

Power Distance and Perceived Empowerment from Peers

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Abstract

Drawing on social exchange theory and feedback-seeking theory, we developed a cultural value contingency model to explain why high power distance individuals could be congenial with shared transformational leadership and be motivated for innovation. This study examined the effect of shared transformational leadership on individuals' innovative behavior with the mediating role of psychological empowerment and the moderating role of power distance in a sample of 500 full-time employees working in China. Results demonstrated that psychological empowerment positively mediated the relationship between shared transformational leadership and innovative behavior. Notably, power distance positively moderated the mediating process as individually held high power distance triggered high psychological empowerment under the influence of shared transformational leadership. Implications for management theory and practice are discussed.

Introduction

- Individuals' innovative behavior is a critical factor that enables an organization to be competitive in a fast-paced business environment (Yuan & Woodman, 2010).
- Shared leadership has been shown to hold more superior effects in forecasting organizational outcomes than vertical leadership (Pearce & Sims, 2002). Furthermore, Hoch (2013) identified that shared leadership is more positively associated with teams' innovative behavior than vertical leadership.
- Vertical transformational leadership shows employee intellectual stimulation and is solidified as a building block to innovation (Shin & Zhou, 2003). Similarly, we argue that shared transformational leadership may also play some role in facilitating employees' innovative behavior.
- Conger and Kanungo (1988) argued that empowering practices result in more intensive momentum and motivation only to the extent that these practices provide informational signals that enhance employees' effort-outcomes expectancies or feelings of self-efficacy. Consequently, we introduce psychological empowerment to explain why shared transformational leadership is able to influence employees' innovative behavior.
- Previous studies suggest that co-workers in high power distance may have inferior exchange relationship with their formal leaders and in turn have low-level innovation (Elenkov & Manev, 2005). However, under the influence of informal leadership, such as shared transformational leadership in our study, the innovative behavior of employees in high power distance remains to be explored and explained.

Theory and Hypotheses

- Psychological Empowerment as a Mediator**
 - Shared transformational leadership, in line with Pearce and Sims (2002), is a process in which peers exert idealized influence, inspirational motivation, intellectual stimulation and individualized consideration to others.
 - Spreitzer (1995) constructed psychological empowerment as an intrinsic task motivation that consists of four dimensions: meaning, self-determination, competence, and impact.
 - Innovative behavior is an individual's intentional introduction or application of new ideas, products, processes, and procedures to his or her work life (Yuan & Woodman, 2010).
 - The focal individual's peers perform some extent of transformational behavior, and the focal individual cognitively experiences the behavior as individual-level perceived shared transformational leadership, after that the focal individual feels psychologically empowered, leading them to behave in innovative ways that are consistent with their perceptions.
 - Hypothesis 1.** Psychological empowerment positively mediates the relationship between shared transformational leadership and employees' innovative behavior.
- Power Distance as a Moderator**
 - Individually held power distance is defined as the extent to which one accepts that power in organizations is allocated unequally (Hofstede, 2001).
 - Individuals in high power distance respect their formal leaders and are unlikely to question and communicate with them (Kirkman et al., 2009).
 - However, individuals need to seek feedback from supervisors and peers on the basis of work-related thoughts and feelings (Greller & Herold, 1975).
 - According to Ashford's (1986) theory of feedback-seeking, to increase self-confidence and reduce the risk and effort in seeking, individuals in higher power distance, will mainly seek feedback from their peers, rather than formal leaders.
 - So individuals in higher power distance may feel comfortable and appropriate, and as a consequence, can perceive a higher level of psychological empowerment under shared transformational leadership.
 - Hypothesis 2.** Power distance moderates the positive relationship between shared transformational leadership and psychological empowerment: the relationship is more positive for those higher in power distance.
- The Moderated Mediation**
 - Hypothesis 3.** The indirect effect of shared transformational leadership on innovative behavior through psychological empowerment is stronger when power distance is higher.

