

AMERICAN MANAGEMENT STYLE IN THAILAND

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1. OBJECTIVE OF RESEARCH

The management practices of local Thai firms are viewed as less developed as compared to those of American subsidiaries. At present, the current management practices, organization structure, decision making and human resource management of the local Thai firms are a mixture of those of the American subsidiaries and the Thai style of management. The local Thai firms have adapted very well to the impact of the United States and contributed greatly to the economic prosperity of Thailand.

The management practices of American organizations represent two categories of management style. When American multinational corporations invest abroad, they often bring their management culture along with production technology into less developed countries. Foreign technology and management practices stimulate and are copied by the local firms. The American investment in Thailand has been one of the driving forces of the rapid growth in the Thai economy in the last thirty years. The US multinationals have brought into Thailand their unique management practices to help organize local resources and increase productivity, and the local Thai firms have learned the way that the US multinationals manage their organizations. Nowadays, we notice that the organizational set-up of the local Thai firms is not much different from that of the American subsidiaries.

This research will examine where the organizational structure, decision making and human resource management practices of the Thai firms stand under the influence of the American subsidiaries.

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2. QUESTIONNAIRE:

Samples were gathered in Thailand, from May to September 1995, of 230 managers from 230 American subsidiaries, and 230 managers from 230 local private Thai firms.

After choosing the firms, the appropriate number of manager questionnaires were sent out by mail.

Field tests were conducted to check the proper application of terms and meaning of each item.

3. WHERE DO THE LOCAL THAI FIRMS STAND?

Questionnaire measurements show respondents' subjective perception or attitudes towards organizational practices.

The measurements of organizational structure, decision making and human resource management practices and the research results are discussed in the sections following:

3.1 Organizational Structure

The objective level of formalization was measured by the number of documents given to various types of employees, such as:

- Written policies,
- Information booklets,
- Organizational charts,
- Written operating instructions,
- Written job descriptions,
- Manuals of procedures,
- Work flow schedules or programs, and
- Written research programs and reports.

The results on formalization and job routinization are shown in Table I.

From the Table, the Thai firms and the American subsidiaries are not different in terms of written schedules and programs, written documents such as plans and budgets, or documentation of duties and responsibilities. However,

managers' perceptions among these companies are different as to written standards for performance evaluation, written specificity of responsibilities and clarity of written objectives, as well as the one best or correct direction to perform tasks, and no application of modern techniques in jobs.

Table 1. Organizational Characteristics of Thai Firms, and American Subsidiaries in Thailand

Characteristics	Thai Firms		American Subsidiaries	
	Mean	SD	Mean	SD
Subjective Measurement:				
Formalization:				
(5 point scale: 1 = lowest, 5 = highest)				
● Clarity of written objectives.	4.05	0.90	3.74	1.10
● Documentation of duties and authorities.	3.55	1.18	3.63	1.28
● Written specificity of responsibilities.	3.71	1.21	3.63	1.25
● Written standard for performance evaluation.	4.08	1.10	3.67	1.14
● Written documents such as plans and budgets.	3.89	1.16	3.80	1.12
● Written schedules and programs.	3.66	0.99	3.61	1.02
Job Routinization:				
● One best or correct direction to perform tasks.	3.55	0.80	3.40	0.99
● Predictability of what to be done.	3.68	0.90	3.36	0.97
● No application of modern techniques in jobs.	1.92	1.00	2.49	1.24
● Simplicity of job, little instruction is necessitated.	2.42	1.29	2.91	1.36

3.2 Decision Making: Perceived Influence and Job Autonomy

To evaluate the centralization of decision making, subordinates' job autonomy and the managers' perception of their amount of influence on matters related to their work were studied.

Job autonomy was estimated by four items on the same five-point ordinal scale as that applied to formalization. These items are as shown in Table 2.

The managers' perception of their amount of influence was estimated from ten work related matters on a five-point scale from "very large influence" (5) to "very little influence" (1).

Table 2 also illustrates the managers' perception of their influence on matters related to their work. Items one to six:

- the managers' influence over subordinates on delegating work,
- disciplining,
- controlling work quality,
- wages and promotion,
- hiring and placement,
- establishing budgets of own unit,
- indicate the extent of delegation.

Managers in Thai firms clearly perceive more job autonomy than do managers in the American subsidiaries. In delegating work to subordinates, wages and promotion of subordinates, hiring and placement of subordinates, establishing the budget for own unit, influencing policy related to own work and influencing superiors, the perception of managers in the Thai firms is higher than of those in the American subsidiaries. However, managers in the American subsidiaries perceive more influence in disciplining subordinates and controlling subordinates' work than do managers in the Thai firms.

