change. In order to successfully exist in this new environment, an individual will adapt to these norms. This experience will have an impact on that individuals individual power distance values.

Otherwise, this study also considers how an individual’s characteristics moderate the relationship between overseas experience (time overseas) and individual power distance.

Cultures vary by region, so travel to different regions around the globe will result in exposure to different cultural norms. Some locations have higher power distance values than Taiwan’s, some have lower power distance values than Taiwan. When an individual travels to a different country and interacts with the people living there, they are exposed to these cultural values and may adapt to them.

Results from analyses show that motivation does not in fact moderate the relationship between overseas experience (time overseas) and individual power distance. This result may be explained as follows. Travel overseas may require an individual to adapt to local cultural norms, for example when visiting a local place of interest, during class time or business hours. Much of this time, however may not be spent with locals, but with other people from the home country (in this case, Taiwan).

Results from Chi-squared analysis for the English fluency showed that it moderated the relationship between overseas experience (time overseas) and individual power distance. For those individuals with a medium level of English fluency, the relationship between the research variables was most significant. A medium level of fluency is already enough to be able to interact with people from the destination country, it is also enough to be able to read information to learn more about foreign values. People with a low level of English fluency are unable to do this, so their English fluency does not moderate the effect of overseas experience (time overseas) on individual power distance. That a high level of fluency also does not moderate the research variables may be explained by the small sample size. Only eight respondents rated their English fluency as high, so the results from such a small sample may be unreliable. As this is exploratory research, that one of the education sub-dimensions was a significant moderator of the relationship between the research variables.

This dimension was also broken down into two sub-dimensions: family values and family members abroad. As both sub-dimensions of the family dimension do not moderate the relationship between the research variables, that a person's family will moderate the relationship between overseas experience (time overseas) and individual power distance, is rejected.

It has been noted that advances in technology and increasing levels of international business have been "flattening" the globe. But are cultural values also being flattened as cultures cross international boundaries? Is the effect of overseas experience (time overseas) to flatten out an individual's power distance values to fit the global norm?

This study further adds to the body of literature concerning cultural values by showing that power distance exhibits variance not only at the national level, but also at the individual level. It has found that individual power distance values change when the amount of time that different individuals spend abroad changes.

MNEs, by their nature, employ people from different cultural backgrounds, with different values systems. This has implications for a wide variety of managerial challenges, including organisational fit, recruitment, empowerment, performance, leadership, organisational structure and business ethics. When facing these challenges, managers of MNEs must understand individuals from the same geographic region may display different individual power distance values, depending on the amount of overseas experience (time overseas) they have accumulated. Managers must be aware of this fact when addressing the challenges described above, so as to increase the efficiency and effectiveness of MNEs.

Although this study has identified a relationship between overseas experience (time overseas) and individual power distance, it has not addressed the nature of this relationship, so cannot say if the individual power distance values of those people with much overseas experience are flattening out towards a similar level. However it has identified the moderating role of an individual's characteristics on the relationship between the research variables. As each individual's characteristics are different, it is unlikely that individual power distance values across the globe will flatten out with the spread of cultures across national borders, because experience of other cultures is not the only force acting on an individual's power distance values.

As each individual has a unique combination of individual characteristics, managers must be aware that any kind of generalisation by nationality will overlook this fact and may lead to problems if managerial policies are entirely based on national power distance values. Of course, to investigate every employee's individual background requires the use of considerable resources.

To ensure the efficient allocation of resources, however, some generalisations can be made about five of the dimensions which make up an individual's characteristics.

This study hopes that by looking at an individual's overseas travel locations, age, education and occupation, managers can attain a more complete picture of that person's values and use this information to better manage culturally MNEs. It hopes that managers will be better prepared to encounter individuals whose individual power distance values differ significantly from their national norm and underlines that such encounters are likely to increase with the spread of globalisation.

The reduction of the significance of national power distance values and the increase in significance of individual power distance values will only increase the complexity of the managerial challenge. It is hoped that this study will aid MNE managers in facing that challenge.

When considering the conclusions of this study, there are several limitations that must be noted. As this study is explorative in nature, the sampling technique used was convenience sampling. The sample consisted of members and graduates of the Fu Jen Catholic University EMBA program and other contacts of the author. In addition, a snowballing technique was used whereby the questionnaire was forwarded by many respondents to their friends for completion. As such the sample cannot be seen as representative of the Taiwanese population as a whole.

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