



Kerman University  
of Medical Sciences

International Journal of  
**Health Policy and Management**

doi: 10.15171/ijhpm.2013.12

Journal homepage: <http://ijhpm.com>



## Original Article

# The Moderating Role of Power Distance on the Relationship between Employee Participation and Outcome Variables

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### ARTICLE INFO

#### Article History:

Received: 8 May 2013

Accepted: 11 June 2013

ePublished: 12 June 2013

#### Keywords:

Job Satisfaction  
Organisational Justice  
Organisational Readiness  
Organisational Commitment  
Power Distance Culture

### ABSTRACT

**Background:** Many organisations have realised the importance of human resource for their competitive advantage. Empowering employees is therefore essential for organisational effectiveness. This study aimed to investigate the relationship between employee participation with outcome variables such as organisational commitment, job satisfaction, perception of justice in an organisation and readiness to accept job responsibilities. It further examined the impact of power distance on the relationship between participation and four outcome variables.

**Methods:** This was a cross sectional study with a descriptive research design conducted among employees and managers of hospitals affiliated with Tehran University of Medical Sciences, Tehran, Iran. A questionnaire as a main procedure to gather data was developed, distributed and collected. Descriptive statistics, Pearson correlation coefficient and moderated multiple regression were used to analyse the study data.

**Results:** Findings of the study showed that the level of power distance perceived by employees had a significant relationship with employee participation, organisational commitment, job satisfaction, perception of justice and readiness to accept job responsibilities. There was also a significant relationship between employee participation and four outcome variables. The moderated multiple regression results supported the hypothesis that power distance had a significant effect on the relationship between employee participation and four outcome variables.

**Conclusion:** Organisations in which employee empowerment is practiced through diverse means such as participating them in decision making related to their field of work, appear to have more committed and satisfied employees with positive perception toward justice in the organisational interactions and readiness to accept job responsibilities.

## Background

Human resources are recognised as the most important factor for competitive advantage of every organisation. In practice, empowering human resources by facilitating their participation in organizational decision making and job affairs can lead to organizational effectiveness (1). To achieve empowerment in organizations, managers are to make sure that employees in all hierarchical levels have access to the right mix of information, knowledge and power to work independently. When employees feel this empowerment, they experience more autonomy over their responsibilities and become more motivated to do their work duties (2). In fact, participating employees in organizational and job affairs is a means of enabling employees succeed in their jobs, providing them with a supportive environment to contribute in organizational performance at a higher level (3). In several studies, considering culture has been focused as a critical viable to explain differences in organizational

behaviour, performance and human resource management (4). Hofstede defined culture as “the collective programming of mind that distinguishes one society from another and their behaviour patterns”. The most popular classification of culture dimensions was proposed by Hofstede with 5 dimensions of individualism-collectivism, low-high power distance, masculinity-femininity, uncertainty avoidance and long term orientation. Power distance as one of these dimensions, is linked to the relations between superiors and subordinates of organizations (5). Power distance is related to social acceptance of unequal distribution of power. The level of power distance describes “how the culture tolerates and fosters pecking orders and how actively members try to reduce them” (6). Society members with high power distance culture agree that power should be unequally shared and those in high social position get numerous privileges which are considered as something natural. On the other hand, people in low power distance culture, regard more value for

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independency, and inequality is less tolerated among them (6). Literature has shown that organizations with high power distance culture has low level of performance because their employees do not have the power of making decisions and are not allowed to participate in their organizational affairs (7). The researchers further suggest that in high power distance organizations, employee commitment and job satisfaction are likely to be low due to high power distance culture. For example those employees who feel inequality in power distribution of their organization, are more likely to lose their commitment to work and consequently their job satisfaction will be decreased (8). There are some studies which investigated the relationship between power distance and various organizational variables. Francesco and Chen found positive relationship between power distance and employee commitment, job satisfaction and organizational performance (9). Gomez, Kirkman and Shapiro declared that power distance acts as a moderator in a relationship between participation and organizational commitment. They have provided evidence that participation is not appropriate in high power distance culture because it may create an impression of managerial incompetence, furthermore employees put less value on participation in high power distance culture (10). Greer and Gebren found that power distance has a positive impact on conflicts resolution in low power distance organizations but negative impact in high power distance organizations (11). Brockner *et al.* found that power distance is related to the reaction given to voice in a culture (12). Asgari *et al.* confirmed that power distance has influence on organizational behaviours (13). Overall, studies done in this issue found that organizational variables are affected by power distance. The current study aimed to investigate the relationship between employee participation, organizational commitment, job satisfaction, employee perception of justice in an organization and their readiness to accept job responsibilities. Also it examined the impact of power distance on the relationship between participation and four mentioned outcome variables.

