A Comparison of Leadership Behaviors in the Financial Industry in the United States and Taiwan

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ABSTRACT

This purpose of this paper is to examine the different perception of leadership in the financial industry in the United States and Taiwan. The data included valid questionnaires from 348 American and 339 Taiwanese employees in financial institutions. The perception of leadership behaviors includes three transactional leadership attributes and four transformational leadership attributes. Transactional leadership attributes are contingent reward, active management, and passive management. Transformational leadership attributes are individualized consideration, inspiration motivation, charisma, and idealized influence, and intellectual stimulation. Result show that there is significant difference in the perception of leadership behaviors between America’s and Taiwan’s financial institutions. The significant differences in the perception of leadership behavior attributes are passive management and intellectual stimulation. Also, American financial institutions report higher levels of passive management and intellectual stimulation than Taiwanese financial institutions.

INTRODUCTION

Western countries’ operations in Asia-Pacific market have become very active in the past 30 years. The Chinese market, with its cheap labor, huge consumer population, and natural resources, has become the favorite investment area in the Asia-Pacific region. In addition, American financial institutions have successfully entered the Taiwanese financial market and enjoyed better profits than Taiwanese domestic banks. Since Taiwan’s government opened up to private banks, new financial institutions have entered and brought intensive competition into the Taiwanese financial industry. Recently the number of Taiwanese financial institutions that have had to confront the challenge of the consumer lending crisis has increased. Taiwan’s Financial Supervisory Commission revised regulations in order to take over debt problems and bring new expertise to the Taiwanese financial industry; this allowed American financial institutions to take ownership of Taiwanese financial institutions. Therefore, Taiwan’s local banks have become international and the structure of the banking industry has changed (Caplen, 2007). In addition, both the Taiwanese and American governments have encouraged high-quality foreign financial institutions to establish branches in each country and domestic banks to establish branches overseas (Financial Supervisory Commission, 2008).

Multinational corporations include members living in different countries, separated by time zones and large physical distances, and the differences in geography, language, and culture present obvious barriers to the effective functioning of these global businesses. Therefore, multinational corporations have sometimes failed to accomplish their objectives because of failures in recruitment and selection (Gupta, 2004). Schein (2004) stated that leaders must be able to adapt to changing situations. Managers in
multinational companies need to learn different leadership abilities and management methods in different areas in order to survive.

Globalization and the different personalities and cultures it brings can be challenging for leaders. Managers of multinational companies may have a difficult time leading people from various places because diversity may cause many conflicts. Developing leadership styles in response to global diversity helps leaders work within multinational organizations (Horace, 2004). Therefore managers of multinational companies should respect their followers’ opinions and help subordinates to deal with problems instead of blaming them. One way to maintain good relationships is for leaders to take the time to get to know all their associates. When all members are familiar with each other, they feel that trust is at the heart of the organization.

This study integrated transactional and transformational leadership theory, in designing a research questionnaire perceived leadership behaviors in the financial industry. Research instruments were based on the existing literature, survey technology, and statistics analysis. I attempts to determine whether financial employees prefer different leadership styles between the United States and Taiwan to find appropriate leadership methods for assisting financial institutions managing branches in foreign countries.

THEORETICAL BACKGROUND AND HYPOTHESES

Leadership Theories

The various definitions of leadership are based on different assumptions and theories, for example, Warren Bennis (1984) extracted a theory of leadership from the experiences, culture, and history that influence behavior and thinking and enable leadership ability to emerge. Leadership also entails an enduring relationship that can be terrible or benign, such as a hostile or friendly relationship (Drucker, 2005). In the same vein, Prentice (2005) said, “How much grief could be avoided if everyone at the workplace simply practiced a bit of consideration and courtesy” (p. 149). The key to getting along with others is respect for the other person’s nation, race, or culture, since a demonstrated lack of respect is sure to sow the seeds of conflict. Successful organizations need not only task-oriented but also relationship-oriented leaders to guide subordinates (Andert, Platt, & Alexakis, 2011). Crosby (1997) stated that “[l]eadership is deliberately causing people-driven action in a planned fashion for the purpose of accomplishing the leader’s agenda” (p. 2). Leadership according to Crosby, then, means that leaders carefully select people and steer them in the leader’s direction. It entails a clear agenda, a personal philosophy, enduring relationships, and worldliness.

