

## INFLUENCE OF POWER DISTANCE ON EMPLOYEE EMPOWERMENT AND MULTINATIONAL CORPORATION PERFORMANCE IN KENYA

**M. A. Oloko**

*Commerce and Economics Studies, Jomo Kenyatta University of Agriculture and Technology, Nairobi, Kenya  
E-mail: olokomargaret@yahoo.com*

### **Abstract**

A study was carried out with the specific objectives as to establish the influence of power distance on the strength of the relationship between employee empowerment and organization performance and to establish whether there is a direct relationship between employee empowerment and organization performance. Data for the study was collected using a questionnaire which contained measurements of power distance, employee empowerment and non-financial measures of performance of organizations. A pilot study was conducted to pre-test the questionnaire using a sample of 10 respondents. The questionnaire consisted of a Likert type scale ranging from 5 – very great extent to 1 – not at all. A census study of 60 multinational corporations operating in Kenya was conducted. The response rate was 65%, which is, 39 firms were interviewed. These results confirmed that the strength of the relationship between employee empowerment and MNC performance in a host country is influenced by power distance. The result ( $r = 0.608, < 0.01$ ) showed a moderate relationship between employee empowerment and MNC performance. The magnitude of the correlation coefficient implies a moderate relationship ( $r = 0.643, p < 0.01$ ) between employee empowerment and organization performance.

**Key words:** Employee empowerment, power distance and multinational corporation performance (MNC)

## **1.0 Introduction**

### **1.1 Background of the Study**

Today, multinational corporations (MNCs) are increasingly conducting their business globally, which has increased in scope due to the increasing complexity as the companies operate across national, cultural and social boundaries. The greatest challenge facing the corporations is to acknowledge the cultural differences in every host country and to manage the business cohesively in order to achieve corporate objectives and enhance MNC performance. Current literature indicates that culture is an important determinant of organizational performance in host countries. This is because for success of business operations, MNCs have to understand the prevailing culture (power distance) in each of the host countries they operate in (Hofstede, 1983; Blunt and Jones, 1986; Kuada, 1994; Newman and Nollen, 1996).

In any organization, power distance influences the amount of formal hierarchy, the degree of centralization, the amount of participation in decision-making and the performance level. According to Hofstede (1984), culture varies from one country to another resulting in MNC performance variations hence, the need to understand its effect on host countries and thus, include it in the empowerment - performance equation.

Many researchers in this area of study have only concentrated on the importance of empowerment practice in facilitating organizational performance (Argyris, 1998; Eylon and Au, 1999 and Robert et al. 2000). That is, to them empowerment is the perfect panacea for success in organizations. However, some researchers report that there has to be congruence between the management practices (like empowerment) of foreign firms and the cultural practices in the specific host countries (Kaloki, 2001; Tihanyi *et al.*, 2005). This study attempts to establish the influence of power distance on the relationship between employee empowerment practice and MNC performance

According to Hofstede (1984), power distance is the extent to which a society accepts an unequal distribution of power in institutions or organizations within a hierarchy. The researcher divided his study on power distance into two, namely; high (countries in Latin America, Asia and Africa) and low (countries like the United States of America, Germany, Great Britain, Canada, France, Belgium, e.t.c.) power distance. Hofstede reported that subordinates in a high-power distance culture are highly dependent on their superiors for direction and further suggested that employees manage their work according to what the managers stipulate (respect for hierarchy). In this case, the employees are more co-operative dealing with the superiors and are, frightened of disagreeing with them, but are reluctant to cooperate with their peers.

Therefore, employees of multinational corporations operating under high power distance country culture may not feel comfortable making decisions that had previously been made by their superiors. That is, they may be slower to take on greater problem- solving and decision-making responsibility. The workers in such a culture will expect their supervisors to control information, provide clear boundaries, make decisions and tell them what to do. This results in low levels of employee empowerment and in turn likely to lead to low organizational performance.