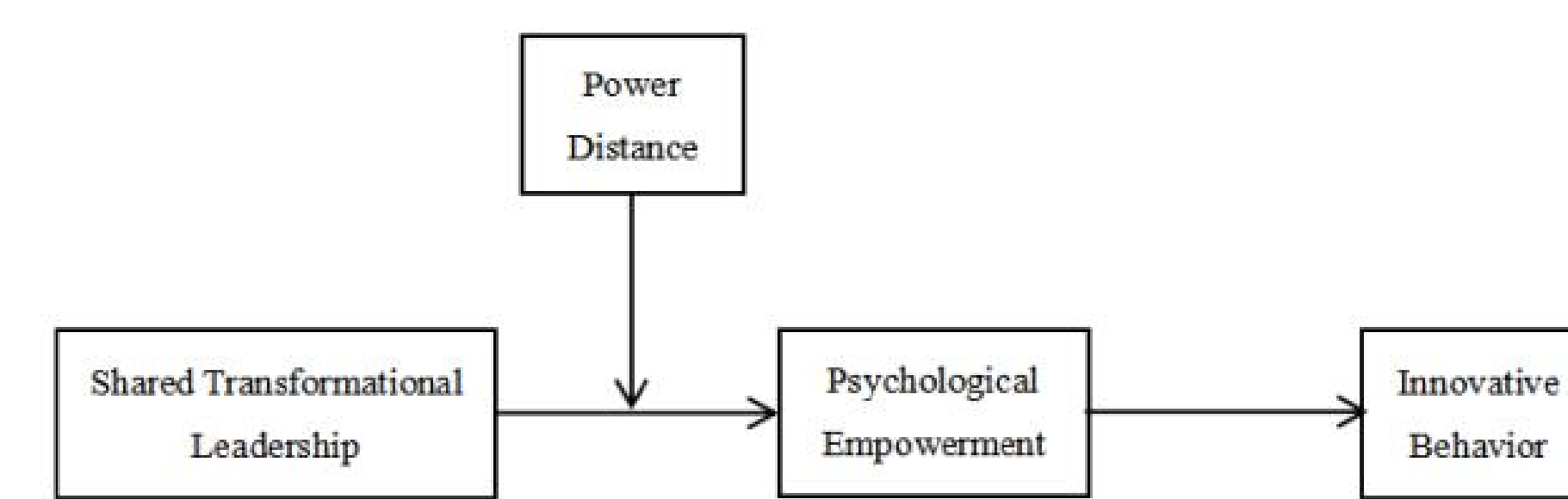


Figure 1. Conceptual Model

Results

- Sample**
 - 500 full-time employees working in China

Regression Analysis

Table 1. Results of Bootstrapping

Indirect Effect of Psychological Empowerment				
Effect	SE	95% LLCI	95% ULCI	
0.396	0.047	0.308	0.493	

Conditional Indirect Effects of Psychological Empowerment				
Power Distance	Effect	SE	95% LLCI	95% ULCI
1.667	0.346	0.041	0.269	0.432
2.167	0.359	0.041	0.283	0.441
2.833	0.377	0.042	0.296	0.459
3.667	0.399	0.048	0.308	0.495
4.500	0.422	0.056	0.316	0.536

Index of Moderated Mediation				
Index	SE	90% LLCI	90% ULCI	
0.027	0.017	0.001	0.056	

^a bootstrap sample size = 10,000;

LLCI denotes lower limits of confidence interval;

ULCI denotes upper limits of confidence interval.