Table 2. Decentralization in Thai Firms and American Subsidiaries in Thailand

Job Autonomy and Manager's Influence	Thai Firms		American Subsidiaries	
	Mean	SD	Mean	SD
Subordinates' Job Autonomy: (5 point scale: 1 = lowest, 5 = highest)				
● Making own rules on the job	3.97	0.64	3.43	1.01
● How things are done left to subordinates	3.76	0.85	3.48	0.98
● Making decision without checking	3.13	1.07	2.67	1.05
● Making decision encouraged	3.65	0.89	3.20	0.90
Managers' Influence: (5 point scale: 1 = lowest, 5 = highest)				
● Disciplining subordinates	3.42	0.98	3.66	0.97
● Influencing policy related to own work	3.92	0.67	3.74	1.00
● Wages and promotion of subordinates	3.84	0.87	3.40	1.02
● Hiring and placement of subordinates	3.95	0.88	3.45	0.99
● Establishing the budget for own unit	3.92	1.22	3.38	1.15
● Coordinating with other units	3.97	0.40	3.50	0.80
● Influencing policy not related to own work	3.50	0.40	3.50	0.80
● Influencing superiors	3.95	0.87	3.84	1.07
● Delegating work to subordinates	4.11	0.76	3.84	0.90
● Controlling subordinates' work quality	3.68	0.96	3.70	0.93

3.3 Personnel Management Practices

Table 3 indicates the differences in human resource management practices of the two types of companies as to:

- Layoff policies,
- Selection,
- Promotion,
- Training, and
- Group activity.

Layoff Policies: The percentage of workers laid off during a recession was applied as an indicator of layoff policy.

About 65.50 percent of Thai firms and 50.20 percent of American subsidiaries do not lay off employees during a recession.

Table 3. Personnel Management Practices of Thai Firms and American Subsidiaries in Thailand

Personnel Management Practices	Thai Firms		American Subsidiaries	
	Mean	SD	Mean	SD
Selecting Criteria and Characteristics of New Hires:				
New graduates	2.41	1.14	3.25	1.11
General education	3.63	0.91	3.65	0.96
Technical education	3.38	1.14	3.40	1.18
Those with work experience	3.92	0.80	3.91	1.08
Those related to current employees	2.73	1.43	3.42	1.21
Employee Training: (5 point scale: 1 = lowest, 5 = highest)				
Frequency of training	3.24	1.13	3.12	1.16
Importance of training	4.18	1.06	4.03	1.16
Group activities:				
Firms having quality circles (% of firms)	2.89	1.10	2.85	1.12
Frequency of social activities	2.63	1.10	2.77	1.10

Promotion: Promotion practices were studied as to the importance of four promotion criteria as perceived by managers:

- (1) past performance,
- (2) technical competence,
- (3) loyalty, and
- (4) seniority.

A five-point scale ranging from "of utmost importance" (5) to "not important" (1) was applied.

Managers in the Thai firms perceived past performance and technical competence to be more important promotion criteria, but loyalty and seniority to be less important, than did those in the American firms.

Selecting: Selection includes the use of selecting criteria and characteristics of newly hired employees. The selecting criteria are technical education and general education, which were coded on a five point scale from “of utmost importance” (5) to “not important” (1).

The respondents’ preferences as to the attributes of new subordinates they intended to employ were studied by asking questions as to whether the applicants were fresh and new graduates from universities; whether they had work experience in a similar firm or in a different type of organization; and whether they had relationship to present employees.

These were analyzed on a five-point scale from “very greatly preferred” (5) to “not preferred” (1).

The Thai firms were not different from the American subsidiaries in the recruiting criterion of those with work experience; but the American firms prefer to hire according to technical education, general education, new graduates without work experience and those related to current employees.

Training: Employee training was studied by two items:

- (1) the frequency of training in the department or unit, and
- (2) importance of training

Both were coded on a five-point scale from “very frequently” to “never” (1) for the former; and from “of utmost importance” (5) to “unimportant” (1) for the later.

Managers in the two types of organization do not demonstrate any difference in the importance of training, but the Thai firms train their employees more often than do the American subsidiaries.

Group Activity: Eventually, group activity was studied as to the frequency of social activities which took place after work, such as in bars, restaurants, etc., and the number of quality control circles in the organization.

Social activity was coded from “very frequently” (5) to “never” (1).

There are more frequent social activities in the American subsidiaries than in the Thai firms.

4. SUMMARY

The current impact of the economic, social, political and international environments on Thailand is posing new challenges to American subsidiaries and local Thai firms. The American subsidiaries, being a part of multinational enterprises, definitely have competitive advantage in dealing with new problems in Thailand. Their parent companies will transfer their managerial skill in dealing with the same problems in other countries to their subsidiaries in Thailand. The local Thai firms, similarly to in the past, will apply some effective managerial techniques as demonstrated by the foreign enterprises, and may further adapt their experience and creativity to develop unique managerial approaches to deal with new problems.

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