According to Vogt and Murrell (1997), employee empowerment (empowerment of individuals, groups, organizations and societies) is a noble, necessary and natural part of human development for the success of multinational corporations' operation throughout the world. The researchers further reported that employee empowerment is a technique to enable, to allow or to permit, that which, can be perceived as both self-initiated and initiated by others. That is, the process of empowerment enlarges the power in a situation as opposed to merely re-distributing it.

Randolph (2000) referred to employee empowerment as a means of transferring appropriate and sufficient authority to employees and making resources available to enable them succeed in their jobs, providing them with a conducive environment and proper tools to enable them contribute to the organizational performance at a higher level. The researcher reported that management must help employees achieve these goals by coaching; teaching and enabling them to acquire the right skills for effective performance. He further suggested that this process is an interactive process based on a synergistic assumption about power. Employee empowerment can also refer to an act of building, developing and increasing power through cooperation, sharing and working together or giving the employees the discretion to make decisions regarding their own tasks and responsibility within an organization (Randolph *et al.*, 2002).

Today, performance of MNCs has become a dominant research theme, and a growing number of research studies consider empowerment practice as paramount in organizations; an important predictor of performance (Argyris, 1998; Luo and Peng, 1999; Eylon and Au, 1999; Robert *et al.*, 2000). The researchers reported that for organizations to increase their performance in a global environment, they need to empower their employees to make faster decisions within the organizations.

The researches that have been advanced in this area show that employee empowerment may directly lead to organizational performance and this notion has been supported by many researchers like, Eylon and Au (1999), Robert and colleagues (2000) and Randolph and colleagues (2002) who conducted studies on empowerment and performance and concluded that, when employees are empowered, organizational productivity increases, thus leading to an increase in MNC performance. But, the link between employee empowerment practice and MNC performance is not likely to be direct, especially in countries that experience high power distance cultures, like Kenya and other countries from the developing world. This is because performance of an organization depends, to a great extent, on the outcomes of empowerment practice (such as organizational commitment, job autonomy and job satisfaction), which may be favourable or unfavourable. For example, if empowerment outcomes are unfavourable resulting in low organizational commitment, low job autonomy and low job satisfaction on the part of employees, then MNC performance will be unfavourable or low in a host country.

In a high power distance culture, employee empowerment is low, and the organizational performance is likely to be low. To this extent, employees in a high power distance culture show a high level of dependence on their superiors for direction within the organization, and a multinational corporation is likely to experience low performance.

On the other hand, a multinational firm operating in a low power distance country culture is likely to rely on high employee empowerment. This is because the job factors may be favourable leading to high organizational performance since the employees are willing to use their discretion in decision-making to achieve higher goals. But, in some instances, high employee empowerment may not lead to high organizational performance, especially if the right employee skills and equipments are not put in place.

Hofstede's (1983) research on intercultural management defines dimensions of differences in value orientations that affect the work of MNCs in different cultural settings, in terms of power distance, collectivism/individualism, masculinity/femininity and uncertainty avoidance. Of interest to this study is the dimension of power distance in which Hofstede found Latin America, Asia and Africa to have higher scores while those of Anglo - Saxons and Scandinavians were lower. According to him, high power distance score indicates that the relationship between superiors and subordinates are unequal, with both sides accepting status and privileges as normal levels of authority. For example, the French are fairly high on Hofstede's power distance scale (Appendix II), while North Americans rank much lower. Despite the fact that, the French carry out their management activities with some level of formality, the Americans are rather very casual, and symbols of the former need to show rank and the latter's tendency to downplay it. This means that the two countries have different cultural backgrounds, which affect their behaviour pattern thus different performance levels.

According to Hofstede (1980, 1983, 1984, 1997), countries in Africa (Kenya included) are classified as experiencing high power distance culture (Appendix III), which refers to the extent to which the less powerful members expect and accept that power is distributed unequally in the organization. For example, in high power distance culture countries, employee empowerment practice tends to be low and the outcomes tend to be low or unfavourable. This is because employees do not take initiatives in decision-making processes but wait upon the managers to define direction for them. That is, the techniques for employee empowerment in Kenya may be similar to those used elsewhere, but the difference would be in the extent of use.

