

# Power distance and CEO legitimacy: Exploring international employees' perceptions in a Dutch software company

Master Thesis Strategic Management – Shabnam Akhtary



**Name:** Shabnam Akhtary

**Student number:** s4698274

**Date:** 17-06-2024

**Master:** Master Business Administration – Strategic Management

**Supervisor:** dr. P.E.M Ligthart

**Second reader:** dr. ir. S. Witjes

## Abstract

In light of the ongoing globalization of the business world, the Netherlands has become a destination of choice for many international employees seeking to work abroad. Many international employees now work within Dutch companies. However, cultural differences, such as the individual values held about power distance in the workplace, can sometimes give rise to sources of tension. The objective of this study was to examine how international employees perceive the legitimacy of a Dutch CEO, taking into account the contrasting cultural values regarding power distance. A qualitative study was conducted for the purposes of this research. A total of nine international employees working in a Dutch software company were interviewed for this study. The most significant aspects influencing the perception of the CEO's legitimacy among international employees were collaborative decision-making, openness, the informal image of the CEO, socio-emotional support, and open door policy. These aspects were considered in light of the cultural differences between international employees and the Dutch CEO with regard to power distance. The findings indicated that, contrary to expectations, international employees granted the Dutch CEO a considerable degree of legitimacy, particularly in relational areas such as trustworthiness and interpersonal respect.

*Keywords: leadership legitimacy, power distance, power distance orientation, PDO, cultural differences in the workplace*

## Table of contents

|   |    |
|---|----|
| Abstract.....   | 2  |
| Chapter 1: Introduction .....   | 5  |
| 1.1 Problem statement .....   | 5  |
| 1.2 Theoretical- and societal relevance .....                         | 7  |
| 1.3 Thesis outline .....  | 8  |
| Chapter 2: Theoretical framework.....                                 | 9  |
| 2.1 Leader legitimacy .....   | 9  |
| 2.2 Power distance orientation (PDO) .....                            | 12 |
| 2.3 The relation between PDO incongruence and leader legitimacy ..... | 14 |
| Chapter 3: Methodology .....  | 17 |
| 3.1 Research design .....   | 17 |
| 3.2 Data collection .....   | 17 |
| 3.2 Case study.....   | 18 |
| 3.3 Data analysis .....   | 19 |
| 3.4 Research ethics.....  | 19 |
| Chapter 4: Results.....   | 20 |
| 4.1 Power distance orientation (PDO) .....                            | 20 |
| 4.2 Leader legitimacy .....   | 21 |
| 4.2.1 Proposition .....   | 21 |
| 4.2.2 Relevant interview quotes.....                                  | 21 |
| 4.3.3 Process aspects.....  | 23 |
| 4.3.4 Discussing the proposition.....                                 | 27 |
| Chapter 5: Conclusion.....  | 28 |
| Chapter 6: Discussion .....   | 30 |
| 6.1 Theoretical implications.....                                     | 30 |
| 6.2 Managerial implications.....                                      | 31 |
| 6.3 Ethical reflection .....  | 31 |
| 6.4 Limitations .....   | 32 |
| References .....  | 33 |
| Appendix 1: Operationalization.....                                   | 36 |
| Appendix 2: Interview guide.....                                      | 38 |

|  |    |
|--|----|
| Appendix 3: Interview transcripts..... | 40 |
| Appendix 4: Coding schemes .....       | 41 |

# Chapter 1: Introduction

## 1.1 Problem statement

According to Hofstede (1980), the concept of power distance is defined as the degree to which individuals in organizations and societies accept and expect inequalities in relation to power and status. The degree of power distance varies per country and a distinction is made between high power distance and low power distance countries. In high power distance countries (e.g. China, Egypt, and Malaysia) the dominant idea is that there should be an order of inequality in which everybody has a rightful place within society (Hofstede, 1983). Leaders should look as powerful as possible and they are entitled to certain privileges. Furthermore, in such high power distance countries it is common for a few people at the top to be independent and everyone else to depend on them. In contrast to high power distance countries, Hofstede (1983) argues that in low power distance countries (e.g. the Netherlands, Austria, and Costa Rica) it is desirable that power inequality should be minimized as much as possible. The prevailing view in such countries is that everyone should have equal rights, and leaders should not flaunt their power but adopt a more modest attitude. Moreover, the preference in such societies is that everyone should be interdependent on each other.

The relationship between power distance and leadership is not only present within political contexts on a national level, but within organizations and businesses as well where cultural influences are just as relevant. Within this context, research is mainly done on the individual power distance orientation (PDO) of leaders and employees. PDO refers to the individually held values about power distance and can be divided into high and low categories (Adamovic, 2023). For instance, individuals who exhibit a high PDO tend to perceive authority figures as superior and as occupying a distinct, elevated position above others. Consequently, they tend to accept and anticipate a power difference between leaders and employees.

In the context of a globalized business world, it is not uncommon for leaders and employees to hold opposing values regarding power distance, which is referred to as PDO incongruence. Countries with strong economies, like the Netherlands, attract many international employees, including employees from high power distance countries. A report by Decisio (2022) shows that there are over 700,000 international employees in the Netherlands, with this figure increasing annually. Cultural differences could cause a PDO incongruence in some Dutch companies that attract international employees, as the international employees in many cases have a higher PDO than the (Dutch) superiors. There is a possibility that these cultural differences can be problematic. For example, it has already been stated by Graham,

Dust, and Ziegert (2018) that PDO incongruence leads to relationship conflict between leaders and employees due to a lack of mutual understanding of expectations. This raises the question of how this PDO incongruence might affect the perceived legitimacy of the leader, which is defined as “the generalized perception that a leader's actions are desirable and adequate, in effect rendering the person's leadership as appropriate and acceptable” (Suchman, 1995, p. 574). This lack of mutual understanding could result, for example, result in international employees failing to perceive a leader from the Netherlands as a legitimate authority. According to Keyes, Hysom & Lupo (2000), it is important for leaders to have high perceived legitimacy because it leads to increased productivity, profitability, employee retention and loyalty, which makes it important to conduct research on this subject.

In this study, the issue described above is investigated at a Dutch software company<sup>1</sup>. The company's focus is primarily on the international market and, as a result, it attracts a large number of international employees from high power distance countries. There is a PDO incongruence in this company as the Dutch CEO has a low PDO. It is valuable to examine how the high-PDO international employees perceive the legitimacy of the CEO of this company considering their PDO incongruence, as this can provide important insights. For example, if they perceive the Dutch CEO who has a low PDO as less legitimate, the CEO could take this into account. To investigate how the international employees perceive the legitimacy of CEO of this company, the following research question has been formulated:

“How do the international employees, originating from high power distance countries, perceive the legitimacy of the Dutch CEO, considering the PDO incongruence?”

This research question is subdivided into three sub-questions:

1. What are the PDO's of the international employees?
2. In what way does the PDO incongruence between the international employees and the Dutch CEO have an impact on the perceived legitimacy of the CEO?
3. How do employees deal with potential problems that may arise with regard to the legitimacy of the CEO?

The first sub-question is important, as each individual is different. To gain a comprehensive understanding of their perceptions, it is crucial to conduct an accurate assessment of their PDO.

---

<sup>1</sup> The case is explained in more detail in Chapter 3 (Methodology).

## 1.2 Theoretical- and societal relevance

As mentioned earlier, it has already been stated by Graham et al. (2018) that PDO incongruence leads to relational conflict between leaders and employees due to a lack of mutual understanding of expectations, which in this study raises the question of how PDO incongruence affects the perceived legitimacy of the Dutch CEO. The fact that relational conflict could potentially arise may be an indication that the CEO's legitimacy is negatively affected. It must be acknowledged, however, that this cannot be determined with certainty, as the concept of leader legitimacy encompasses additional factors that extend beyond the scope of relational conflict. In addition to the relational dimension, the concept of leader legitimacy encompasses a much broader scope, with instrumental, moral, and charismatic factors identified as other important determinants (Sidani & Rowe, 2018).

A review of the literature indicates several potential reasons for why the international employees with a high PDO may be less likely to perceive the leadership of the Dutch CEO as legitimate. For instance, an informal image and an excessive degree of openness on the part of the low-PDO leader, in conjunction with a collaborative managerial style, could be perceived as inappropriate and incompetent actions by high-PDO employees (Adamovic, 2023; Hofstede 2001). On the other hand, PDO incongruence could actually lead to more employee well-being (Vidarthi, Anand, & Liden, 2014). A more detailed analysis of this can be found in chapter 2.3. It is evident that there is a degree of uncertainty surrounding this matter, which necessitates further investigation into the manner in which employees respond to this situation. Although both pro and con arguments can be identified within literature in relation to this issue, it appears that the majority of arguments indicate that PDO incongruence may result in reduced CEO legitimacy. However, further investigation is required to substantiate this proposition. The objective of this study is to fill this gap within the existing literature.

