

# Fostering Job Satisfaction and Motivation through Power Distance: A study of German Expatriates' Leadership in China

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## Abstract

**Purpose:** This study aimed to explore how power distance between German expatriate leader and their Chinese subordinates influence the leader's job satisfaction and the motivation of their subordinates.

**Design/methodology/approach:** Two survey studies were conducted in a German company's China branch with 45 German expatriate leaders and 50 of their Chinese subordinates.

**Findings:** The results revealed that higher power distance made Chinese employees to be more motivated by their German leaders, and can predict fewer communication problem encounters and higher job satisfaction of German expatriates.

**Research implications:** The findings emphasize the importance of organizational roles when discovering expatriate issues.

**Practical implications:** The findings may help German expatriates to develop a good leadership and high job satisfaction in China. Implications for company management and intercultural communication were discussed.

**Originality/value:** This research is original in studying German expatriates' leadership in China through their power distance with the subordinates.

**Keywords:** Expatriate, Leadership, Power distance, Motivation, Job satisfaction

**Paper Type:** Research paper

## Introduction

In the last decades of internationalization, expatriation has become one of the main topics in cross-cultural management studies. Those studies discussed a lot on how expatriates can work effectively in another culture, how they should interact with local employees and how they can get satisfied by their job (e.g. Bhaskar-Shrinivas *et al.*, 2005; Hechanova *et al.*, 2003; Froese and Peltokorpi, 2011). However, many of the discussions didn't distinguish the different types of relationship between expatriates and local workers.

An expatriated team leader and a team player can face totally different problems in interacting with local employees. Therefore, it is important to discover expatriate issue based on their particular roles in the organization. The current study focuses on expatriate leaders. In emerging markets, like China, Brazil, etc., most expatriates from multinational companies take leaders' role. They are expatriated to develop new market, start new business, and recruit new local employees. At the meanwhile, most of them face unprecedented challenges on their leadership. They encounter problem in understanding the expectations of their subordinates from a different culture. They struggle to build trust with another culture. And they get puzzled on how to motivate those local employees. In consequence, the expatriates' job satisfaction is seriously affected by those leadership problems.

The objective of the study was to understand how the power distance between expatriate leaders and local employees influences the expatriate leaders' job satisfaction and the motivation of their employees. Although there are ample discussions on expatriates' leadership in different cultures (e.g. Cassiday, 2005; Li and Kleiner, 2001; Mäkilouko, 2004), the influence of power distance is still underestimated. It is still unclear how to deal with different levels of power distance for expatriates, and what are the results the difference. The current research addressed this issue and investigated how different levels of power distance influence the expatriate leaders' job satisfaction and their power to motivate the local employees.

German expatriates in China were studied in representative of the main trend of expatriation in the world: western leaders expatriated to the emerging market. German and China have different cultures concerning power distance in organizations. German culture values low power distance and flat organizational structures; while Chinese culture emphasizes high power distance and significantly distinguishes between leaders and subordinates' power in an organization (Hofstede, 1997). Such differences bring challenges for German expatriate leaders in China. They need to maintain proper distance and develop satisfied relationship with their local employees. This study conducted two surveys in a German company's China branch involving both German leaders and Chinese employees, and tried to explore the power distances between them and how the distance influenced their interaction. The results can help German expatriates to develop a good leadership and high job satisfaction in China.

The rest of the paper includes five parts: first, literatures on power distance and expatriate leadership; second, a study on power distance and how Chinese employees be motivated by their German expatriate leader; third, another study on power distance's effect on German expatriate leaders' problem encounter and job satisfaction; forth, general discussion on recommendations for German expatriates' leadership in China and future perspectives; and finally a conclusion of the paper.

## **Literatures**

### ***Cross-cultural difference of power distance***

The term power distance (PDI) was defined as "the extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally" by Hofstede (1997). This definition has been confirmed by a more recent effort of defining cross-cultural dimensions: Project GLOBE (Hanges and Dickson, 2004). The institution or organization in the definition can be a company, community, school or family. This paper deals with people's working environment. Hence, the company is the organization that this research concentrates on.