Despite all this, there has been no study conducted to establish the influence of power distance on the relationship between employee empowerment and performance throughout the world and more so, for the less developed countries. For example, the few studies that have been carried out in Africa have only emphasized on the importance of empowerment or the congruence between the management practices and the cultural practices of the local firms. That is, for success of firms in host countries, the MNCs' management practices must be consistent with the countries' cultural background. Nzalibe (1986) reported that expatriate

managers in Nigeria applied Western management practices and failed to consider the implications of the local cultures on their management practices, resulting in unfavourable performance level. The researcher concluded that local cultures play a key role in the success of MNCs and further added that local cultures call for adherence in MNC operations if they are to succeed especially in less developed countries.

Blunt and Jones (1986) study on organizational change in Africa, found little understanding of effects of local cultures on the part of foreign managers and that they did not consider this factor (local culture) in their operations, hence failed to consider its implications on their management practices, resulting in unfavourable performance. Kuada (1994) also concurred with Blunt and Jones (1986) when he conducted a study on managerial behaviour in Ghana and Kenya and found that there was no regard for local cultures. The researchers concluded that management practices by foreign firms should be consistent with national cultures in both Ghana and Kenya. Kaloki (2001) also carried out a research on MNCs and cultural beliefs in Kenya and still found disparity in the foreign firms' management practices and the local cultures. He concluded that MNCs should be able to understand the relationship between the employee behaviour and management practices if they are to succeed in their operations.

## **1.2 Statement of the Problem**

Despite great emphasis laid on research in the field of employee empowerment and MNC performance throughout the world, there is inadequacy of literature on this subject especially in the developing countries and how organizational performance may be influenced by the prevailing host country culture. The existing literature has only focused on explaining the importance of employee empowerment in facilitating MNC performance particularly in the developed world (Denison and Mishra, 1995; Argyris, 1998; Eylon and Au, 1999 and Robert *et al.*, 2000).

Empirical work on employee empowerment and MNC performance supports the assertion that organizations that make use of empowerment practice are likely to experience higher levels of performance than their counterparts who do not (Earley, 1994; Henart and Larimo, 1998; Robert, et al. 2000; Randolph et al. 2002). While this may be true, that the practice of empowerment increases performance in organizations, most studies have ignored the influence of power distance on this relationship, yet culture influences the way activities are conducted in every host country thereby determining the performance level.

Most researches in this field have devoted much attention to studying the relationship between empowerment and MNC performance as if there were a direct link between them. But, the direct relationship may only be possible in countries where there is low power distance culture especially, in the developed world like, North America, Britain, Germany and Canada (Earley, 1994; Henart and Larimo, 1998; Robert et al. 2000; Randolph et al. 2002). It would also appear that given the high power distance culture in the developing countries, the management techniques like empowerment might not likely succeed because of the gap between the top management and the lower level employees in terms of decision-making. The departure of this study from previous ones to the current is the inclusion of culture as a moderating variable in the relationship between empowerment and organizational performance.

## **Objectives**

To determine as to the nature or strength of the relationship between employee empowerment and performance of a multinational corporation is influenced by power distance and to establish whether there is a direct relationship between employee empowerment and multinational performance.

## **3.0 Materials and Methods**

### **3.1 Research Design**

This study used a cross-sectional research design that allowed the researcher to integrate empowerment research literature and the questionnaires as a main procedure to gather accurate, less bias data and increase the quality of data being collected (Cresswell, 1998; Sekaran, 2000). The interviews were conducted on employees (of the organizations under study) who hold management and non-management positions. Their opinions were sought about the nature of the relationships between the variables of interest namely, employee empowerment, and power distance and organizational performance. To determine the influence of power distance on the relationship between employee empowerment and MNC performance, multivariate analysis was used for the purposes of modeling the complex phenomena and relationships that exist between the variables.

This involved relating variables of study to find out the relationship amongst them. For the purposes of this study, the researcher established the link between employee empowerment and MNC performance as moderated by power distance in Kenya. Today, many scholars concur that employee empowerment leads to better MNC performance (Newman and Nollen, 1996, Argyris, 1998; Kaloki, 2001). But, this relationship cannot be considered in isolation. That is, the culture inherent in every host country will affect the operations of a multinational corporation positively or negatively.