In addition to a scientific relevance, this research also has a societal relevance. The research will demonstrate how international employees with a high PDO view the legitimacy of the Dutch CEO, who has a low PDO. These new insights could, for example, allow the CEO to gain a deeper understanding of international employees and reduce existing uncertainties regarding how to deal with cultural differences. These insights could also be important for other companies that have a similar situation and possibly lead to an easier integration of international employees into the Dutch work culture.

### 1.3 Thesis outline

The outline of this thesis is as follows, chapter 2 provides the theoretical framework in which the concepts of leader legitimacy and PDO are explained on the basis of the existing literature.

Chapter 3 describes the methodology of this research, including research strategy, data collection and analysis, and research ethics. Chapter 4, will discuss the results. Furthermore, the conclusion, which will be described in chapter 5, answers the research question. Lastly, in chapter 6, the discussion will be described, which consists of the theoretical- and practical implications, limitations, proposals for future research, and ethical reflection.

## Chapter 2: Theoretical framework

This chapter is based on existing literature and explains the two concepts of 'leader legitimacy' and 'PDO'. These are the two main concepts in this study and therefore it is crucial to explain them more in depth. Furthermore, section 2.3 explains how these two concepts are related to each other.

### 2.1 Leader legitimacy

As this study focuses on the employee's perception of the leader, it is first necessary to understand the mechanisms of the follower-leader relationship, which is discussed in the article of Scandura & Meuser (2022). This article makes a clear statement, namely, people don't quit jobs, they quit bosses. A significant finding was that a good relationship between the employee and their leader is important for the employees' organizational support (Eisenberger, Rockstuhl, Shoss, Wen, & Dulebohn, 2019). Furthermore, the manner in which the leader perceives himself in relation to his employees is an significant aspect of the leader-employee relationship. A conservative view of the relationship between a leader and their employees assumes that the latter are docile and manipulable. In this case, the distance between the leader and the employee is considerable, and from the perspective of the leader, his authority is required to exercise power (Kipnis, 1976). Cantril (1958) offers an alternative view on this and argues that leaders should also consider the perspectives of the employees and address this in an intuitive manner. In addition, the article by Scandura & Meuser (2022) emphasizes the importance of having legitimacy as a leader, as this has a profound impact on the employees' perceptions of the leader and the group's overall performance.

Within the field of organizational studies, Sidani and Rowe (2018) explained the concept of leader legitimacy. They used Suchman's (1995) definition, which is "the generalized perception that a leader's actions are desirable and adequate, in effect rendering the person's leadership as appropriate and acceptable" (p. 574). Furthermore, they define legitimacy as the belief that leaders are worthy of directing followers' behaviors and seeking their compliance. Although the research of Sidany & Rowe (2018) is strongly based on previous social psychological research, it is still very applicable in the field of organizational studies. After all, the borrowing and application of concepts and theories from other disciplines, such as psychology or political science, is a common practice in organizational research (Whetten, Felin, & King, 2009).

According to Sidani & Rowe (2018), there are three dimensions that encompass the concept of perceived leader legitimacy. These dimensions provide a framework for assessing the legitimacy of a leader from the perspective of their employees. Firstly, there is the instrumental dimension, which refers to the manner in which employees grant legitimacy to leaders by assisting them in advancing their own interests (Sidani & Rowe, 2018). The element on which the instrumental assessment is based is outcome favorability. According to Brockner & Wiesenfeld (1996), this mainly consists of the economic and social resources that employees receive. Examples of economic and social resources are pay rise, work arrangement, and growth opportunity (Sun, Chow, Chiu, & Pan, 2013).

Furthermore, the concept of legitimacy also encompasses the relational dimension. This explains that an employee grants the leader legitimacy when he is treated well and his identity is promoted by the leader through respect and status within a relevant group (Sidani & Rowe, 2018; Tyler, 1997). According to Tyler (1997) the relational judgment is based on three elements: (1) trustworthiness, (2) interpersonal respect, and (3) neutrality. Trustworthiness refers to the extent to which a leader demonstrates care for the needs of their employees and considers their arguments. The interpersonal respect that employees feel as a result of how they are treated is a significant factor in how they react to their leader. This feeling is reinforced when employees are treated with politeness, dignity, and respect, and when they are treated with respect for their social standing within the organization (Tyler, 1997). The third element, neutrality, is concerned with employees' desire for a level playing field in which no one is unfairly advantaged. Employees assess whether the leader is honest and impartial in decision-making procedures, and whether he uses facts instead of personal opinions (Tyler, 1997).

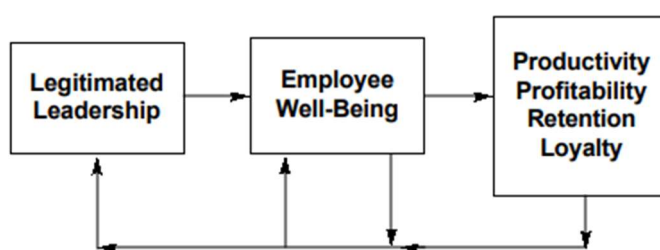
Moreover, the moral dimension has been mentioned as another factor of leader legitimacy. When the employees believe that their leader is displaying what they consider to be the right thing to do, they are more likely to view the leader as legitimate (Sidani & Rowe, 2018). However, there is no universal code of ethics that leaders must adhere to. Rather, there is a certain "moral space" that both the leader and the employees agree on. In other words, moral legitimacy is achieved when there is value congruence. To illustrate this, the authors used the example of Mother Teresa, and they explained how religious people granted her moral legitimacy because of her devotion to religion, which in this case led to value congruence.

To gain an even more comprehensive understanding of leader legitimacy, it is also important to consider the charismatic dimension in addition to the instrumental, relational, and moral dimensions. Charismatic legitimacy is defined as "the ability to provide a compelling vision of the future for followers and their organization, to attract followers who attribute the leader with extraordinary abilities and who share his or her vision, and to use the vision to

facilitate effective follower performance” (O'Connor, Mumford, Clifton, Gessner, & Connelly, 1995, p. 530). DeCelles & Pfarrer (2004) have discussed the different elements of charismatic leadership, based on an examination of existing literature. In this article, a total of three elements are mentioned: (1) self-confidence, (2) behavioral traits, and (3) image building. Self-confidence refers to the extent to which leaders are confident in their own beliefs, abilities, actions, and the strength of their conviction about their ideas. In addition to this, self-confident leaders have a strong vision or mission orientation (Kanungo & Conger, 1992). A leaders' self-confidence can have a positive impact on the motivation and performance of their employees (Conger, 1999). Furthermore, DeCelles and Pfarrer (2004) stated that behavioral traits that can lead to charismatic legitimacy include the amount of enthusiasm and energy a leader radiates. According to Kirkpatrick & Locke (1996), these traits can facilitate the effective communication of a leader's mission to their employees, exciting them to engage with it. Finally, DeCelles and Pfarrer (2004) mentioned that image building is also used to gain charismatic legitimacy. The authors cite the article by Conger (1999), which argues that charismatic leaders shape and reinforce their image of confidence, capability, and power through the presentation of symbols of power and success.

The article by Keyes, Hysom, & Lupo (2000) on the "positive organization" emphasizes the importance of leader legitimacy for a high degree of employee well-being. They have developed a theoretical causal model of the positive organization based on the findings presented in their article (see figure 1). It is anticipated that employees who have leaders with a high degree of legitimacy will have a higher degree of well-being, as they will feel empowered. The enhanced well-being of employees will subsequently result in a greater legitimacy of the leader, forming a positive feedback loop. The causal model also indicates that employees with a higher degree of well-being are more effective and less likely to resign, which ultimately leads to an overall better performance of the organization. Organizations that perform better in turn lead to a better well-being of employees, as they provide their employees with a sense of personal growth and purpose.

Figure 1: Theoretical causal model of the positive organization (Keyes et al., 2000)



## 2.2 Power distance orientation (PDO)

In his research, Hofstede (2001) focused on the manner in which power distance is expressed within organizations. He has discussed the implications of power distance on organizational structures, managerial authority, the relationship with supervisors, and other issues, as outlined in Figure 2.