Jacobs & Jaques (1990) and others also defined leadership as involving the process of influencing activities to achieve organizational goals and purposes. These definitions refer to leadership as the ability to express the leaders’ vision, influence followers’ behavior and inspire effort for achieving results (Rakotobe & Sabrin, 2010). Leaders coordinate activities and make followers understand organizational missions in order to build commitment with the organization toward goal achievement. According to Prentice, 2005, p.151, “Leadership is the accomplishment of a goal through the direction of human assistants.” Strengthening leadership ability encourages leaders to improve their capability to achieve personal or organizational outcomes. Leadership is a complex capability that enables managers or executives to challenge organizational process, take risks, create challenging situations, promote change, and achieve results. It also involves the ability to be a guide and a trainer who respects people and listens attentively, willingly, and considerately.
Effective leadership involves a person’s skills, communication ability, and degree of influence on others to achieve organizational missions. Successful leadership influences others, inspires collective cooperation, and expresses a vision to achieve a specific goal.

**Trait Theory**

The standpoint of trait theory assists in understanding the particular traits of successful leader. Leadership trait theory determines the leader’s personality traits in order to select the right leader. Leadership trait theory contends that all leaders are born with certain inherent traits that allow them to attract followers. Trait theory developed from the “great man theory of leadership” in the twentieth century. The great man theory is based on the ideal that leadership is attributed to inherent qualities. The theory stated that individuals are naturally endowed with leadership traits including influence, power, energy, and intelligence (Galton, 1986; Cawthon, 1996). The great man theory of leadership suggests that leaders are born, not made (Cawthon, 1996). Early theorists such as Galton (1986) contended that great men are naturally endowed with extraordinary personally traits or characteristics obtained by virtue of inheritance. These characteristics naturally allow them to lead others, and so those who possess these genetic leaders’ traits or characteristics are needed to lead the masses (Dowd, 1936; Bass, 1990).

Leadership traits research by Mann (1959) found that effective or great leaders have very different qualities or traits. Those studies found that there are some qualities or traits associated with leaders, including physical vitality, intelligence, responsibility, competence, courage, trustworthiness, decisiveness, and self-confidence. Trait theory focuses on an individual’s personal attributes (Vandeveer & Menefee, 2006) like great ambition and energy, desire to lead, honesty and integrity, self-confidence, intelligence, and job-relevant knowledge. However, leaders not only have these traits but also know how to become good leaders. The context of trait theory identifies leadership as composed of personal traits that a leader uses to drive followers to success.

**Behavior Theory**

Hemphill and Coons (1957) argued that leadership is found in the behavior rather than the traits of individuals. Leadership behavior theory aims to examine leaders’ actions in organizations in order to determine what successful leaders do to improve organizational effectiveness. Many researchers have examined the behavior of individuals while they performed as leaders of organizations (Bass, 1990). Lewin, Lippit, and White (1939a) developed a leadership behavior theory that emphasizes actual activities. The earliest theories of leadership behavior styles used the categories autocratic, democratic, and laissez-faire (Lewin, Lippit, & White, 1939b). Autocratic leadership style involves centralizing authority, dictating work methods, making decisions, and limiting employee participation. Democratic leadership style includes encouraging employees’ participation, making decisions, delegating authority, and using feedback as an opportunity to coach employees. Lewin, Lippitt, and White (1939b) first described the laissez-faire leadership style, in which leaders provide no direction to followers and provide information and materials only when followers ask for them. Laissez-faire leaders give followers complete freedom to make decisions, so followers have little sense of accomplishment. Hence laissez-faire leadership results in a lack of clear direction and poor quality of work. Laissez-faire leadership style is complete permissiveness; consequently, this leadership style is the least effective (Bass, 1990).