### 3.2 Population of Study

The population of study comprised all employees working for the multinational corporations studied. A census technique was used since the number of multinational corporations in Kenya is fairly small. According to Hofstede (1980), this population was considered appropriate because it represented MNCs from both low and high power distance countries.

A list of MNCs operating in Kenya was obtained from the internet (2006) and was adjusted using a list from the Investment Promotion Council and the Nation Business Directory (2007). This yielded a total of 60 MNCs in Kenya, mainly foreign owned (Appendix II). Of these firms, 22 are from USA, 20 from UK, 6 from Japan, 2 from Switzerland, 3 from Germany, 2 from India, 1 from France, 1 from Canada, 1 from South Korea, 1 from Finland, and 1 from Sweden. All these MNCs were studied regardless of how long they have operated in Kenya.

### 3.3 Sample Size

#### 3.3.1 Sampling Design

The population of study comprised 60 multinational firms. Out of which, a sample size of 240 respondents from both high power and low power distance cultural backgrounds was required. For every organization, the researcher sent out four (4) questionnaires to be filled by four (4) employees (managers and non-managers) in every organization to show their levels of involvement in organizational decision-making. Out of the 60 MNCs under study, 39 of them filled and returned the questionnaires. This represented a response rate of 65% of the study population.

A stratified random sampling technique was used to select the respondents from each of the multinational corporations. Based on the respondents' position in the organization – (viz., managers and non-managers). The managers were those at the higher and middle levels of the hierarchy, i.e., top, middle and lower level managers while non-managers were those at the lower levels and included supervisors, clerks and secretaries. The stratification also considered the gender issue. That is, an equitable number of men and women were drawn where possible.

The researcher then used simple random sampling technique to draw up respondents from each stratum based on their original predetermined population numbers. The method is considered appropriate because it provided information from all the categories of employees in the organization. This method of sampling has been used in the previous studies with little bias reported (Chui, 2002). Selection of respondents for this study was obtained through the common formula suggested by several scholars (Sekaran, 2002) as stated in equation 1.

$$n = \frac{z^2 \times pq}{d^2} \dots\dots\dots(1)$$

where

n = the desired sample size (if the target population is greater than 10,000)

z = the degree of confidence which in this case was 95% confidence interval

p = stands for the population having the characteristic to be measured (there being no reasonable estimate of p = 50% or p = 0.5 was adopted to maximize the expected variance and ensure that the sample was large enough)

q = 1 – p (this stands for the population not having the characteristic which in his case was 0.5)

d = stands for the degree of accuracy required (in this case was set at 5%)

Since the target population for this study was less than 10,000, then a smaller sample size could be used without affecting the accuracy and this required an adjusted minimum sample size to be calculated as follows:

$$n' = n \dots\dots\dots(2)$$

$$1 + [n/N]$$

Where,  
 n' = the adjusted minimum sample size  
 n = is the minimum sample size already calculated above  
 N = is the total population

**3.4 Data Acquisition**

Primary data which covered information on employee empowerment and empowerment outcomes, host country culture, and non-financial measures of performance was collected. The non-financial measures included variables such as customer satisfaction, commitment to work, product reliability, faster decision-making processes, choice, impact, meaningfulness and power inequality. To ensure face validity of responses, the questionnaires were administered to the respondents through personal interviews, and where this was not applicable, the researcher used drop and pick method. Telephone interviews and personal visits were used as follow-ups.

A questionnaire (Appendix I) was used to collect primary data. It contained both structured and unstructured questions, and was divided into three parts. Part A asked questions about national culture (power distance and the extent to which power is distributed equally or unequally in organizations. Part B, asked questions about employee empowerment. A Likert scale ranging from 5-denoting to a great extent to 1-denoting not at all was used. The respondents were requested to rate the given statements that characterized their behaviour and attitudes towards the organization's level of employee empowerment. Finally, Part C asked questions about the perception of MNC performance. It required the respondents to rate the performance of their organizations in terms of non-financial measures (using perceptual measures like, product quality, customer satisfaction, and product reliability, response to customer needs, employee creativity and speed of decision-making). A 5 - point Likert scale showed the extent to which the employees agreed with the statements given, that ranged from 5 - denoting to a very great extent to 1 - denoting not at all.