*Figure 2: Implications of power distance (Hofstede, 2001)*

| Type of work activity         | High power distance   | Low power distance   |
|-------------------------------|---|--|
| Organizational structures     | <ul style="list-style-type: none"> <li>• Very centralized</li> <li>• Tall hierarchies with clear levels of managers and subordinates</li> </ul>   | <ul style="list-style-type: none"> <li>• Flat organizational hierarchies</li> <li>• Decentralized structures</li> </ul>  |
| Managerial authority          | <ul style="list-style-type: none"> <li>• Concentration of authority at the top</li> <li>• Managers rely on formal rules to manage</li> <li>• Authoritative managerial style and decision making</li> </ul>      | <ul style="list-style-type: none"> <li>• Dispersed authority</li> <li>• Managers rely on personal experience</li> <li>• More consultative or collaborative forms of decision making</li> </ul>     |
| Relationship with supervisors | <ul style="list-style-type: none"> <li>• Subordinates expect to be told what to do</li> <li>• Perfect boss is seen as one who is an autocrat</li> <li>• Information sharing constrained by hierarchy</li> </ul> | <ul style="list-style-type: none"> <li>• Subordinates often expected to be consulted</li> <li>• Ideal manager is seen as a democratic leader</li> <li>• Openness to sharing information</li> </ul> |
| Other issues                  | <ul style="list-style-type: none"> <li>• Wide salary gap between top and bottom of organization</li> <li>• Managers often feel underpaid and dissatisfied with careers</li> </ul>                               | <ul style="list-style-type: none"> <li>• Low salary gap between top and bottom of company</li> <li>• Managers feel paid adequately and are satisfied</li> </ul>                                    |

The study by Hofstede (2001) has been taken as a starting point by other scholars for investigating power distance at an individual level, which is referred to as power distance orientation (PDO). PDO is defined as “the individually held values about power, hierarchy, prestige, conflict with authority, and social distance in the workplace. It guides an individual’s feelings, thoughts, and behaviors related to power and status issues in the workplace and plays an important role to understand interactions between leaders and employees.” (Adamovic, 2023, p. 1). This definition, which is focused on the individual level of analysis, will also be used in this study as it fits the context. In his research, Adamovic (2023) has proposed a new

conceptualization of PDO, despite the fact that a multitude of different conceptualizations already exist for this concept. According to Adamovic (2023), the necessity for this new conceptualization arises from the fact that the dimensions used in other studies failed to include all the crucial factors. This new multidimensional construct consists of the following five dimensions: power, conflict with authority figure, hierarchy, prestige, and social distance between leaders and employees (Adamovic, 2023). The following section will present an explanation of the various dimensions as discussed in Adamovic's (2023) article.

The first dimension, power, is defined as the extent to which an employee accepts power differences in the workplace. According to Taras, Roney, & Steel (2009), employees have a high PDO when they anticipate that leaders will not engage them in decision-making processes. This is because they expect the leaders to provide guidance to them. In contrast, employees with a low PDO do not anticipate a large power distance between them and the leader and expect their opinions and ideas to be asked (Rao & Pearce, 2016). The extent to which employees expect to be involved in decision-making is the most important indicator for this dimension.

The second dimension that is identified is 'conflict with authority figure'. It is uncommon for employees with a high PDO to express criticism or challenge the leader, as they fear that such an attitude may be perceived by the leader as an attack on his status (Li & Sun, 2015). In contrast, employees with a low PDO are more likely to challenge their leader when they disagree. It can be stated that the extent to which an employee is accustomed to showing disagreement with their leader is a key factor determining this dimension.

The third dimension, hierarchy, has been mentioned as an important factor of PDO, but according to Adamovic (2023) no clear distinction has ever been made between hierarchy and power. According to Kirkman, Lower, and Gibson (2006), an organization is hierarchical when it has a centralized structure. It can be posited that employees who are accustomed to such a structure have a high PDO and, whereas employees who are not accustomed to it exhibit a low PDO.

The fourth dimension which is mentioned by Adamovic (2023) is prestige. Leaders with a high PDO are driven to obtain status symbols to enhance their prestige and perceived authority. According to Schwartz (1992) such leaders desire to dominate resources and employees, thereby receiving authority, wealth, and social power. Employees with a high PDO are accustomed to the existence of status differences between employees and leaders. In contrast, employees with a low PDO anticipate equal treatment regardless of how much status the leader has.

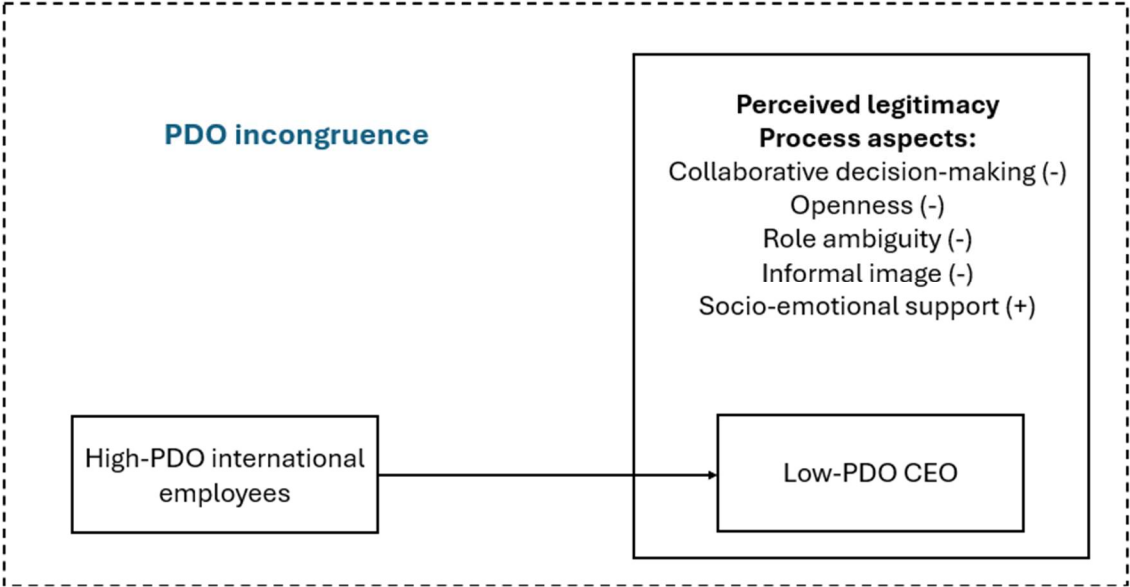
Finally, the fifth dimension of PDO is 'social distance'. Leaders who have a high PDO are unwilling to engage in social interactions with employees, as they feel superior to them. Such

leaders believe that they should only have social interactions with individuals of a similar power and status. Employees with a high PDO are likely to anticipate and sometimes even prefer such a distance, as it gives them greater autonomy (d'Iribarne (1997). In contrast, employees with a low PDO expect everyone to be treated equally, and that this should also be reflected in social interactions, in which individuals with a high status also socialize with employees lower in the hierarchy (Hampden-Turner & Trompenaars, 2020).

### 2.3 The relation between PDO incongruence and leader legitimacy

The description presented in this section is also illustrated in Figure 3 (see below). This study investigates how international employees perceive the legitimacy of the CEO. The international employees exhibit a high PDO, whereas the Dutch CEO exhibits a low PDO, resulting in a PDO incongruence (shown in blue in Figure 3). A comparison of the literature on leader legitimacy and PDO allows for the prediction of a number of aspects that could potentially play either a contributing (+) or a mitigating (-) role in the perceived legitimacy of the CEO, considering the variations in PDO's. These process aspects are depicted in Figure 3 and described in greater detail below.

Figure 3: Relation between PDO incongruence and leader legitimacy



A review of the literature indicates several potential reasons for why employees with a high PDO may be less likely to perceive the leadership of a low-PDO CEO as legitimate. High PDO employees are typically accustomed to an authoritative managerial style, whereby they are not

consulted in decision-making processes. In contrast, low-PDO leaders adopt a more collaborative style of leadership and want to involve employees in decision-making, as observed by Hofstede (2001). However, high-PDO employees may perceive this as undesirable or uncomfortable, opting instead for clear instructions regarding the required actions rather than participating in the decision-making processes directly (Javidan, House, Dorfman, Hanges, & De Luque, 2006). Similarly, as Hofstede (2001) stated, low PDO leaders tend to be more inclined to openly share (sensitive) information with employees. It is possible that employees may perceive such an action by the CEO as inadequate or inappropriate, as they might prefer to focus on their own specific tasks and to avoid being overly informed about sensitive company issues. Additionally, as Adamovic (2023) points out, low-PDO leaders often do not place a high value on creating a powerful image to enhance their authority. To the international employees, such an informal CEO may appear less competent due to the lack of a powerful image, which may give the person less charismatic legitimacy.

Furthermore, when there is a discrepancy between the expectations of the leader and those of the employees, it is often unclear to the employees what their role is and what is expected of them. For instance, as posited by Hofstede (2001), employees exhibiting a high PDO tend to anticipate a more structured approach from their leader, who is expected to adhere to established norms and regulations. In contrast, a low PDO leader is more flexible in this regard, and due to the flat organizational structure, expects, for example, employees to proactively seek opportunities for personal growth within the company. Such a situation could cause misunderstanding and frustration, and the international employees might perceive this as an obstacle to their personal ambitions, leading them to provide less instrumental legitimacy to the CEO. It can be argued that the misunderstanding is a consequence of the employees being unable to identify their specific responsibilities (Graham et al., 2018). These kinds of misunderstandings may subsequently result in a lower quality of personal interaction between employee and leader, which could in turn give rise to a relationship conflict (Graham et al., 2018). This is characterized by feelings of tension, annoyance, and frustration (Graham et al., 2018). In addition, the high degree of ambiguity can also result in the international employees experiencing job strain, which could have a negative impact on their well-being (Richard, Triana, Yücel, Li, & Pinkham, 2022).

