

# A COMPARATIVE STUDY BETWEEN THAI AND AMERICAN SUBORDINATES' PERCEPTION OF MANAGERIAL VALUES IN THE BANKING INDUSTRY

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## ABSTRACT

The purposes of this research were to investigate and compare subordinate perceptions of managerial values in the banking industry between Thailand and the United States. The conceptual framework of this study was the Ohio State University leadership styles, which divide leader behaviors into consideration and initiating structure. Consideration refers to the behavior of managers that focuses on maintaining good relations between managers and subordinates, while initiating structure refers to the behavior of managers that focuses on the achievement of the task and work performance.

There were 217 subjects who participated in this study. These subjects were selected from employees who were working in banks located in the Tampa Bay area of Florida, and the other group of employees who were working in banks located in Bangkok, Thailand. The instrument used to collect the data was Fleishman's Leadership Opinion Questionnaire.

The analysis of the data revealed a significant difference on the dimension of consideration between Thai and American subordinates. This appears to be consistent with the cultural literature suggesting that the Thai culture is more relationship/group oriented. In considering the dimension of initiating structure for Thai and American subjects, no significant differences were noted. In looking at demographic factors that may have an impact on consideration and initiating structure scores, three factors were considered. Those factors were gender, age, and work experience. The results suggested that these factors did not have significant, direct effect on the consideration and initiating structure scores of the two groups. However, significant two-way interactions were found between age and nationality on consideration scores, and between work experience and nationality (when controlling for age) on the initiating structure scores of the subjects. The significant interaction were explained by considering culture and/or employment condition factors in Thailand as compared to the United States.

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## PROBLEM

With the explosive growth of the world economy, international business has become important for many countries. This change has caused many companies to operate worldwide. This means that those companies will have their operations in different countries. Management will have to face many differences in values, norms, and cultures among their employees. All these differences

have created a crisis in management issues concerning organizational behaviors across cultures (Xin, 1997).

In a global environment, the leader is a crucial element, because leaders are the persons who are responsible for the success or failure of the organization. In addition, leaders are role models for subordinates, and they direct subordinates to perform in order to

achieve both personal and company goals. However, the personal goals of employees and company goals may vary and cultural differences may cause conflicts in the organization. Furthermore, all employees, including leaders, have personal values that will have an impact on attitudes, goals, and working behaviors. These values are very much tied to nationalities, cultures, and experiences. Different values, and cultures of leaders and subordinates can make for misunderstandings and conflicts within the organization particularly organizations that operate worldwide. Many studies have tried to delineate the factors that make people leaders, and factors that make followers accept the leader's guidance (Evan & Spitzer, 1997; Hogan, 1994; Stumpf & Mullen, 1991). Some of the factors considered are leadership traits, situational factors, the characteristics of leader and transformational leadership. Currently, the focus in the leadership field is on the impact of different cultures and the changing environments and the type of industry involved.

Another important issue today for international corporations is that many expatriates cannot perform successfully within subsidiaries in host countries. Misunderstandings regarding norms, values and the behaviors of subordinates in different countries have been the chief reasons for these failures. The problem exists because many expatriate managers in host countries do not reformulate their management approaches based on the culture of the subordinates in the host countries. The failure of expatriate managers in foreign assignments is a serious problem. Approximately 25% to 40% of all American expatriates have failed (Ralston, Cunniff, Gustafson, & Terpstra, 1995). Furthermore, many international jobs result in a high level of stress for expatriates because of the need to adjust to new cultures and customs (Feldman & Tompson, 1993).

Over the past two decades, the study of management styles across countries has received much

attention with the increase in volume of international businesses. As one would expect, attitudes toward the management of business have been found to differ by nationality (Bigoness & Blakely, 1996). Managers in different countries differ significantly from one another in the extent to which they endorse participation, and they also differ in their belief about the capacity of their subordinates to participate effectively (Elenkov, 1997; Hofstede, Bond, & Luk, 1993). Expatriate managers seldom however, fail in host countries because of technical or professional incompetence, but because of the misunderstanding of cultural differences in management practices (Zhang, 1994). Intercultural abilities of expatriate managers overseas are recognized as important in managing international businesses.