The questionnaire was pre-tested with a sample of respondents in order to establish whether the questions therein measure the expected theorized variables in the conceptual framework at the end of the literature review. A pilot study on a few selected respondents was conducted to ascertain the clarity of the questions. The respondents were also asked to comment on the clarity and the amount of time it would take to fill one questionnaire. The final questionnaire was then adjusted on the basis of the findings of the pilot test and a final version was developed for study. The research assistants were deployed to conduct personal interviews to collect the data from the respondents.

**3.5 Reliability and Validity**

Reliability attests to the consistency and stability of the measuring instrument. The common internal consistency measure is the Cronbach's Alpha, given as in equation 3.

$$\alpha = \frac{N - r}{1 + (N - 1) \cdot r} \dots\dots\dots(3)$$

Where;  
 N = the number of components or items being tested  
 α = the extent to which a set of test items can be treated as measuring a single variable  
 r = the average of all correlation coefficients

Reliability does not however imply validity because while a reliable measure is measuring something consistently, it may not necessarily be what is supposed to be measuring. Therefore, test validity is prerequisite to test reliability because test validity is required before reliability can be considered meaningful in any way.

The instrument testing reliability used different numbers of scale items. That is, the study investigated the reliability of the independent (employee empowerment), the dependent (organizational performance and the moderating (power distance) variables. Cronbach's alpha was used to test the consistency of items in the scales. In this case, power distance was measured using 30 items, employee empowerment was measured using

17 items, and organizational performance was measured using 20 items. According to Nunally and Bernstein, (1994) a reliable variable should produce an alpha coefficient of 0.700 and above. Employee empowerment was used as the independent variable, power distance as the moderating variable and organizational performance as the dependent variable.

Validity is a mechanism that ensures that process implemented to collect data has collected the intended data accurately. That is, it refers to the extent to which an empirical measure adequately reflects the real meaning of the variable under investigated. In this study, validity of the measurement instruments was established using expert judgement. That is, a group of knowledgeable and experienced researchers examined the instruments and confirmed that they appeared capable of measuring what they were designed to measure.

#### 4.0 Results and Discussion

The reliability of the instrument was tested and yielded correlation coefficients scores for employee empowerment, power distance and non-financial measures of performance as 0.700, 0.790 and 0.875 respectively as shown in Table 1.

Table 1: Results of tests of reliability

Variable	Statements Measuring the Variables	Reliability (Cronbach's Alpha)
Employee empowerment	20	0.933
Power Distance	30	0.700
Non-financial Measures	17	0.875

#### 4.1 Descriptive Statistics

Table 2 shows the mean, standard deviation and the Pearson correlations for the variables under study. The mean values of each variable ranges between 3.01 and 4.03, indicating that the level of employee empowerment and empowerment outcomes (organization commitment, job autonomy and job satisfaction) are high. The correlation coefficients between the independent variable (employee empowerment, empowerment outcomes), the moderating variable (power distance), and the dependent variable organization performance were less than 0.90, indicating the data are not affected by a serious co-linearity problem (Hair *et al.*, 1998). These correlations also provided further evidence of validity and reliability for measurement scales used in this research.

Table 2: Descriptive statistics and Pearson correlations

Variables	Mean	Std. Dev	Power distance (Culture)	Employee empowerment
Power distance (Culture)	3.0119	.29504	1	
Employee empowerment	3.8031	.49601	-.026	1
Organizational performance	3.7710	.39905	.199(*)	.530(**)

\*\* Correlation is significant at  $p < 0.01$  (2-tailed),  $N = 160$

\* Correlation is significant at the  $p < 0.05$  level (2-tailed),  $N = 160$

The results indicate that power distance variable has a mean score of 3.012; this implies that the selected firms on average have moderate power distance. Employee empowerment variable has a mean score of 3.803 which implies that the firms practice employee empowerment to a great extent while organization commitment is at 3.590 also implying commitment to a moderate extent. Job autonomy was also present to a great extent with a mean score of 4.026 while job satisfaction had a mean score of 3.446.