It is also worth noting that PDO incongruence could potentially have positive consequences. Leaders who exhibit a low PDO tend to prioritize social proximity and are more likely to provide their employees with socio-emotional support than those in positions with high PDO's (Vidyarthi, Anand, & Liden, 2014). They generally demonstrate a greater concern for the employees' needs. Employees with a high PDO tend to trust leaders with a low PDO, as their

leaders are able to create a more comfortable work atmosphere (Bao, Liao, Liao, Zhang, & Deng, 2019). This may ultimately contribute to a greater sense of wellbeing among international employees, resulting in high PDO employees granting greater relational legitimacy to the CEO (Tyler, 1997). Furthermore, a higher level of employee well-being can result in greater productivity, profitability, retention, and loyalty, according to the causal model of Keyes et al. (2000).

Existing literature suggests that the greater the incongruence between the leader and the employee, the more likely it is to have a negative impact on the leader's perceived legitimacy. It can therefore be proposed that the high PDO's of the international employees may mitigate the perceived legitimacy of the Dutch CEO. Consequently, it can be assumed that the employees will perceive the leadership style of the Dutch CEO to be less appropriate, acceptable, desirable, and adequate.

# Chapter 3: Methodology

## 3.1 Research design

This study examined the perceptions of international employees from high power distance countries regarding the Dutch CEO's legitimacy, considering their PDO incongruence. As stated in the introduction, no research has been conducted on this specific topic yet, which renders this study an exploratory approach. As this study is concerned with the perceptions of employees, a qualitative research was done to "understand their motivations, their reasons, their actions, and the context for their beliefs and actions in an in-depth way" (Myers, 2013, p. 24). A quantitative approach to data collection would result in a lack of understanding of the phenomenon in its specific context from the perspective of the participants.

A case study is the best approach in this context, as it is particularly useful in the initial stages of research on a specific topic when there is almost no knowledge about it yet (Myers, 2013). To best understand the employees' perceptions and the underlying motivations and reasoning behind them, it was essential to be able to do an in-depth research. Due to time constraints, a single case study was selected over a multiple case study, which allowed for a more in-depth analysis. Furthermore, the epistemological foundation of this research is interpretivism. According to Myers (2013), an interpretive case study attempts to understand a specific phenomenon through the meanings that the participants assign to it. This approach fits this study, given that it concerns the perceptions of the employees.

## 3.2 Data collection

The data collection was conducted through nine semi-structured interviews. As Myers (2013) stated, interviews offer rich data, which is well-suited to an in-depth study. Semi-structured interviews involve the use of pre-formulated questions, although it is not mandatory to strictly adhere to these (Myers, 2013). This is the right approach for this research as it provides structure and addresses all the key dimensions of PDO and leader legitimacy with each employee, which increases the reliability of data collection (Bleijenbergh, 2015). The flexible format of the semi-structured interviews allowed the interviewer to pose additional questions to pursue the respondents' responses in greater depth (Myers, 2013). The interview guide (Appendix 2) was developed on the basis of the operationalization of the theory presented in Appendix 1. Interviews were conducted in person or via Zoom.

In order to obtain rich and relevant data, the respondents were selected through the purposive sampling method, which, according to Symon and Cassel (2012), implies that the

researcher selects the participants based on their characteristics that align with the research objective. A message was posted in the slack group where all employees were members, which explained the research. It was indicated that employees from high power distance countries and who perceived themselves to have a high PDO could apply for the interviews. Subsequently, they could send a message to the researcher, in which they would briefly indicate the manner in which they recognize a high PDO in themselves. The employees indicated that they had previous work experience in organizations<sup>2</sup> in their countries of origin, where their superiors exhibited a high PDO. A total of nine respondents were interviewed, comprising both male and female individuals from high-power distance countries. The participants were employed in various departments within the company.

### 3.2 Case study

This study is investigated at a software company, located in the Netherlands. This company focuses mainly on the international market and therefore attracts many international employees. The company aims to improve the employee and customer experience with tailored software solutions in various industries. Customers for whom this company has provided services include University of Oxford, Disney, Amnesty International, Cartier, and many more. The company employs between fifty and hundred employees of twenty different nationalities. The international employees working in this company originate from, among others, Honduras, Brazil, India, Nigeria, Mexico, Vietnam, China, France, Serbia, and Romania, which according to Hofstede (1980), are all high power distance countries.

The CEO of this company has indicated that he prefers an informal relationship between himself and the employees and would like to treat them as equals, which is also reflected in how the office space is organized. The CEO does, for example, not have his own office space and uses the same spaces as the other employees. Moreover, the CEO mentioned that he finds it challenging to involve employees with different cultural backgrounds in his goals for the company and make them stand behind him, which of course, relates to the leader legitimacy issue which is described earlier. The CEO considers himself to have a low PDO and notices that international employees are not accustomed to this. The majority of international employees have previously worked for high-PDO superiors. To illustrate this, he told an anecdote about how a Dutch colleague mocked the CEO and that the international employees clearly felt

---

<sup>2</sup> The interviews tried to focus on organizations or companies that were most similar to the software company in terms of size and sector.

uncomfortable about this. This shows that the PDO incongruence has a noticeable impact in the company, which makes it a good case study for this research.

### 3.3 Data analysis

The interviews were recorded with the respondents' consent and then transcribed (Appendix 3). As previously stated, the concepts "leader legitimacy" and "PDO" were initially operationalized (Appendix 1) and made concrete through the use of existing theory. The utilization of an existing operationalization (or tree structure) allows for the coding of the interviews in a deductive manner (Bleijenbergh, 2015). The coding was conducted using the software program ATLAS.ti. The relevant fragments were labelled with the corresponding indicators and dimensions, after which they were categorized in a coding scheme (Appendix 4). The next stage of the analysis involved the comparison of the fragments falling under the same dimension. This approach was proposed by Bleijenbergh (2015), in order to examine their respective contributions to the central concepts (i.e., leader legitimacy and PDO). When coding the concept of leader legitimacy, in addition to a deductive approach, inductive coding was also used since surprising results were expected. Open codings were grouped into overarching terms that formed the process aspects within this study (Appendix 4). The process aspects identified in this study were partly predicted in chapter 2.3 based on existing theory, but still require confirmation. In addition to the process aspects already predicted, further aspects could also be identified.

### 3.4 Research ethics

This study considers a number of ethical principles. As Myers (2013) has mentioned, the golden rule is to treat others in the manner in which one would wish to be treated oneself. The interviews were conducted in a manner that ensured respondents could speak freely, with anonymity being a key factor. Furthermore, a respondent to this study was the victim of a harassment incident that took place within this company. This was brought up in the interview. Given the sensitivity of the issue, the respondent was asked how she would prefer this to be handled in the remainder of the research so that she would be comfortable with it. The other respondents also shared sensitive information, and it was thus agreed with them that this research would be anonymized as much as possible and would not be shared within the company. Moreover, it was important in this study that the employees' perceptions were presented in an honest manner.

# Chapter 4: Results

In this chapter the results are discussed. Section 4.1 briefly explains what the PDO’s are for the international employees. In section 4.2, the results regarding the perceived legitimacy of the CEO are discussed. The proposition is discussed, relevant interview quotes are displayed, and the interviews are discussed based on the process aspects that have been identified.

## 4.1 Power distance orientation (PDO)

PDO is defined as the individually held values about power, hierarchy, prestige, conflict with authority, and social distance in the workplace. It guides an individual’s feelings, thoughts, and behaviors related to power and status issues in the workplace and plays an important role to understand interactions between leaders and employees. In the interviews, the employees were asked about these topics and provided accounts of experiences with high-PDO superiors from their former workplaces in their countries of origin. The results indicated that they exhibited a relatively high PDO, as they generally anticipated power differences in the workplace. It is also important to note, however, that not all employees were equally accepting of the power differential that existed between them and their superiors. Table 1 shows a few relevant interview quotes that illustrate this. All quotes can be read in Appendix 4. Given that the employees exhibit a high PDO and the Dutch CEO a low PDO, it can be concluded that there is PDO incongruence.