The degree to which subordinates take part in the process of decision-making is inversely correlated to the score of power distance (Hofstede, 1997; Bochner and

Hesketh, 1994). The equality of the distribution of power can be expressed in the behavior of how lower-ranked employees treat their bosses. In low power distance countries, subordinates do not fear contradicting their leaders. They usually participate in decision-making processes, i.e. the working life is organized democratically. Leaders and subordinates consider each other equals. On the other hand, high distance countries represent the opposite structural organization style (Hofstede and Bond, 1988). A clearly defined hierarchy is the common structure of enterprises in such countries. Subordinates do not contradict their bosses. Furthermore, they appreciate that higher-ranked managers decide autocratically and paternalistically.

China scored considerably higher on the power distance index than Germany (Hofstede, 1997). In working life this different distinctions could lead to various problems concerning the cultural interaction and collaboration. German subordinates are used to being consulted by their leaders. Contrarily, in a Chinese working environment this is unlikely to happen and inconceivable. These different expectations and attitudes are a potential hazard for Chinese-German cooperation. On the one hand German subordinates would feel discouraged if a Chinese leader does not include them in a decision making process. On the other hand a German leader who consulted his or her Chinese subordinates might be judged as uncertain, weak or even incompetent.

#### ***Expatriate's leadership and job satisfaction***

Leadership differs across cultures (Dickson *et al.*, 2012). One influential effort to define leadership across cultures was Project GLOBE (House *et al.*, 2002). The project was conducted across 62 societies with more than 180 researchers. After a long discussion, the researchers finally agreed with defining leadership as “*the ability of an individual to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members.*”

The impact of culture on leadership causes challenges for expatriate leaders. According to Cassiday (2005), 10 to 45 percent of US expatriates failed in their global assignments. Most of the failures come from the lack of ability to maintain creative tension between two or more worldviews, which affects their ability to work across cultures (Cassiday, 2005). Even though some expatriates are able to work in an effective way, they suffer low levels of job satisfaction (Shaffer and Harrison, 1998). They fail to adjust to overseas job requirements and the formation of relationships with the host country's employees (Hechanova *et al.*, 2003).

One culture factor that causes problems for expatriate leadership and job satisfaction is the cross-cultural difference of power distance. First, power distance influence the way of leadership: it positively predicts self-protective leadership and negatively predicts charismatic/value-based and participative leadership (Dorfman *et al.*, 2004). Those ways of leadership differ in how the leader motivate subordinates. Second, power distance difference is an important indicator of cultural distance, which has a negative impact on expatriate job satisfaction (Froese and Peltokorpi, 2011).

#### **Study 1: Power Distance and Chinese Subordinates' Motivation**

##### ***Objective and hypothesis***

According to the definition of leadership, motivating subordinates is an important part of expatriate leadership. Study 1 aimed to study how power distance between German expatriate leaders and their Chinese employees influence the way to motivate Chinese employees. According to Hofstede (1991) an unequal distribution of power is generally accepted and expected in a high power distance country such as China. An unequal power distribution will cause the subordinates to be more influenced by their managers.

Consequently the subordinates will rely more on the managers' attitudes and decisions in their working rather than rely on themselves. So the higher the power distance between manager and subordinates, the more influence of manager on subordinates' motivation. Hence, we hypothesize that:

*H1: If Chinese subordinates perceive higher power distance with their German leaders, they are more likely to be motivated by their German leaders.*

**Methodology**

A paper-based questionnaire was used with a sample of 50 Chinese employees in a China branch of a German company located in Beijing, China. All the Chinese employees worked with German expatriate managers. 30 females and 20 males participated. All participants could speak Chinese and fluent English, while 18 of them could speak German. There were 28 participants between 20 and 30 years old, 9 between 31 and 40, 10 between 41 and 50, and 3 between 51 and 65. 21 participants worked as executives or managers. For their length of employment in the German company, 12 participants had worked for the company less than one year, 16 were between 1 and 3 years, 7 were between 3 and 5 years, and 15 had worked there for more than 5 years.

The questionnaire was in English. It consisted with two parts. The first part measured power distance. The questionnaire had 8 items in 5-point Likert scale. As shown in Table 1, all the items were about the interactive behaviors between manager and workers. The participants rated the frequencies of those behaviors in their everyday work from 1-often to 5-never. Higher score meant longer power distance. The Cronbach Alpha of the scale was 0.81.