#### 4.2.1 Relationship between Employee Empowerment and MNC Performance as Moderated by Power Distance

Table 3 shows the relationship between employee empowerment (independent variable) and MNC

performance (dependent variable). The table indicates that employee empowerment determines 36.9 per cent ( $R^2 = 0.369$ ,  $p < 0.01$ ) of the variation in the dependent variable which is significant at 0.05. Although the model did not explain a larger proportion of the variation in MNC performance, the data showed a moderately good fit ( $r = 0.608$ ,  $p < 0.01$ ) relationship between the independent and the dependent variable. It appears that 63.1 percent of variations are not explained by the factors in the study. According to Guilford's interpretative model,  $r = 0.608$  shows a moderate correlation, remarkable or substantial relationship between employee empowerment and MNC performance.

*Table 3: Regression Analysis for the relationship between Empowerment and MNC Performance*

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate	Change in F Ratio				
					Change in R <sup>2</sup>	F Change	df1	df2	Sig. of Change in F
1	.530(a)	.281	.276	.33954	.281	61.623	1	158	.000
2	.608(b)	.369	.361	.31897	.089	22.026	1	157	.000

Dependent variable: MNC performance

To examine the moderating effect of power distance on the relationship between employee empowerment and MNC performance, the researcher used a moderated multiple regression to establish the interaction effects. To achieve this, it was assumed that variable Z (Power distance) is the moderating variable between X (employee empowerment) and Y (MNC performance) and that this relationship depends on the value of Z. In this case, it involved a regression equation that included Y as a criterion variable and X and Z as predictor variables. It also included a third predictor variable consisting of Z\*X (a product term) which explains the moderating effect of power distance (Z) on the relationship between employee empowerment and MNC performance. This is consistent with the suggestion by Aquino and Pierce (1999).

After entering the proposed main effects into the equation, the multiplicative terms were added. The regression weights for the multiplicative terms were then examined for significance. Table 5 showed that there is a significant relationship between MNC performance ( $\beta = 1.974$ ,  $p < 0.01$ ) and the interaction term, suggesting that performance increases by 21 percent for every unit change in employee empowerment. This implies that power distance moderates the relationship between employee empowerment and MNC performance as show in Table 4.

*Table 4: Influence of Power Distance on the relationship between Empowerment and MNC Performance*

Model	Variables	Std. Error	Standardized Coefficients (Beta)	t
1	(Constant)	0.208	2.150	10.328
	Employee Empowerment	0.054	0.530	7.850
2	(Constant)	0.199	1.974	9.910
	Employee Empowerment	0.055	0.404	5.868
	Power Distance of Parent Company	0.067	0.323	4.693

Dependent Variable: MNC performance  
Significant at 0.05 levels



The results of the moderated multiple regression analysis support hypothesis 1 that power distance influences the relationship between employee empowerment and MNC performance where the standardized regression coefficient for the product term which carries information about the interaction between employee empowerment and MNC performance is not equal to 0 (i.e.  $\beta \neq 0$ ) but is equal to 0.404 which is significant at  $p < 0.01$ . This indicates the presence of a moderating or interaction effect and is consistent with the interpretation made by Cohen & Cohen (1983). These results confirm hypothesis 1 that the strength of the relationship between employee empowerment and MNC performance in a host country is influenced by power distance. This leads to the conclusion that power distance moderates the relationship between employee empowerment and organizational performance ( $\beta \neq 0$ ). This demonstrates that the strength of the relationship between the two variables has been affected by power distance.