Hemphill and Coons(1957) found two leadership styles: initiating structure and consideration structure. Initiating structure involves a framework for leadership behavior as a task-oriented style that is
appropriate for repetitive tasks and routine. This dimension includes leadership behavior emphasizing high production. Leaders expect all members to assign tasks, schedule ahead, and plan ways of getting things done. Consideration structure defines the framework for leadership behavior as people-oriented and includes behavior emphasizing high morale, collaborative work atmosphere, and rapport and warmth between the leaders and followers. This dimension includes concern for organizational members’ welfare, allowing subordinates to participate in decision making, and encouraging two-way communication. Meanwhile, at Michigan State University, Katz, Maccoby, Morse, Gurin, and Flood (1957) posited two different concepts: employee orientation and production orientation. Employee orientation emphasizes interpersonal relations, considers personal interest in the needs of employees, and accepts individual differences among the organizations. Production orientation emphasizes tasks or technical aspects of the job, focuses on accomplishing the group’s goals, and regards group members as a means to an end (Boje, 2007). The popular Ohio State and Michigan State leadership studies were examined simultaneously and similar outcomes were found. These two approaches found that successful behavior can be defined in terms of actions, not in terms of inherent traits; therefore successful leadership behavior could be learned.

**Contingency Theory**

Scholars faced the challenge of contingencies when they looked at leadership based on the great man theory focusing on traits (Lawrence & Lorsch, 1967). Stogdill (1974) stated, “A person does not become a leader by virtue of the possession of some combination of traits, but pattern of personal characteristics must bear some relevant relationship to the characteristic, activities, and goals of the followers” (p. 63). Hence the contingency theory plays an important role in determining the effectiveness of leadership (Heiens & Pleshko, 2011).

From 1964 through the 1970s, some researchers started examining contingency theory, which was then applied widely in the organization world. Fiedler’s contingency theory explains why an individual might be ineffective in a particular position even though the person is conscientious, loyal, and diligent. This theory is used to explain whether an individual who has worked well in one position would be equally effective if transferred to another, different position within that same organization. Fiedler's model assumes that organizational performance depends on various situational factors, including the follower’s capabilities and behavior and the leader’s preferred style. The leader’s preferred style can be described in terms of task and relationship motivation. Task motivation means that leaders consider final results rather than their relationship with followers in order to achieve effectiveness. On the contrary, relationship motivation means leaders believe that building good leadership with their followers will make followers willing to contribute to the organization. Lawrence and Lorsch (1967) added to contingency theory that there is no one best way for organizations. Scott said that the best way for organizations depends on the environment to which the organizations relate.

The contingency concept in leadership can be extended to the situation concept, which describes the relationship between a leader’s characteristics and leadership effectiveness. Hersey and Blanchard’s situational leadership theory presumes that leaders have to utilize different leadership styles according to the situation. This model demonstrates that leaders analyze the situation they are in and then flexibly choose the most appropriate leadership style (Antonakis et al., 2004). The Hersey-Blanchard situational theory was developed by Paul Hersey and Ken Blanchard in 1960. The Hersey-Blanchard model includes three variables: task behavior, relationship behavior, and maturity level. Task behavior is identified as measuring the degree to which a leader considers the task with clear procedures and goals. Relationship behavior is the degree to which a leader is accepted or supported by various groups. Maturity level
involves psychological and job maturity. Psychological maturity indicates that followers grow in ability, motivation, confidence and responsibility, while job maturity shows how much followers have improved their relevant skills, experience, and technical knowledge. The differentiations of leadership behavior categorized leadership into four types: telling, coaching, participating, and delegating leaders. This theory suggests that leadership style should be matched to the maturity of the subordinates. As subordinates become more mature, leadership should be more relationship-motivated than task-motivated. From high to low degrees of subordinate maturity, leadership behavior can be classified into delegating, participating, coaching, and telling leaders.

Hersey and Blanchard’s model suggests that leadership style must be selected to match followers’ maturity and flexibility to meet the changing situation. This theory describes effective leaders acting in a flexible manner as the situation changes. Fiedler's contingency theory and the Hersey-Blanchard situational theory both attempt to understand the relationship between style and situation. Those two theories have limited validity but are widely used (McKenna, 2000).