On the other side of the coin, subordinates are an important factor in helping a company achieve its goals. Understanding and fulfilling subordinates' needs, it is though, will help the entire organization and the management function. It is important to realize, however, that there are very few studies that focus on subordinates' perceptions of managers' values. This study compares the perception of Thai subordinates to American subordinates on managerial values using the Ohio State study framework.

## **PROBLEM BACKGROUND**

According to Robertson (1995), Thailand has performed very well in economic growth, developing from the lowest economic growth rate in Asia in the mid 1980s to the highest by 1988. The country is the region's economic leader and has plans to be the center of financial and monetary systems in Asia. This strategy plan will make Thailand a leader in monetary and financial systems in Southeast Asia, although economic crises has occurred. The major institutions that are responsible for mobilizing public funds are the private commercial banks. For the reasons specified above, Thailand is open for domestic banking and

foreign banking. There are many foreign banks in Thailand such as City Bank, Mercantile bank, Bank of America, and others. Furthermore, Thailand's largest bank such as Bangkok Bank limited is also the largest bank in Southeast Asia. Four Thai banks also have branches in other countries such as Japan, the United States, the United Kingdom, Germany, Hong Kong, Taiwan, Indonesia, Singapore, and Malaysia (Bank of Thailand, 1991). Thus, private banks in Thailand will have an increased level of cross cultural interactions due to managers coming from other countries, and Thai managers expatriating to other countries. This situation will create different management styles in private banks.

In order to study management styles between different nations, it is important to understand the work-values of each national culture and to see how religion and socioeconomic status are important parts of work values (Elizur, Koslowsky, & Sagie 1991). In addition, understanding cultural differences is crucial for grasping the range of work values. For example, an important work value of Western countries such as the United States and Germany, are job interests but China and Hungary are not focused on job interests.

It is important to consider the differences or similarities between Thailand and the United States. The United States is a Western culture with primarily Christian values, but Thailand is an Eastern culture with Buddhist values. In addition, both countries have different philosophies with respect to economics, politics, and social development. Although many western companies have made direct foreign investments in Thailand and thus have brought Western cultures to Thailand, the Thai culture is still quite pervasive, even in international corporations. This is the main reason expatriates need to understand the cross-cultural interactions of Thailand. The results of the present study will help the managers of both countries understand the cross-cultural environments of the banking industry.

## **PURPOSE OF THE STUDY**

The purpose of the present study is to compare subordinates' perceptions of management styles in the banking industry for Thailand and The United States. The findings will look at the differences and similarities of perception of subordinates as relates to management styles of their bosses. The framework used comes from the Ohio State University studies which divided leadership style into consideration (employee oriented) and initiating structure (task oriented). The specific purposes of this study are to:

1. Study subordinates' perceptions of each nation on consideration as a management style in the banking industry.
2. Study subordinates' perceptions of each nation on initiating structure as a management style in the banking industry.
3. Compare the results of each nation on consideration and initiating structure in the banking industry.
4. Study the differences of each nation on consideration and initiating structure in the banking industry and to examine their relationship to certain demographic factors.

## **RESEARCH DESIGN**

This study was a cross-sectional study with comparisons between two groups of populations. The first group consisted of Thai subordinates working in the banking industry in Thailand, and the second group consisted of American subordinates working in the banking industry in the United States. This research was conducted based upon the theoretical framework of "The Ohio State Studies". The Ohio States Study focuses on leader behaviors by dividing leader behavior into two categories: consideration and initiating structure. Both groups of subjects were measured on their management values based upon these two categories by using the designed leader opinion

questionnaire. Demographic information collected on these subjects were nationality, religion, age, educational level, and work experience by years. Since this research was a comparative study between two groups and their conception of consideration and initiating structure of leader's behaviors, the collection of information on nationality was crucial. The first group was Thai subordinates and the second group was American subordinates.

## SELECTION OF THE SUBJECTS

There were two groups of subjects in this study. The first group was composed of subordinates working in banks in the United States. The second group was composed of subordinates working in banks in Thailand. In the United States, the sample was collected from the Tampa Bay Area, including St. Petersburg, Sarasota, Bradenton and some other areas where cooperative were achieved. In Thailand, the sample was collected in Bangkok, which is the capital of Thailand. The total number of subjects was 217. These subjects were subordinates who were working in the banking industry and were working for middle level managers.