Table 1: Interview quotes PDO

| ID | Relevant quote   | Corresponding dimension (Adamovic, 2023) |
|----|--|--|
| R1 | It's like if he comes up, it's not like, up for discussion when he comes up with the idea or the plan to say, for example, we are going to work on this. Five industries. That's the instruction. It's not it's not a time for debate or say, oh, why don't we work on three now and the remaining two later? No, he's just told you what you should do. | Power                                    |
| R5 | Like the hierarchy in my country is still very, from what I know, very important. And the pyramid is something you should really respect.  | Hierarchy                                |
| R7 | So things like that, it's like or when we went, when we all went out as a group, they needed to show off in some sort of way (...)   | Prestige                                 |
| R1 | So that freedom of expression is not really there because you're just scared that you might get fired or you just don't want to step on the boss's toes or something.  | Conflict with authority                  |

|           |  |                 |
|-----------|--|-----------------|
| <b>R2</b> | Yeah. So but it's more, um, more of the. Yes, sir culture. | Social distance |
|-----------|--|-----------------|

## 4.2 Leader legitimacy

### 4.2.1 Proposition

It was proposed (in chapter 2.3) that the high PDO's of the international employees may mitigate the perceived legitimacy of the Dutch CEO, as illustrated in Figure 3. Consequently, it can be assumed that the employees will perceive the leadership style of the Dutch CEO to be inappropriate, unacceptable, undesirable, and inadequate.

### 4.2.2 Relevant interview quotes

In the interviews, questions were asked to the employees regarding leader legitimacy. See Table 2 for relevant quotes that illustrate the employees' perceptions. The process aspects are identified as overarching themes. Appendix 4 contains all interview quotes.

*Table 2: Interview quotes leader legitimacy*

| <b>ID</b> | <b>Relevant quote</b>   | <b>Open codes</b>                                    | <b>Overarching themes</b>     | <b>Corresponding legitimacy dimension/indicator (Sidani &amp; Rowe, 2018)</b> |
|-----------|---|--|-------------------------------|---|
| <b>R1</b> | Yeah, I prefer here, of course. No, this I don't no doubts about that. And that's because it makes me feel like I am one with not just it's not just about the numbers making sales, but I am also like an integral part of the company.  | Feeling included                                     | Collaborative decision-making | Relational legitimacy (trustworthiness)                                       |
| <b>R3</b> | And probably I will go to the CEO and I don't even know how to address this. And it's something I need to work on. But it's more about which information is being shared to the department and also to take to pay attention to the words that you choose. You know, how do you address the information? How do | Communication strategy ° distraction among employees | Openness                      | Relational legitimacy (trustworthiness)                                       |

|           |  |  |                         |  |
|-----------|--|--|-------------------------|--|
|           | you lead? Because it's about leadership. Uh, but yeah, I think people feel somehow distracted by this.   |  |                         |  |
| <b>R2</b> | That's something I'm struggling here with. So I constantly think that I'm not working enough like I should we should be more or and and then in some certain point you're so tired and you're so, like, fed up that you start to be anxious and angry and everything together. So that's what was when I was a SDR. So now I'm really learning how to how to balance this. | Pressure to perform ◦ struggles with work-life balance ◦ anxiety ◦ anger | Role ambiguity          | Relational legitimacy (trustworthiness)  |
| <b>R9</b> | And then I remember each time he was, you know, helping me, if I'm sitting, he would just, like, squat next to me. Yeah, Yeah. So it's really like a, um, equal. (...) Even, even very humble, you know, like, it's impossible in my own country.  | Humility ◦ helpful ◦ close interaction ◦ equality                        | Informal image          | Relational legitimacy (trustworthiness)<br><br>Charismatic legitimacy (image building) |
| <b>R7</b> | And, and yeah, for example, a work life balance because I don't feel bad about taking that. I'm going to take holidays. People in the company take holidays and it's like, okay that's great. Have a have a great holiday. Yeah. How was your holiday? Whereas in comparison it was like, Oh, you're taking holiday now. That must be nice.                                | Work-life balance  | Socio-emotional support | Relational legitimacy (trustworthiness)<br><br>Instrumental legitimacy                 |
| <b>R5</b> | If I want to go talk with them about something job related, but also some personal concerns (...) I can go directly to the CEO and talk about it. That's not something that's going to happen in my own country. Like the hierarchy there is   | Accessibility to CEO ◦ open communication about concerns or needs        | Open door policy        | Relational legitimacy (trustworthiness)  |

|  |   |  |  |  |
|--|---|--|--|--|
|  | still very, from what I know, very important. |  |  |  |
|--|---|--|--|--|

### 4.3.3 Process aspects

A total of seven process aspects were identified in the interviews, indicating which aspects play a key role for employees in determining the perceived legitimacy of the CEO, considering the PDO incongruence.

#### *Collaborative decision-making*

The employees observed that the Dutch CEO involved them in decision-making processes and valued their opinions. The CEO's respect for the employees' opinions is reciprocated by the employees, who in turn respect the CEO's opinions and feedback. The employees were all highly enthusiastic about this opportunity, which they had not encountered in their previous work experiences. Despite previous negative experiences, they still held the belief that their input could be valuable and expressed positive sentiments about this opportunity. The ideas presented to the CEO proved successful in practice and contributed to the company's overall success. This recognition from the CEO demonstrates that these employees are not merely financial assets; they are an essential and valued part of the company, which, according to respondent one, motivates her to contribute her best efforts.

#### *Openness*

The interviews revealed that the CEO openly shares sensitive information with all employees. One illustrative example is that the company is currently experiencing financial challenges, which have been discussed openly during company meetings. This represented a clear instance of a cultural clash for the employees, with differing opinions expressed on the matter. Many international employees have encountered unsatisfactory work arrangements in previous work experiences, where their personal circumstances were not taken into account. Some employees remain significantly affected by these unfavorable experiences and do not appreciate an excessive degree of transparency (R3, R4). For instance, according to respondent three, the openness with which financial difficulties were discussed at these meetings has led to a fear among employees that they may no longer be able to achieve their targets and that they will be dismissed. It was suggested that the CEO should exercise greater caution in the information he shares and the manner in which he communicates it to employees. It is challenging for employees to engage with the CEO directly on this matter. In this instance, according to

respondent three, it would have been preferable if the CEO had explicitly explained during the meetings whether personnel cuts were likely to occur, as this would have provided greater clarity and certainty.

Nevertheless, it is notable that the transparency of the CEO, as admitted by other employees, contributed to an enhanced sense of trustworthiness and shared sense of values (R2, R5, R7, R9). For instance, respondent seven stated that the CEO did not benefit in any way from this situation and, like other CEO's, could simply hide it from the employees. The CEO's decision to share the information, despite the potential consequences, therefore demonstrated a reliable and trustworthy approach (R5, R7). In contrast to the employees who were distressed by this transparency, other employees perceived that the CEO had articulated a clear plan to resolve the financial issue. This, in conjunction with the fact that he is so honest about the difficulties, made him appear to be self-confident to the employees (R2, R5, R7).

### *Role ambiguity*

Some employees had been accustomed to structured procedurals and guidelines due to their cultural background, which resulted in a lack of clarity regarding the expectations placed upon them within the Dutch company. The Dutch CEO exhibits a greater degree of flexibility, expecting employees to demonstrate a more proactive approach in line with his low PDO. Some employees, due to the approachability of the CEO, could handle this well in terms of proactively stating their career aspirations (R5, R9). For other employees, however, the absence of clear procedures and guidelines has resulted in difficulties in raising questions regarding career growth and salary with the CEO (R2, R4). Respondent four believed that the CEO should provide more clarity himself, while respondent two felt that the issue was not with the CEO but rather with her own ability to address it. In addition, respondent four indicated that the absence of transparent procedures could have a detrimental effect in cases of workplace harassment, as employees may lack confidence to report such incidents due to fear. Such a harassment incident occurred within this company to respondent nine, and she indicated that it took a long time for her to speak out, as she was afraid that her concerns would not be taken seriously. This is due to the fact that in a similar situation in her home country, she was not heard because of her lower status within the hierarchy.

Another concern that was raised was that some employees lacked clarity regarding the expectations placed upon them, which resulted in feelings of frustration. In the Dutch company, the informal nature of the work environment allows employees to adopt a more relaxed approach to their work, with the understanding that mistakes are an inevitable part of the learning process. However, this is not a situation that all employees are accustomed to, given

their cultural background. They are accustomed to a competitive environment where overworking is the norm and where they are constantly striving to prove themselves (R1, R2, R9). They also exhibit this attitude within the Dutch company, yet their hard work is not always recognized by the leadership, leading to feelings of anxiety due to the fear of not working hard enough and, as a consequence, losing their job. According to the employees, the CEO should pay closer attention to this matter and inform their direct managers a bit more about this. For instance, there is sometimes a need for reassurance from their superiors that they are performing well and that taking off time is acceptable. This can help to enhance their sense of security and well-being at work (R2, R9). Additionally, respondent four told that it would be good if the CEO would indicate in advance how he believes employees can deliver value to the company, thereby providing employees with a clear understanding of their role within the organization.