**Transactional and Transformational Leadership**

Transactional leadership theory was first proposed by Max Weber in 1947. According to Burns (1982), “Transactional leadership occurs when one person takes the initiative in making contact with others for the purpose of an exchange of valued thing” (p. 19). Bass (1994) described transactional leadership as based on the assumptions that followers are motivated through rewards and punishments and they obey their leaders’ instructions. Transactional leaders promise rewards for effort and good performance, and their subordinates perform well when given clear commands (Fein, Tziner & Vasiliu, 2010).

Downton (1973) first proposed transformational leadership based on the hypothesis that people will follow a person with enthusiasm, vision, and energy who inspires them to achieve great goals. Transformational leadership provides a generalization about leadership that emphasizes ideals, inspiration, innovations, and individual concerns. Transformational leaders emphasize the value of the organizations’ membership, whether membership is voluntary or compulsory. Conger and Kanungo (1998) described five behavioral attributes of charismatic leaders that involve a more transformational viewpoint: vision and articulation, sensitivity to the environment, sensitivity to member needs, personal risk taking, and unconventional behavior. Burns (1982) defined transformational leadership as a method using charisma to attract followers to the leader’s values. According to Burns (1982), “transformational leadership occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality” (p. 20).

Many studies have examined the effects of transactional and transformational leadership. Those studies found that transformational leadership promotes more effective outcomes than transactional leadership. Hay (2006) found transformational leadership to be effective in activating higher levels of creativity and performance in organizations. Bass (1994) discovered that subordinates who work for transformational leaders are more satisfied with their current work than those who work for transactional leaders. Therefore Bass (1990) indicated that subordinates recognize transformational leaders as more effective than transactional leaders.

Transactional and transformational leadership have dominated the leadership literature since 1980. Burns first clearly defined leadership style is either transactional or transformational and that transactional leadership is founded on bureaucratic authority and legitimacy. Bass (1990) gave transactional leadership two dimensions: contingency reward and management by expectation. In addition, Bass (1994) gave
transformational leadership four dimensions: idealized influence, inspirational motivation, intellectual
stimulation, and individualized consideration.

Transactional leadership emphasizes an exchange of rewards for effort or good performance; moreover, this leadership style focuses on managing subordinates by standard work, expectations, and rules. Transformational leadership provides vision and mission and thus gains trust and respect (Ivey & Kline, 2010). Transformational leaders are able to communicate high expectations and promote motivation, rationality, and problem solving, and followers respect and trust their intelligent leaders. Transformational leaders consider each employee individually and give them personal attention (Burns, 1982; Avolio & Bass, 2002). While transactional leaders tend to focus on establishing well-defined patterns of organization and managing through accomplishable tasks and efficient business, transformational leaders tend to focus on managing through inspired motivation and individualized consideration.

Employees come from diverse backgrounds, have different philosophies or personalities, and prefer different ways of life; therefore leaders encounter numerous difficulties in working with various followers. Managers must understand diverse employees so that they can effectively lead employees who come from different backgrounds with diverse beliefs, philosophies, or languages. Observing another culture allows leaders to understand the origin of their associates’ thoughts and to become more sensitive to their needs (Herndon, 2005). As associates become more diverse, leaders must enhance their appreciation for cultural diversity. By communicating with diverse individuals, leaders can understand the opinions of their followers and establish a good relationship with them (Schaeffer, 2003).

**RESEARCH HYPOTHESE**

This study tests hypothesis in relation to the differences in the perception of leadership behavior between American and Taiwanese financial institutions.

**Hypothesis 1a:** There is no difference between the mean of employees’ perception of leadership behavior in American financial institutions and the mean of employees’ perception of leadership behavior in Taiwanese financial institutions.

**Hypothesis 1b:** There is a difference between the mean of employees’ perception of leadership behavior in American financial institutions and the mean of employees’ perception of leadership behavior in Taiwanese financial institutions.