According to the results of the test of hypothesis 1 ( $r = 0.608, < 0.01$ ), there is a moderate relationship between employee empowerment and MNC performance. Therefore hypothesis 1,  $r^2$  (0.369) gives the amount of variance in the dependent (MNC performance) variable explained by the independent variable (employee empowerment). This implies that there is 36.9% variation in MNC performance explained by employee empowerment variable. It further explains that 63.1 percent of the variations in MNC performance are not explained by the model.

#### 4.3.2 Relationship between Employee Empowerment and MNC Performance

Hypothesis 2 tested the direct relationship between employee empowerment and MNC performance. Pearson correlation analysis was used to test this hypothesis. The results in table 6 show that empowerment and performance are related. That is, employee empowerment is related to firm performance. The magnitude of the correlation coefficient implies a moderate relationship ( $r = 0.643, p < 0.01$ ) between employee empowerment and firm performance as shown in the table.

Table 5 indicates that in low power distance cultures, the correlation coefficient score for the relationship between employee empowerment and MNC performance is higher ( $r = 0.643, < 0.01$ ) than in high power distance cultures ( $r = 0.366, p < 0.01$ ).

Table 5: Power distance and relationship between empowerment and MNC performance

Power distance of Parent company	Variables	Employee empowerment	Organizational performance
Low	Employee empowerment	1	.643(**)
	Organizational performance	.643(**)	1
High	Employee empowerment	1	.366(**)
	Organizational performance	.366(**)	1

\*\* Correlation is significant at  $p < 0.01$  level (2-tailed) H:  $n = 34$ : L:  $n = 126$

This conforms to literature where researchers like Argyris (1998), Eylon and Au (1999) and Robert et al. (2000) reported that employee empowerment is higher when the management practices of a firm are consistent with the local cultures. The results of this analysis is consistent with literature that employee empowerment leads to higher firm performance. But when power distance is high then the MNC performance will be lower ( $r = 0.366$ ) as suggested in Table 6.

From the analysis, the researcher can conclude that employee empowerment leads to favourable MNC performance. This is only possible in countries that experience low power distance cultures (Western countries). It is evident that a host country culture will likely affect firm performance in a foreign country. Therefore firms operating in different cultural backgrounds must adhere to the cultural practices inherent in these countries. Despite this difference, employee empowerment has been found to be crucial in the success of firms. And that is, whether in high or low power distance cultures, the empowerment practice remains crucial.

## References

- Argyris, C. (1998). Empowerment: The Emperor's New Clothes," *Harvard Business Review*, Vol. **76**.
- Blunt, P. and Jones, M. (1986). "Managerial Motivation in Kenya; A cross-cultural Comparison," *Journal of African Studies*, Vol. **24**(1).
- Bowen, D. E. and Lawler, E. E. (1995). Empowering Service Employees," *Sloan Management Review*, Vol. **36**(4).
- Chiu, C. K. W. (2002). Do Types of Economic Ownership Matter in Getting Employees to Commit? An exploratory study, In the Peoples Republic of China," *International Journal of HRM*, Vol. **13**(6).
- Cohen, J. (1983). Work Commitment in Relation to withdrawal Intentions and Union Effectiveness," *Journal of Business Research*, Vol. **26**.
- Conger, J. A. and Kanungo, R. N. (1988). The Empowerment Process: Integrating Theory and Practice, *Academy of Management Review*, Vol. **13**.
- Cresswell, J. W., (1998). Qualitative inquiry and research design: Choosing among Five traditions, London: SAGE Publications.
- Denison, D. R. and Mishra, K. (1995). Towards a History of Organizational culture and Effectiveness, *Organizational Science*, Vol. **6**.
- Earley, P.C. (1994). Self or Group? Cultural Effects of Training on Self-Efficacy and Performance, *Administrative Science Quarterly*, Vol. **39**.
- Eylon, D. and Au, K. Y. (1999). Exploring Empowering Cross-Cultural Differences along the Power Dimension, *International Journal of Inter-cultural Relations*, Vol. **23**.
- Gomez-Mejia, L.R. and Palich, L.E. (1997). Cultural Diversity and the Performance of Multinational Firms, *Journal of International Business Studies*, Vol. **28**.
- Hardy, C. and Leiba-O'Sullivan, S. (1998). The Power Behind Empowerment: Implications for research and Application," *Human Relations*, Vol. **51**.
- Hennart, J. F. and Larimo, J. (1998). Impact of Culture on the strategy of the Multinational Enterprise; Does national Origin Affect Ownership Decisions? *Journal of International, Business Studies*, Vol. **29**(3).
- Hofstede, G. (1980). Culture's Consequences: International Differences in Work-Related Values, Sage Publications, Thousand Oaks, California.
- Hopson, B. and Scally, U. (1981). *Life Skills Teaching*, Mc Graw-Hill, College Division, New York.
- Hui, M. K., Au, K. and Fock, H. (2004). "Empowerment Effect Across Cultures, *Journal of International Business Studies*, Vol. **35**(1).
- Kaloki, P. K. K. (2001). Job Satisfaction as a Function of Cultural Beliefs, Expectations and Goals: A Study of Employees of Foreign-owned Firms in Kenya: Unpublished Doctoral Thesis, Faculty of Commerce, University of Nairobi.
- Kuada, J. E. (1994). Managerial Behaviour in Ghana and Kenya: A Cultural Perspective.
- Lawler, E. (1992). The Ultimate Advantage, Jossey – Bass, San Francisco.
- Li, J. and Guisinger, S. (1992). The Globalization of Service Multinational in the 'Triad' Regions: Japan, Western Europe and North America, *Journal of International Business Studies*, Vol. **23**.