### *Informal image*

In their previous work experiences, the international employees have worked with superiors who placed a significant emphasis on creating a powerful image to reinforce their authority. It was thus a cultural shock for them to experience the informality of the Dutch CEO. Nevertheless, the overwhelming majority of respondents expressed a very positive perception of the CEO's informal image. The employees expressed great appreciation for the CEO's high level of humility and genuineness. For example, employees were positively surprised by the CEO's thoughtful gestures and the fact that he occupies the same office space as everyone else (R1, R6, R7). The employees perceived the CEO as an equal, and he demonstrated a willingness to maintain personal relationships with them (R1, R2, R6, R7, R8, R9). Nevertheless, the CEO is also capable of exercising authority when it is necessary for him to do so (R1). Furthermore, respondent four expressed appreciation for the CEO's authenticity, which was a notable contrast to the behavior of former leaders who were perceived to engage in 'political play' or 'pretend' behavior. Although the CEO's humility was well received by employees, respondent six indicated that it would be an inspiring example for him if the CEO had a more influential appearance.

### *Socio-emotional support*

For the international employees, the socio-emotional support provided by the CEO was a significant factor in contributing to a positive working environment and the employees' well-being. This was illustrated by the employees by how the CEO handled the harassment incident within the company. The prompt dismissal of the perpetrator by the CEO, following the

employee's report of harassment, suggests to the employees that the CEO is trustworthy, which in turn encourages the employees to feel comfortable about speaking out (R1, R2, R7, R8, R9). The employees were content with this decision because they believed that the CEO had made the morally appropriate choice (R1, R4, R7, R9). In the aftermath of the incident, the CEO opted to register the company with a platform for psychological assistance, which is indicative of his approach to the employees' well-being (R1, R2, R9).

Furthermore, employees expressed gratitude for the CEO's dedication to fostering a healthy work-life balance, a concept that was novel to them (R1, R2, R3, R4, R7, R9). The employees also highlighted the flexibility afforded to them with regard to working conditions in the event of illness or the pursuit of further studies (R3, R8, R9). They considered this indicative of the 'human approach' that the CEO appears to adhere to. It was an adaptive process for the employees, as indicated by respondent two, who felt more energized and productive as a result of the work-life balance.

Finally, it was noteworthy that the CEO invested a considerable amount of effort into fostering a positive work environment. This was reflected in the fact that he provides a free lunch at work every day, with the intention of fostering a sense of bonding between employees and the CEO (R6, R7). Additionally, the employees expressed satisfaction with the CEO's relaxed demeanor, contrasting with their previous work experiences where they often had to interact with a more controlling superior (R2, R8)

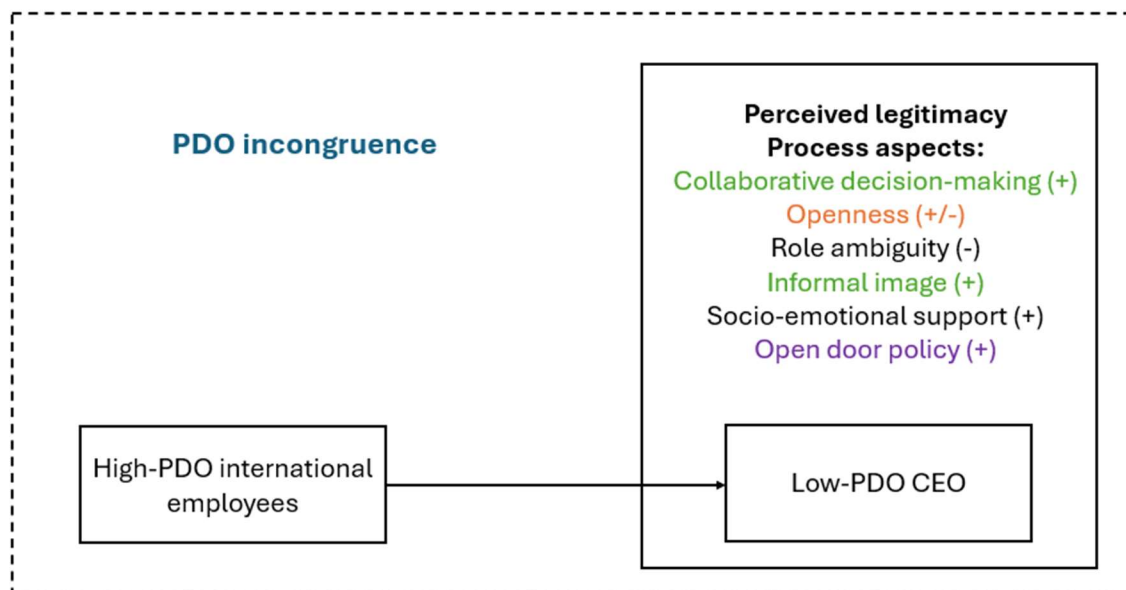
### *Open door policy*

One aspect of the CEO's leadership style that employees found particularly appealing was the CEO's open-door policy. This was a point that was raised by the majority of respondents. The respondents indicated that their experiences in this context differed significantly from their previous work experiences. At the Dutch company, the CEO emphasized that employees could approach him with any questions, regardless of their nature or importance. The CEO told this to the employees personally so they would feel comfortable. Respondent three highlighted the importance of this approach, as it enabled the international employees to gain insight into the company's value and culture. The communication channels are short, as employees can simply approach the CEO, send a message, or book a one on one conversation with him. To their surprise, the CEO frequently prioritizes the needs of employees over his own work, demonstrating a willingness to assist and support his employees. Initially, employees were reluctant to ask the CEO for assistance. However, upon observing his willingness to provide help, they became accustomed to doing so.

#### 4.3.4 Discussing the proposition

It was proposed that the high PDO's of the international employees may mitigate the perceived legitimacy of the Dutch CEO, as illustrated in Figure 3 (chapter 2.3). Collaborative decision-making, openness, role ambiguity, and informal image were proposed as potential process aspects that could mitigate the CEO's perceived legitimacy. The results confirmed that these process aspects do indeed have an influence, although not always a mitigating one. The findings indicated that collaborative decision-making and informal image actually appear to be contributing process aspects. These are marked with a green color in Figure 4. Furthermore, openness is not always perceived as a mitigating factor, since some employees have indicated that it can also be a contributing factor (orange color in Figure 4). As anticipated, role ambiguity was perceived as a mitigating factor, while socio-emotional support was identified as a contributing aspect. In addition to the aspects that were predicted on the basis of the literature, the process aspect 'open door policy' was also mentioned by the employees in the interviews, which is identified as a contributing process aspect. This is marked in Figure 4 with a purple color. The results of this study indicate that the proposition should be rejected since most process aspects mainly have a contributing influence on the CEO's legitimacy. The high PDO's of the international employees have a positive influence on the perceived legitimacy of the Dutch CEO. Consequently, it can be concluded that, contrary to expectations, the employees perceive the leadership style of the Dutch CEO to be appropriate, acceptable, desirable, and adequate.

Figure 4: Revised relation between PDO incongruence and leader legitimacy



## Chapter 5: Conclusion

The research question of this study was: “How do the international employees, originating from high power distance countries, perceive the legitimacy of the Dutch CEO, considering the variations in power distance orientation?” The research question is answered by addressing the three sub-questions.

The first sub-question was: “What are the PDO’s of the international employees?” An accurate assessment was made of PDO’s of the international employees. This showed that they generally have a relatively high PDO, which indicates that they anticipate power differences in the workplace. Nevertheless, it was noted that they did not express positive sentiments regarding these power differences and were reluctant to accept them. This also demonstrated that there PDO incongruence between the international employees and the CEO, with the former exhibiting a high PDO and the latter a low PDO.

The second sub-question was: “In what way does the PDO incongruence between the international employees and the Dutch CEO have an impact on the perceived legitimacy of the CEO?” Contrary to expectations, it was discovered that PDO incongruence had a predominantly positive impact on the perceived legitimacy of the CEO. The proposition was that collaborative decision-making would have a mitigating influence. However, the results indicated that employees experienced being involved in decision-making processes as something positive because it made them feel like an essential and valued part of the company, granting the CEO relational legitimacy due to trustworthiness. Additionally, the CEO's informal image was also expected to have a mitigating influence, as it was anticipated that high-PDO employees would perceive the CEO as lacking competence because of this. However, the opposite proved to be true, with employees actually demonstrating admiration for the CEO's humility, authenticity, and thoughtful gestures. This admiration granted the CEO relational legitimacy due to interpersonal respect. It was expected that openness from the CEO would have a mitigating influence as high-PDO employees prefer not to know too much sensitive information, which was partly confirmed in the results. In contrast, other employees perceived this openness as congruent with their own values, and as enhancing their perception of the CEO as a trustworthy and self-confident individual. This granted the CEO relational, charismatic, and moral legitimacy. Furthermore, open door policy was not anticipated beforehand as a factor, but was identified by the employees as having a contributing factor as well, granting the CEO instrumental legitimacy due to good work arrangements, and relational legitimacy due to trustworthiness. This is, however, consistent with the theoretical framework, as it indicates that high-PDO employees find leaders with a low PDO trustworthy because they create a pleasant work atmosphere.