## IMPORTANCE OF THE STUDY

The present study looks at the similarities and difference between subordinates from two different cultures. The results will be important by adding understanding for American expatriate managers in Thailand, or for Thai expatriate managers in the United States working in of the banking industry. Similarly, the results could also benefit Thai managers who are working with Thai subordinates, and American managers who are working with American subordinates. Furthermore, the results could benefit expatriate managers of others countries working in Thailand or United States. Parent companies could also benefit from the study in making assignments of expatriates to manage Thai or American banking branches. Finally, the results will be useful for stimulating future research in the different styles of

management in cross cultural environments, and the resolution of conflicts between expatriates and subordinates in host countries.

## RESEARCH FINDINGS

There were eight hypotheses in this study.

Hypothesis 1 concluded that Thai and American subordinates have differences in their perception of managerial values concerning the consideration dimension. The result suggested that Thai subordinates tend to place higher value on relations between managers and subordinates.

Hypothesis 2 showed that Thai and American subordinates are similar on the initiating structure dimension. This suggested that both groups emphasized the achievement of the task at approximately equal levels.

Hypothesis 3 and hypothesis 4 showed that gender seem to have no effect on the consideration and the initiating structure preferences of both Thai and American subordinates in the banking industry. The males and females of the two countries showed no differences in their managerial preferences using the Ohio State study concepts.

Hypothesis 5 and hypothesis 6 showed no age group differences on the consideration and the initiating structure dimensions for Thai and American subordinates. However, the two-way interaction for age and nationality on consideration did show effect. Perhaps differences in culture were demonstrated here and/or employment condition were the factors that generated this difference.

Hypothesis 7 and 8 showed that work experience with age as a covariate had no effect on the consideration and the initiating dimensions for Thai and American subordinates. However, the two-way interaction of work experience and nationality showed a significant effect on the initiating structure dimension for the two groups (perhaps due to cultural differences and/or employment

conditions of the two countries).

## **IMPLICATIONS FOR PRACTICE**

In the management of an organization, leaders are crucial for the success of the organization and so are the subordinates. Understanding leadership styles and subordinates' needs will be important to management. However, there are many approaches to the study of leadership: trait approach, behavioral approach, contingency approach, and transformational approach. The present study has made an effort to identify factors that are important to the success of leaders. To emphasize the importance of this study, Parker (1994) noted that it is important for business men and women to understand the similarities and the differences in leadership styles across cultures. However, only 32% of US. firms offered formal training programs to their expatriate managers in host countries, and 68% gave none (Parker, 1994). Robinson (1989) also noted that not only is training important, but updating the knowledges and the skills people need in order to successful is critical. The study of cross cultural leadership styles can benefit managers who need to update their knowledge concerning international management practices. Research can help leaders understand their strengths and weaknesses, and help them toward self-improvement (Bennis & Nanus, 1985).

However, the study of leadership styles also open to debate. For example, some researchers believe that there is one best style of leadership that can maximize productivity, satisfaction, growth, and development in all situations (McGregor, 1960; Blake & Mouton, 1964). On the other hand, some researchers suggest that there is no single style that can be applied appropriately for every situation ( Fiedler, 1961; House, 1971; Hersey & Blanchard, 1977).

The Behavioral approach is one leadership theory that has been used to explain leadership styles. Many researchers of this approach use the Ohio State study

as a framework (an analysis of consideration and initiating structure as the style of leadership). The present study showed the managerial values of the subordinates who are working in banks in the two countries, Thailand and the United States. In particular, some differences were found between Thai and the United States employees in consideration and some interaction effects were noted between age and nationality on consideration and on years of work experience and nationality on initiating structure. Expatriate managers who work in these two countries can use these findings as guidelines for their management styles.

## **RECOMMENDATIONS FOR FUTURE RESEARCH**

Based on the findings of the present study, the researcher would like to make some suggestions for other studies in this area.

First, other researchers should use this study as a framework to study populations from other nationalities. The research approach used in this study may simplify other studies of preferred leadership styles across national boundaries.

Second, other researchers may choose to use this study as a framework for studying attitudes toward managerial styles in other areas of business. This study focused on the banking area, but other areas of business may show different findings.

Third, other researchers may want to conduct a similar study in large organizations using similar demographic data, or other variables, such as different regions to compare management preferences.

Finally, other researchers may want to use the Ohio State study framework of leadership in order to compare it with other theories of leadership for similar population.

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