## Methods

This was a cross sectional study with a descriptive research design. Participants of the study were employees (both managers and subordinates) of hospitals affiliated with Tehran University of Medical Sciences. Separate questionnaires were developed for superiors and subordinates to examine their perception about the level of power distance exist in their organization. The superiors' questionnaire was distributed to 50 superiors and the subordinate questionnaires were distributed to 190 immediate subordinates of these superiors. In this study, employee participation was measured using 17 items; power distance was measured using 30 items and employee empowerment outcomes (organizational commitment, job satisfaction, perception of justice in an organization and readiness to accept job responsibilities) measured using 20 items. All items were measured on a 5 point likert scale (1=strongly disagree and 5=strongly agree). Questionnaires were taken from the study previously done by Francesco and Chen in Republic of China for the same purpose. All original items were in Chinese and to assure equivalence of the measures in the Chinese and English versions, a standard

translation and back translation was performed. The English version was then translated in to Farsi and distributed among managers and subordinates of each hospital's unit. To test the hypothesis of the study, moderated multiple regression was used to investigate the effects of power distance on the relationship between participation and outcome variables. Descriptive statistics (mean, standard deviation) and Pearson correlation coefficient were also used to analyse the data.

## Results

Out of 340 survey questionnaires sent to 5 hospitals affiliated by Tehran University of Medical Sciences, 306 valid questionnaires had been identified reflected a usable response rate of 90%. Majority of respondents (67%) were female and between 35-40 years old. 95% of the respondents had at least diploma level of education. In addition, most of them (68%) had one to five years experience working with the current hospital Unit and 43.13% worked in diagnostic and care giving job category.

The Pearson correlation analysis was conducted in the first step to determine the relationship between power distance, participation, organizational commitment, job satisfaction, perception of justice and readiness to accept job responsibilities. Based on Table 1, there is a significant relationship between power distance, participation, organizational commitment, job satisfaction, perception of justice and readiness to accept job responsibilities ( $P < 0.01$ ).

Then, regression analysis was done to investigate the relationship between employee participation and outcome variables (commitment, satisfaction, perception and readiness). Table 2 indicates that participation determines 34% ( $R^2 = 0.34$ ,  $P < 0.01$ ) of the variation in the dependant variables. Although the model did not explain a larger proportion of the variation in outcome variables, the data showed a moderately good fit ( $r = 0.583$ ,  $P < 0.01$ ) relationship between the independent and dependant variables.

The moderated multiple regression analysis was further used to test the extent to which power distance moderated the relationship between employee participation and outcome variables (organizational commitment, job satisfaction, perception of justice and readiness to accept job responsibilities). Table 3 shows the results of moderated multiple regressions done to examine the effect of power distance on outcome variables.

### *The relationship between employee participation and organizational commitment depends on power distance*

The moderated multiple regression results supported the hypothesis since the standardised regression coefficient between employee participation and organizational commitment was not equal to 0 ( $\beta \neq 0$ ). The results further showed that power distance had a significant effect on the relationship between employee participation and organizational commitment significant at  $P < 0.05$ .

### *The relationship between employee participation and job satisfaction depends on power distance*

The results of regression test for moderating effect of power distance on the relationship between employee empowerment and job satisfaction also supported the

**Table 1.** Correlation between power distance and each study variable

Power distance	Participation		Organisational commitment		Job satisfaction		Perception of justice		Readiness	
	r	P	r	P	r	P	r	P	r	P
	0.71	0.001	0.69	0.00	0.88	0.00	0.48	0.00	0.44	0.00

**Table 2.** Regression analysis for the relationship between participation and outcome variables

Model	R	R square	Adjusted R square	Std. error of the estimate	Change statistics				
					Change in R <sup>2</sup>	F change	df1	df2	P of change in F
1	0.58	0.34	0.33	7.25	0.34	77.70	1	151	0.00

**Table 3.** Influence of power distance on the relationship between employee participation and outcome variables

Model		Std. Error	Standardized Coefficient (Beta)	t	P
1	Constant	0.32	0.46	1.45	0.14
	Organisational commitment	0.09	0.03	0.32	0.58
	Job satisfaction	0.09	0.16	1.90	0.05
	Perception of justice	0.10	0.02	5.24	0.03
	Readiness	0.09	0.16	1.09	0.05
2	Constant	0.32	0.51	1.59	0.00
	Organisational commitment	0.10	0.02	0.31	0.00
	Job satisfaction	0.10	0.03	0.32	>0.001
	Perception of justice	0.09	0.16	1.90	0.09
	Readiness	0.09	0.03	0.33	0.94
	Power distance	0.09	0.10	1.34	0.18

hypothesis of the study. The standardised regression coefficient was not equal to 0 ( $\beta \neq 0$ ) indicating that power distance moderates the relationship between employee empowerment and job satisfaction ( $P < 0.05$ ).