- Liden, R. C., Wayne, S. J. and Sparrowe, R. T. (2000). An examination of the Mediating Role of Psychological Empowerment on the Relations between the Job, Interpersonal Relations and the Work Outcomes, *Journal of Applied Psychology*, Vol. **83**(3).
- Luo, Y. and Peng, M.W. (1999). Learning to compete in A Transition Economy: Experience, Environment, and Performance, *Journal of International Business Studies*, Vol. **30**.
- Miller, D. L. (1994) "The Honourable Picnic: Doing Business in Japan, *Harvard Business Review*, Vol. **16**.
- Newman, K. L. and Nollen, S. D. (1996). "Culture and Congruence. The Fit between Management Practices and National Culture," *Journal of International Business Studies*, Vol. **27**(4).
- Nzelibe, C. (1986). The Evolution of African Management Thought, *International Studies of Management*, Vol. **16**(2).
- Pfeffer, J. (1994). *Competitive Advantage Through People*, Boston, Harvard Business School Press.
- Randolph, W. A. (2000). Re-Thinking Empowerment: Why is it so Hard to Achieve? *Organizational Dynamics*, Vol. **29**(2).
- Randolph, W. A., Sashkin, and Marshall (2002). Can organizational Empowerment Work in Multi-National Settings? *Academy of Management Executives*, February, Vol. **16**.
- Robert, C., Probst, T. M. Martocchio, J. J. Drasgow, F. and Lawler, J. J. (2000). Empowerment and Continuous Improvement in the United States, Mexico, Poland, and India: Predicting Fit on the Basis of dimensions of power distance and Individualism, *Journal of Applied Psychology*, Vol. **85**.
- Sekaran, U., (2002). *Research methods for business: A skill building approach*. New York: John Wiley and Sons, Inc.
- Tihanyi, L., Griffith, D. A. and Russell, C. J. (2005). The Effect of Cultural Distance on Entry Mode Choice, International Diversification, and MNE Performance: A Meta-Analysis, *Journal of International Business Studies*, Vol. **36**, February.
- Thomas, K. W. and Velthouse, B. A. (1990). Cognitive elements of Empowerment: An 'Interpretive' Model of Intrinsic Task Motivation," *Academy of Management Review*, Vol. **15**.
- Tung, R. L. and Miller, L. (1990) "Managing in the 21<sup>st</sup> Century: The Need for Global Orientation," *Management International Review*, Vol. **30**.
- Vogt, J. F. and Murrell, K. L. (1997). *Empowerment in Organizations: How to Spark Exceptional Performance*, S. Chand and Company Ltd., Ram Nagar, New Delhi.