As anticipated, role ambiguity has a mitigating influence. The absence of formal procedures and the fact that employees have different expectations regarding workload, contributed to some employees experiencing job strain which had a negative impact on their well-being. However, also as anticipated, employees expressed gratitude for the CEO's socio-emotional support, which has fostered a positive work environment and a good work-life balance, granting the CEO relational legitimacy due to trustworthiness. It can be concluded that the PDO incongruence between the international employees and the CEO mainly has a positive impact on the CEO's legitimacy. The CEO is primarily perceived as legitimate by employees in a relational sense, with instrumental, moral, and charismatic legitimacy also playing a role to a lesser extent.

The third sub-question was: "How do employees deal with potential problems that may arise with regard to the legitimacy of the CEO?" A number of issues were identified by the employees. As explained in the results, two issues regarding role ambiguity were identified by the employees. One employee indicated that the absence of formal procedures prevented her from being aware of the career opportunities that were available to her within the company. She did not inform the CEO of this directly, but expressed her concerns in a survey conducted by the CEO. Additionally, some employees shared that their high PDO made them feel as though they were not working hard enough and that they desired more reassurance from their superiors. This issue was largely ignored, but one employee did make this known to her team lead. Finally, another issue that was raised, was the CEO's openness regarding financial challenges. Some employees were scared to lose their job. The individual who brought this up during the interviews expressed a desire to discuss it with the CEO, but had not yet done so because she was unsure of the appropriate approach.

# Chapter 6: Discussion

## 6.1 Theoretical implications

The findings of this study raise further questions regarding the theoretical implications of the results. This discussion will focus on two main implications. In the theoretical framework was discussed that charismatic leaders through image building, shape and reinforce their image of confidence, capability, and power through the presentation of symbols of power and success (DeCelles and Pfarrer, 2004). Based on this theory, it was anticipated that the international employees participating in this study would perceive the CEO as less legitimate due to his informal image. However, the opposite was found to be true, with the majority of employees indicating that they had no preference at all for CEO's who engage in image building. For example, the study revealed that characteristics such as humility and authenticity contribute more to a leader's legitimacy. This unexpected outcome may be attributed, for instance, to the relatively young ages of the respondents (25-35). The younger generation has grown up in a completely different world, with unprecedented access to a vast array of knowledge online. Despite a high PDO, young employees may not be impressed by a leader who attaches great importance to image building, as the employees may actually perceive the CEO as a peer due to the employee's similar access to knowledge (and thus power) via online means. "Shallow" symbols of power and success may no longer hold significance meaning for such employees. It can be posited that the existing theory may therefore be somewhat outdated and in need of revision.

Furthermore, several employees expressed a preference for the CEO to be more discrete regarding sensitive matters, such as financial difficulties. It was proposed that openness might be desirable if the CEO were to communicate this information to employees in a better and clearer manner. It would be beneficial to conduct research into effective and desirable communication strategies that CEO's can utilize when they have a PDO incongruence with their employees. It is of great importance to be fully aware of which information can be shared in such a context and how it should be conveyed. For instance, this research has demonstrated that providing sufficient reassurance when sharing sensitive information is crucial. A valuable contribution to the field would be to examine the influence of other factors on this phenomenon.

The present study examined the perceived legitimacy of a low-PDO leader in a low power distance context. The investigation was conducted in a Dutch company with informal values. Nevertheless, it remains to be established whether the findings of this research are applicable in different contexts. A recommendation for further research would be to investigate the legitimacy

of a low-PDO leader from the perspective of high-PDO employees in a high power distance context. This could be conducted in a high power distance organization and country. For example, it could be that the informal image of the low-PDO leader is no longer seen as legitimate by the cultural norm within a high power distance context in which a certain degree of perceived status and authority may be seen as essential to fit within the group. It would therefore be interesting to investigate whether the results would still be the same or whether the high power distance context has an influence on perceived legitimacy of the low-PDO leader.

## 6.2 Managerial implications

The findings of this research provide insights that can be applied to companies with a similar profile and setting to this company. As high-PDO international employees tend to prefer a CEO with a low PDO, it is relatively simple to integrate them into the Dutch work culture. However, as a CEO, it is important to be aware that employees with a high PDO may find it challenging to share their opinions and concerns with the CEO, as they may not be accustomed to doing so. It would therefore be beneficial for the CEO to demonstrate to international employees that there is transparency and openness within the company. One potential solution is to regularly inform employees of the option to request one-on-one conversations. This would make them aware of the possibility of discussing any issues they may have in an open manner. It would also be beneficial to conduct surveys in which employees can share their concerns or feedback anonymously, since some employees may be reluctant to approach the CEO directly. Furthermore, it is crucial to maintain regular contact with high-PDO employees in order to identify their needs. For instance, some employees, due to their backgrounds, may require additional reassurance that they are performing adequately.

## 6.3 Ethical reflection

A number of ethical considerations were taken into account in this study. First of all, it was important to ensure the anonymity of the employees. This was done by describing the respondent group as anonymously as possible and not identifying the company where the research was conducted. Moreover, regarding the scientific integrity, peer-reviewed studies have been employed to describe the theory in this study. Artificial intelligence (DeepL write) has only been used to improve the language in terms of grammar.

## 6.4 Limitations

This research has a number of limitations that should be considered. The majority of respondents were within a similar age range (25-30). Age may have influenced the results, as younger individuals may have a preference for a low-PDO CEO regardless of their origin. It would be of interest to control for age in further research. In addition to qualitative research, surveys would also offer interesting insights since they are conducted in a more anonymous manner. In this study, respondents appeared to be highly positive regarding the CEO's legitimacy. However, this may be due to the fact that employees who are more critical of the CEO may have been reluctant to participate in the interviews. It is possible that socially desirable answers may have influenced the responses given during the interviews conducted as part of this study. Some employees may have been unable to express their true thoughts due to this influence. A further limitation of the study is that all respondents were relatively highly educated, which may have influenced the results to some extent.

One further limitation of this single case study is that its generalizability of the findings is limited due to the fact that data was collected within a single company. A recommendation for further research would be to conduct a multiple case study, which would enable the collection of data from a larger number of companies and companies of different sizes. This would then allow the researchers to build on the existing insights gained from this study, thereby increasing its generalizability.

## References

- Adamovic, M. (2023). Breaking down power distance into 5 dimensions. *Personality and Individual Differences, 208*, 112178.
- Bao, Y., Liao, S., Liao, J., Zhang, Y., Deng, C., & Guo, Z. (2019). A study of the mechanism of the congruence of leader–follower power distance orientation on employees' task performance. *Frontiers in Psychology, 10*, 615.
- Bleijenbergh, I. (2015). *Kwalitatief onderzoek in organisaties* (Tweede druk. ed.). Boom Lemma uitgevers.
- Brockner, J., & Wiesenfeld, B. M. (1996). An integrative framework for explaining reactions to decisions: interactive effects of outcomes and procedures. *Psychological bulletin, 120*(2), 189.
- Cantril, H. (1958). Effective democratic leadership: A psychological interpretation. *Journal of Individual Psychology, 14*(2), 128.
- Conger, J. A. (1999). Charismatic and transformational leadership in organizations: An insider's perspective on these developing streams of research. *The leadership quarterly, 10*(2), 145-179.
- Conger, J. A., & Kanungo, R. N. (1992). Perceived behavioural attributes of charismatic leadership. *Canadian Journal of Behavioural Science/Revue canadienne des sciences du comportement, 24*(1), 86.
- DeCelles, K. A., & Pfarrer, M. D. (2004). Heroes or villains? Corruption and the charismatic leader. *Journal of Leadership & Organizational Studies, 11*(1), 67-77.
- Decisio. (2022). Rapport monitor internationals landelijk mei 2022. Retrieved from <https://decisio.nl/werkvelden/regionale-en-stedelijke-economie/internationale-werknemers-en-organisaties/>
- Eisenberger, R., Rockstuhl, T., Shoss, M. K., Wen, X., & Dulebohn, J. (2019). Is the employee–organization relationship dying or thriving? A temporal meta-analysis. *Journal of Applied Psychology, 104*(8), 1036.
- Graham, K. A., Dust, S. B., & Ziegert, J. C. (2018). Supervisor-employee power distance incompatibility, gender similarity, and relationship conflict: A test of interpersonal interaction theory. *Journal of Applied Psychology, 103*(3), 334.
- Hampden-Turner, C., & Trompenaars, F. (2020). *Riding the waves of culture: Understanding diversity in global business*. Hachette UK.
- Hofstede, G. (1980). Motivation, leadership, and organization: Do American theories apply abroad? *Organizational Dynamics, 9*(1), 42-63.