Table 1: Working Power Distance Scale

<ol style="list-style-type: none"> <li>1. My leader involves me in decision making processes.</li> <li>2. I am heard by my boss when I have an idea that I think is worth to be mentioned.</li> <li>3. I am working on projects according to my preferences and no one tells me what to do.</li> <li>4. My boss contacts me at work and asks for my opinion.</li> <li>5. Arguments are solved democratically.</li> <li>6. I am working as an equal member of a team together with my leaders.</li> <li>7. I criticize my leader, when I am not satisfied with him.</li> <li>8. I talk to my leaders about every day matters during breaks.</li> </ol>
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The second part of the questionnaire measured employees' motivation encouraged by their managers. Participants rated from 1-agree to 5-disagree on 11 statements concerning their working motivation. Lower score meant higher motivation encouraged by leaders. The Cronbach Alpha of the scale was 0.71. Table 2 shows all the items.

Table 2: Leader Encouraged Motivation Scale

<ol style="list-style-type: none"> <li>1. I feel encouraged by receiving positive feedback from my leader on my work.</li> <li>2. It is of importance to me that I am consulted by my leader in the course of a decision making process.</li> <li>3. My work performance would increase, if my supervisors appreciated my work.</li> <li>4. I do not mind an increase in my workload, if the results of my work are respected and my achievements are honored.</li> <li>5. If my leader addresses me in a polite way I am more willing to fulfill his</li> </ol>
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- assignment.
6. A good relation to my supervisor increases my company commitment.
  7. I am not interested in changing my occupation, if I see myself as an integrated and equal member of the working staff.
  8. A leader has to earn my loyalty.
  9. I feel miserable when being criticized in front of others in the workplace.
  10. I will consider constructive criticism by my leaders and will revise a task, if my supervisor addresses with respect.
  11. If my leader pressurizes me, I will not work more efficiently.

### Results

To test the hypothesis, the survey results were analyzed through 4 steps. First, the 50 participants were divided into high power distance group and low power distance group by the mean score (refer to the method by Bochner and Hesketh, 1994). The average power distance score was 30.94 with standard deviation as 3.70. 28 respondents above the average score were grouped as high power distance group; and the other 22 respondents below the average score were low power distance group.

In a next step a one-way ANOVA test was conducted to compare the different levels of leader encouraged motivation of the two groups with different power distance. Result showed significant difference between the two groups ( $F=117.57, p<0.001$ ): high power distance group had higher leader encouraged motivation than low power distance group. Statistics are shown in Table 3.

Table 3: ANOVA Testing Results of Leader Encouraged Motivation

Measures	Power Distance	Mean*	SD	F	p
Leader Encouraged Motivation	High	16.11	2.50	117.57	<0.001**
	Low	24.18	2.75		

\* Higher score indicates lower motivation.

\*\* Result is significant at the 0.05 level (2-tailed).

Thirdly, Pearson correlation between power distance and leader encouraged motivation were calculated and resulted with a significant negative correlation (Pearson Correlation= -0.975,  $p<0.001$ ). As lower score of the motivation scale meant higher motivation, the result indicated that the higher the power distance, the higher the leader encouraged motivation.

Finally, linear regression analysis was adopted to evaluate the predictive effects between the two variables. The independent variable was power distance and the dependent variable was motivation. As a result, power distance was found as a significant negative predictor of leader encouraged motivation ( $\beta= -0.98, t=30.17, p<0.001$ ). Lower score of the motivation scale meant higher motivation. Hence the hypothesis 1 was confirmed that if Chinese subordinates perceived higher power distance with their German leaders, the Chinese subordinates were more likely to be motivated by their leaders.