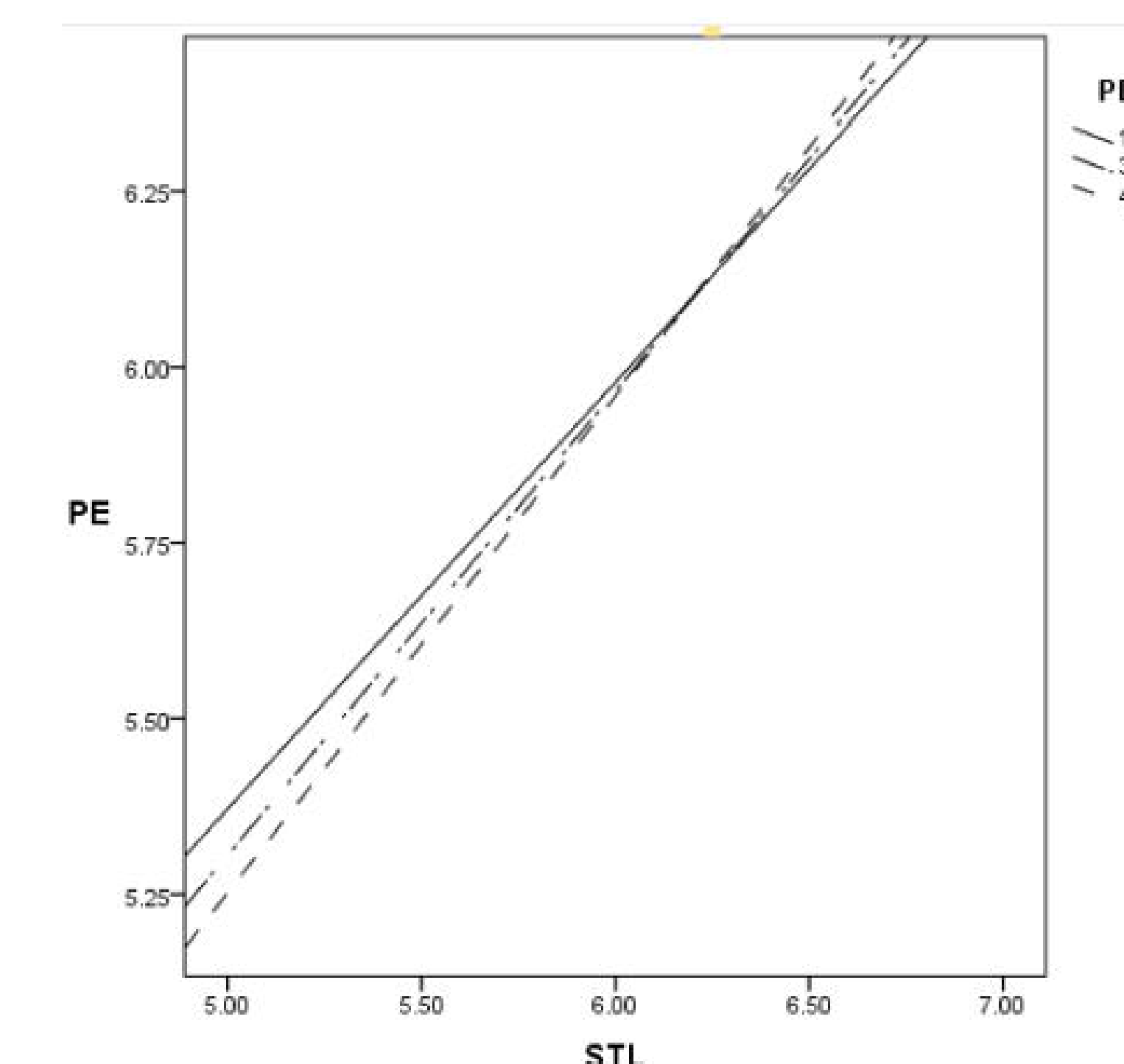


Figure 2. The Moderation Effect of Power Distance

Conclusion

- Results indicate that shared transformational leadership has a positive effect on innovative behavior. Moreover, psychological empowerment positively mediates this indirect process. Specifically, employees in high power distance are more easily motivated by their peers' transformational behavior and consequently perform more innovative behavior.

Discussion

Employees are more likely to feel empowered to innovate when they encounter transformational behavior performed by peers. Therefore, companies should encourage and welcome the emergence and existence of shared transformational leadership rather than depress it.

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For further information

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