- Hofstede, G. (1983). The cultural relativity of organizational practices and theories. *Journal of international business studies*, 14, 75-89.
- Hofstede, G. (2001). Culture's recent consequences: Using dimension scores in theory and research. *International Journal of cross cultural management*, 1(1), 11-17.
- d'Iribarne, P. (1997). The usefulness of an ethnographic approach to the international comparison of organizations. *International Studies of Management & Organization*, 26(4), 30-47.
- Keyes, C. L. M., Hysom, S. J., & Lupo, K. L. (2000). The positive organization: Leadership legitimacy, employee well-being, and the bottom line. *The Psychologist-Manager Journal*, 4(2), 143.
- Kipnis, D., Castell, J., Gergen, M., & Mauch, D. (1976). Metamorphic effects of power. *Journal of Applied Psychology*, 61(2), 127.
- Kirkman, B. L., Lowe, K. B., & Gibson, C. B. (2006). A quarter century of culture's consequences: A review of empirical research incorporating Hofstede's cultural values framework. *Journal of international business studies*, 37(3), 285-320.
- Kirkpatrick, S. A., & Locke, E. A. (1996). Direct and indirect effects of three core charismatic leadership components on performance and attitudes. *Journal of applied psychology*, 81(1), 36.
- Krause, R., Filatotchev, I., & Bruton, G. D. (2016). When in Rome, look like Caesar? Investigating the link between demand-side cultural power distance and CEO power. *Academy of Management Journal*, 59(4), 1361-1384.
- Li, Y., & Sun, J. M. (2015). Traditional Chinese leadership and employee voice behavior: A cross-level examination. *The Leadership Quarterly*, 26(2), 172-189.
- Maak, T., Pless, N. M., & Voegtlin, C. (2016). Business statesman or shareholder advocate? CEO responsible leadership styles and the micro-foundations of political CSR. *Journal of Management Studies*, 53(3), 463-493.
- Myers, M. D. (2013). *Qualitative Research in Business & Management*. (Second edition. Ed.). London, England: Sage Publications Ltd.
- O'Connor, J., Mumford, M. D., Clifton, T. C., Gessner, T. L., & Connelly, M. S. (1995). Charismatic leaders and destructiveness: An historiometric study. *The Leadership Quarterly*, 6(4), 529-555.
- Rao, A. N., & Pearce, J. L. (2016). Should management practice adapt to cultural values? The evidence against power distance adaptation. *Cross Cultural & Strategic Management*, 23(2), 257-286.

- Richard, O., Triana, M. D. C., Yücel, İ., Li, M., & Pinkham, B. (2022). The impact of supervisor-subordinate incongruence in power distance orientation on subordinate job strain and subsequent job performance. *Journal of Business and Psychology*, 37(1), 1-15.
- Scandura, T. A., & Meuser, J. D. (2022). Relational dynamics of leadership: problems and prospects. *Annual Review of Organizational Psychology and Organizational Behavior*, 9(1), 309-337.
- Schwartz, S. H. (1992). Universals in the content and structure of values: Theoretical advances and empirical tests in 20 countries. *Advances in experimental social psychology*, 25(1), 1-65.
- Sidani, Y. M., & Rowe, W. G. (2018). A reconceptualization of authentic leadership: Leader legitimation via follower-centered assessment of the moral dimension. *The leadership quarterly*, 29(6), 623-636.
- Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. *Academy of management review*, 20(3), 571-610.
- Sun, L. Y., Chow, I. H. S., Chiu, R. K., & Pan, W. (2013). Outcome favorability in the link between leader-member exchange and organizational citizenship behavior: Procedural fairness climate matters. *The Leadership Quarterly*, 24(1), 215-226.
- Symon, G., & Cassell, C. (2012). *Qualitative organizational research: core methods and current challenges*. Sage
- Taras, V., Rowney, J., & Steel, P. (2009). Half a century of measuring culture: Review of approaches, challenges, and limitations based on the analysis of 121 instruments for quantifying culture. *Journal of International Management*, 15(4), 357-373.
- Tyler, T. R. (1997). The psychology of legitimacy: A relational perspective on voluntary deference to authorities. *Personality and social psychology review*, 1(4), 323-345.
- Whetten, D. A., Felin, T., & King, B. G. (2009). The practice of theory borrowing in organizational studies: Current issues and future directions. *Journal of Management*, 35(3), 537-563.

## Appendix 1: Operationalization

| <b>Concept</b>   | <b>Dimension</b>               | <b>Sub-dimension</b>  | <b>Indicator</b>   |
|--|--------------------------------|-----------------------|--|
| <b>Power distance orientation (PDO)</b><br><i>(Adamovic, 2023)</i> | Power                          |                       | The extent to which employees expect to be involved in decision-making   |
|  | Conflict with authority figure |                       | The extent to which an employee is accustomed to showing disagreement with their leader  |
|  | Hierarchy                      |                       | The extent to which employees are accustomed to high centralized structures within organizations                                   |
|  | Prestige                       |                       | The extent to which employees expect the existence of status differences between employees and leaders                             |
|  | Social distance                |                       | The extent to which employees expect to have social interactions with leaders  |
| <b>Leader legitimacy</b><br><i>(Sidani &amp; Rowe, 2018)</i>       | Instrumental                   | Outcome favorability  | Employees grant legitimacy to leaders when they assist them in advancing their own interests through economic and social resources |
|  |                                | Trustworthiness       | Employees grant legitimacy to leaders when they demonstrate care for the needs of the employees                                    |
|  | Relational                     |                       | Employees grant legitimacy to leaders when they consider the employees' arguments  |
|  |                                | Interpersonal respect | Employees grant legitimacy to leaders when they are treated with politeness, dignity, and respect                                  |
|  |                                |                       | Employees grant legitimacy to leaders  |

|             |                   |  |
|-------------|-------------------|--|
|             |                   | when they are treated with respect for their social standing within the organization   |
|             | Neutrality        | Employees grant legitimacy to leaders when no one is unfairly advantaged   |
|             |                   | Employees grant legitimacy to leaders when they assess the leader to be honest and impartial in decision-making procedures   |
| Moral       | Value congruence  | Employees grant legitimacy to leaders when they believe the leader is displaying what they consider to be the right thing to do                                    |
| Charismatic | Self-confidence   | Employees grant legitimacy to leaders when they believe the leader is confident in his own beliefs, abilities, actions, the strength of conviction about his ideas |
|             |                   | Employees grant legitimacy to the leader when he has a strong vision or mission orientation  |
|             | Behavioral traits | When employees perceive the leader to radiate traits like enthusiasm and energy it can grant him legitimacy  |
|             | Image building    | Leaders can shape and reinforce their image of confidence, capability, and power through the presentations of symbols of power and success                         |

## Appendix 2: Interview guide

### Introduction

- Thank you for taking the time to participate in this interview.
- Before we start, I was wondering whether you have any objections to it being recorded. The purpose of this is to enable me to analyze the results better.
- As we have already discussed, my thesis is about the differences in power distance within this company between the CEO and the employees. As in many other Dutch companies, the relationship between employees and the CEO is relatively informal. An example of this is that the CEO does not even have his own office space. I also understand that he enjoys being social with employees, for example, and also values their opinions. I am curious how you as an international employee experience this informal relationship with the CEO as it is not common in many countries.
- The interview takes approximately forty minutes.
- Your name will be anonymized in the thesis.

### Introductory questions

1. Could you tell me briefly who you are and where you come from?
2. What is your position within this company?

### Questions about power distance orientation

The following questions are about the concept of power distance orientation. I would like to gain insight into the nature of your previous relationships with superiors and your thoughts on this matter. I would appreciate hearing about your experiences with superiors in organizations you worked for in your country of origin.

3. Were you previously able to express your views to your superiors and were they willing to consider them?
4. Were you able to express your disagreement with your superiors if there were any conflicts between you?
5. Were the organizations you have previously worked for hierarchical in structure?
6. Did you notice status differences between you and superiors you have had in the past?
7. Were there many social interactions between you and previous superiors?

### Questions about leader legitimacy

In the following questions, I'd like to know your opinion on this company's CEO compared to superiors you have had in the past. I am curious to know if you notice a difference and how you view this.

8. How does the CEO deal with your personal interests, such as growth ambitions and work arrangements?
9. How does the CEO deal with employees' concerns and needs? Does he listen to them?
10. How would you describe the CEO's relationship with employees?
11. Do you think some employees within this company are unfairly advantaged by the CEO?
12. Do you think you share the same values as the CEO and think he is trying to do the right thing when making decisions?
13. Does the CEO come across as confident to you? For example, in his behavior, actions and ideas, or in his vision about the company?
14. Do you think the CEO is trying to project a certain image of power and confidence?

## Appendix 3: Interview transcripts

In order to guarantee the anonymity of the respondents, this appendix has been excluded from the present document.

## Appendix 4: Coding schemes

In order to guarantee the anonymity of the respondents, this appendix has been excluded from the present document.