### Study 2: Power Distance and German Expatriates' Job Satisfaction

#### Objective and hypothesis

In study 1, we found that if German expatriates and their Chinese subordinates had a long power distance, the Chinese employees were more likely to be motivated by their

German leaders. Therefore, we can expect a German expatriate with high power distance tendency can be more satisfied by their influence on the Chinese subordinates, and can encounter less problem in communication. Also from the findings of Froese and Peltokorpi (2011), cultural distance has a negative impact on expatriate job satisfaction. So if German expatriate adapt to the Chinese culture of high power distance, they should be able to have better job satisfaction. We tested this expectation in study 2. The objective was to test the influence of German expatriates' power distance tendency on their job satisfaction and problem encounter working in China. The hypothesis was stated as:

*H2: If German expatriates have a higher power distance tendency, they can encounter fewer problems and get higher job satisfaction in working with their Chinese subordinates.*

### **Methodology**

A paper-based questionnaire was used to survey German expatriate leaders in China. Participants were invited from the same company as in study 1. Altogether, 10 females and 35 males participated in the second study. All of the 45 participants could speak English and German. 13 were able to speak Chinese. 16 participants were between 20 and 30 years old, 11 were between 31 and 40, 9 were between 41 and 50, 8 were between 51 and 65, and 1 was older than 65 years old. 16 participants had worked in China less than 1 year, 10 had worked 1 to 3 years, 5 had worked 3 to 5 years, and 14 participants had worked more than 5 years in China.

Again, the questionnaire was in English. It consisted with three parts: power distance tendency, problem encounter and job satisfaction. The power distance tendency scale had 7 statements with a 5-point Likert scale from 1-agree to 5-disagree. These seven questions were developed in accordance to the theory of Hofstede, measuring whether the respondent has a relatively high or low power distance tendency. The questions are shown in Table 4. The Cronbach Alpha of the scale was 0.69.

Table 4: Power Distance Tendency Scale

<ol style="list-style-type: none"> <li>1. Subordinates should follow the orders of their supervisor regarding what and how to do in any case.</li> <li>2. Generally, supervisors should always involve their subordinates in the decision making process.</li> <li>3. Informal interactions with you initiated by your subordinates are really desired.</li> <li>4. An employee should always have only one direct supervisor.</li> <li>5. Forms of humor, like jokes, are particularly desired at work.</li> <li>6. Talking with your subordinates about family issues is of great importance.</li> <li>7. Supervisors should always get more privileges and higher reputation than their subordinates.</li> </ol>
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The second part of the questionnaire measured problem encounter in communication with Chinese subordinates. It evaluated the personal relationship between the German supervisor and his subordinates, as well as the frequency and severity of the problems that the supervisor encountered. Respondents evaluated from 1-very frequently to 5-very seldom on a Likert scale. The questions are presented in Table 5. The Cronbach Alpha of the scale was 0.70.

Table 5: Problem Encounter in Communication Scale

1. Do you compromise to solve conflicts in a way that is mutual beneficial?
2. Do you face communication conflict situations with your Chinese subordinates?
3. Do you trust your Chinese subordinates?
4. Do you have the same opinion like your Chinese subordinates regarding job-related issues?
5. Do your Chinese subordinates understand the job instructions you give to them?
6. Do you think that your Chinese subordinates feel intimidated when you are talking to them?
7. Do you listen carefully to your Chinese subordinates when they talk to you?

The last part of the questionnaire measured the participants' subjective feelings about job performance and job satisfaction while working in China. 7 questions were presented asking the respondents' feelings from 1-very frequently to 5-very seldom. The questions are presented in Table 6. The Cronbach Alpha of the scale was 0.68.

Table 6: Job Satisfaction Scale

1. Are you absolutely satisfied with your job performance in China?
2. Has your work in China improved your commitment to your company?
3. Do you regret working or having worked in China?
4. Are you satisfied with your field of work in China?
5. Are you open to new ideas suggested by your Chinese subordinates?
6. Do the suggestions given by your Chinese subordinates improve things at work?
7. Do you think about changing your occupation?

### Results

Hypothesis 2 stated that German expatriates with a higher power distance tendency can encounter fewer problems and get higher job satisfaction in working with their Chinese subordinates. To test the hypothesis, the questionnaire data were analyzed through 4 steps. First, the 45 participants were divided into high power distance group and low power distance group by the mean score. The average power distance score was 18.47 with standard deviation as 4.80. 22 respondents above the average score were grouped as high power distance group; and the other 23 respondents below the average score were low power distance group.

In a next step MANOVA test were conducted to compare the different levels of problem encounter frequency and job satisfaction of the two groups with different power distance. Result showed significant difference between the two groups: high power distance group had lower problem encounter frequencies and higher job satisfaction than low power distance group. Statistics are shown in Table 7.