#### *The relationship between employee participation and perception of justice depends on power distance*

The moderated multiple regression results did not support the hypothesis of study where the standardised regression coefficient between employee participation and their perception of justice in organizational interaction was not equal to 0 ( $\beta \neq 0$ ) but it is not significant at  $P < 0.05$ . This indicates that there was no significant moderating effect of power distance on the relationship between employee participation and perception of justice.

#### *The relationship between employee participation and their readiness to accept job responsibilities depends on power distance*

The results of regression test for the moderating effect of power distance on the relationship between employee empowerment and their readiness to accept job responsibilities did not support the hypothesis of the study. The standardised regression coefficient was not equal to 0 ( $\beta \neq 0$ ) but not significant at  $P < 0.05$  indicating that power distance does not moderate the relationship between employee empowerment and their readiness to accept job responsibilities.

Therefore, the results of multiple regression analysis indicate that organizational commitment and job satisfaction are significant at  $P < 0.05$ . This implied that power distance did not moderate the relationship between

employee participation, perception of justice and readiness to accept job responsibilities. However [Table 3](#) indicates that power distance influences the relationship between employee participation, organizational commitment and job satisfaction. The results also show that a unit change in employee participation produces greater change in job satisfaction ( $\beta = 0.028$ ) than organizational commitment ( $\beta = 0.017$ ).

### **Discussion and Conclusion**

The current study has expanded the scope of previous research by studying the impact of employee participation on outcome variables (organizational commitment, job satisfaction, perception of justice in organization and employee readiness to accept job responsibilities). This study explored the direct effect of power distance on employee participation and outcome variables of the study. And in the last step it examined the moderated effect of power distance on the relationship between employee participation and four outcome variables.

The results of our study showed that power distance had a significant effect on the relationship between employee participation with organizational commitment and job satisfaction. Overall, participation determined the variation in the dependant variables. A study done by Francesco and Chen with the purpose of investigating the moderate effect of power distance on participation-outcome variables showed similar results to our study. They indicated that when employees were asked to participate in decision making, their organizational commitment and job satisfaction would increase and consequently they would become ready to accept job responsibilities (9).

The study results also showed that there was a significant relationship between power distance, employee participation, organizational commitment, job satisfaction, perception of justice and readiness to accept job responsibilities. A similar study was conducted in 2007 with the purpose of studying the relationship between power distance, organizational commitment and employee performance. Results showed a significant correlation between power distance, organizational commitment and employee performance (14). Employees, who perceived high level of power distance in organization, had lower level of commitment and organizational performance because they feel inequality in the organization. Therefore as it was expected, low level of power distance in organization had positive effects such as increasing in employee job satisfaction. The results added the fact that when employees perceive justice in the organization, they positively become motivated and the level of organizational performance will relatively increase (14). Greenberg declared that if managers wanted to be effective, they should have treated equally with their subordinates (15).

Moderated multiple regression analysis done in our study indicated that power distance moderated the relationship between employee participation and outcome variables (organizational commitment and job satisfaction). Francesco and Chen also found similar results indicating that the relationship between employee participation and outcome variables was moderated by power distance (9). That study "influence of power distance on employee empowerment and MNC performance" conducted in multinational corporations in Kenya found that power distance moderated the relationship between employee empowerment and multinational corporation performance. Thus, it concluded that power distance determined the success or failure of multinational in host countries (16). Wahab has also conducted a study with the purpose of investigating the moderating role of power distance on the relationship between perceived organizational support and organizational commitment. Results showed that power distance is an important moderator of the relationship between organizational support and commitment (17). Consistent with prior studies, this study recommended that employees in high power distance organizations showed low level of commitment.

Employee dissatisfaction and their non alignment to organization are among the factors which may lead to job quit among staff. One of the most important reasons for this dissatisfaction is employees' perception of high power distance and injustice (18). Sadeghi has also focused the fact that nowadays organizations should not be indifferent toward justice and decreasing power distance since preventing discriminatory behaviours has the same necessity as other human needs. Managers who seek to develop and improve organizational condition have to create a justice perception among their employees (19).

Prevalence of inequality and high power distance in organizations has increased in a way that discussing about justice and power distribution has become one of the requirements all around the world. Organizations have found through experience that inequality and high power distance will cause adverse outcomes (20). For instance

employees will lose their motivation to participate in organization affairs and consequently they will not have any willing to stay in their work and their job satisfaction will decrease dramatically. Organizations have to apply effective tactics for preserving their employees and decreasing the possibility of their job quit (20).

#### Ethical issues

This study was approved by the ethics committee of Tehran University of Medical Sciences.

#### Competing interests

The authors declare no competing interests.

#### Authors' contributions

SR performed data analysis and drafted the first version of the manuscript. AP performed the review of the literature, and edited the first version. Both authors contributed to developing the main idea of the research and proofread the final draft.

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