Table 7: MANOVA Testing Results of Problem Encounter and Job Satisfaction

Measures	Power Distance	Mean	SD	F	p
Problem encounter	High	24.04	3.36	5.40	0.025*
	Low	26.32	3.20		
Job satisfaction	High	28.91	2.86	6.50	0.014*
	Low	26.13	4.28		

\* Result is significant at the 0.05 level (2-tailed).

Thirdly, Pearson correlation between power distance and problem encounter frequency were calculated and resulted with a significant negative correlation (Pearson Correlation= -0.261,  $p=0.042$ ), which meant the higher the power distance, the less frequently problem encounter. And Pearson correlation between power distance and job satisfaction were calculated and resulted with a significant positive correlation (Pearson Correlation= 0.282,  $p=0.030$ ), which meant the higher the power distance, the higher the job satisfaction.

Finally, two linear regression analyses were adopted to evaluate the predictive effects between the variables. The independent variable was power distance and the dependent variables were problem encounter frequency and job satisfaction respectively. As a result, power distance was found as a significant negative predictor of problem encounter frequency ( $\beta= -0.26$ ,  $t=-1.77$ ,  $p=0.04$ ). Also power distance was found as a significant positive predictor of job satisfaction ( $\beta= 0.28$ ,  $t=1.77$ ,  $p=0.03$ ). Hence the hypothesis 2 was confirmed that German expatriates with a higher power distance tendency can encounter fewer problems and get higher job satisfaction in working with their Chinese subordinates.

## **General Discussion**

### ***Recommendations for German expatriates' leadership in China***

The two studies demonstrate the importance of maintaining proper power distance for expatriates to lead successfully in a different culture. German expatriates are recommended to be aware of the high power distance character of Chinese culture. This paper shows that a high power distance with Chinese employees can result with more effective motivating and less problem encounter in German leaders' career. Therefore, Germans expatriates who change their traditional low power distance manner to a higher way can enjoy a more satisfied job. Of course, a complete adoption to the Chinese behavior can hardly be achieved by German expatriates. But the knowledge about this cultural difference and its effects will at least support the managers in successfully doing business in China.

Practically, German companies in China may support German expatriates effectively by helping them to be aware of the different power distance expectations through trainings both prior and during their expatriation. It may also be helpful to provide opportunities for both German leaders and Chinese employees to communicate with each other on their expectations and problems.

### ***Limitations and future prospects***

The current research studied the influence of power distance on expatriate leadership. However, as culture is a complex phenomenon, many variables can interact with each other to create different minds and behaviors. Power distance is also related with other variables. For example, collectivism is theoretically correlated with power distance (Schermerhorn Jr and Bond, 1997). So it may not be accurate to attribute the effects found in the study merely to power distance and generate to all the situations without noticing other interacting factors. Future studies may include more cultural dimensions and conclude in a comprehensive way.

In addition, the study involved two measures of power distance: subordinate evaluation of working power distance, which measures employees' perception and behavior in interaction with the leader; and leader power distance tendency, which is based on leaders' beliefs and values on the relationship with subordinates. These distinguished measures between leader and subordinates, and between perception and belief makes it possible for future research to explore the dynamics of power distance in organizations.

For example, when a leader from a low power distance culture is expatriated to a high power distance culture, how well can he adapt to the high distance leading way? Are there any difference between his intension and his subordinates' perception? How can he achieve what he intends?

Finally, 45 German expatriate leaders and their 50 Chinese subordinates participated in the research. The research encountered difficulty in get more participants, especially German expatriate leaders in China. This limited sample may affect the generation of the conclusions. Future study is encouraged to collect data in a larger base.

### **Conclusion**

The current study aimed to investigate German expatriates' leadership in China. The cultural effects of power distance on Chinese subordinates' motivation and German expatriates' job satisfaction and problem encounter were studied. Through two survey studies of 50 Chinese employees in a German company and 45 German expatriate managers in China, it was found that higher power distance made Chinese more likely to be motivated by their German leaders. And higher power distance predicted fewer communication problem encounters and higher job satisfaction of German expatriates. The research contributes to the theories of cross-cultural leadership and also provides important implications for expatriate leadership and intercultural management.

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