Hypothesis is consistent with previous theories that are based on transactional leadership and transformational leadership theories. Participants in Taiwan are supposed to be Taiwanese who have lived most of their lives in Taiwan, just as participants in the United States are supposed to be Americans who have lived most of their lives in the United States. However, there is no guarantee that the participants are truly Taiwanese or American, respectively. The assumption was made that participants have legal working visas and have lived in each country for some period of time. According to Senge (2006), a company is basically “a group of people who are doing something together that has some meaning to them, something that makes a contribution that they care deeply about.” People who live in foreign countries for a while will associate with the country where they live, and the longer they live in the foreign country, the more they will assimilate into the culture. I assumed a person who works for an American or Taiwanese financial institution will feel an affinity with the American or Taiwanese culture.
METHODOLOGY

Sample and Procedure
Samples were selected from employees of financial institutions that provide financial services supervised by governmental authority. Each participant was investigated once and belonged to either an American or a Taiwanese financial institution. The total number of valid questionnaires was 348 American and 339 Taiwanese. The American employment position consisted of associate (n = 118, 34%), middle or lower level manager (n = 150, 43%), and executive or upper level manager (n = 75, 22%). The Taiwanese employment positions consisted of associate (n = 237, 70%), middle or lower level manager (n = 75, 22%), and executive or upper level manager (n = 27, 8%).

The questionnaires were designed in English and then translated into Chinese. The English version was sent to American participants, and the Chinese version was sent to Taiwanese participants. I developed a Perception of Leadership Questionnaire (PLQ) based on Bass’s concept of transactional and transformational leadership. In order to find out how subordinates perceive their managers’ leadership. The results of the questionnaire can be described in terms of the ways respondents recognize their managers’ leadership behavior. The questionnaire includes three transactional leadership attributes and four transformational leadership attributes. The transactional leadership attributes are contingent reward, active management, and passive management. Transactional leadership style emphasizes the patterns of organization, channels of communication, and completion of tasks. Transformational leadership attributes include individualized consideration, inspirational motivation, charisma-idealized influence, and intellectual stimulation (Bass, 1994). Transformational leadership style emphasizes employees’ satisfaction, respect, trust, and friendship between the subordinates and managers of the organizations.

Multivariate Analysis of Variance (MANOVA) was used to compare the differences in this study. The Perception of Leadership Questionnaire (PLQ) consisted of seven attributes: (1) contingent reward, (2) active management, (3) passive management, (4) individualized consideration, (5) inspirational motivation, (6) charisma and idealized influence, and (7) intellectual stimulation. There are 23 items to measure those seven factors to measure those seven factors. The selected items always, often, occasionally, seldom, and never were scored as 5, 4, 3, 2, and 1, respectively. Table 1 contains the mean and standard deviation for each item.

<table>
<thead>
<tr>
<th>Attributes (dependent variable)</th>
<th>Items</th>
<th>USA Mean</th>
<th>S.D.</th>
<th>Taiwan Mean</th>
<th>S.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contingent reward</td>
<td>My manager tells me what to do if I want to be reward for my work.</td>
<td>2.63</td>
<td>1.344</td>
<td>2.88</td>
<td>1.218</td>
</tr>
<tr>
<td></td>
<td>My manager provides rewards for what I accomplish.</td>
<td>2.98</td>
<td>1.129</td>
<td>3.09</td>
<td>0.996</td>
</tr>
<tr>
<td>Active management</td>
<td>My manager makes the members know what is expected of them.</td>
<td>3.60</td>
<td>1.125</td>
<td>3.19</td>
<td>1.061</td>
</tr>
<tr>
<td></td>
<td>My manager actively tells the members the standards that I have to know to carry out my work.</td>
<td>3.17</td>
<td>1.216</td>
<td>3.64</td>
<td>1.044</td>
</tr>
<tr>
<td>Leadership Behavior</td>
<td>Description</td>
<td>Score 1</td>
<td>Score 2</td>
<td>Score 3</td>
<td>Score 4</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------------------------------------------------------------------------</td>
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</tr>
<tr>
<td>Passive management</td>
<td>My manager always pushes the members for increased production.</td>
<td>3.46</td>
<td>1.306</td>
<td>3.31</td>
<td>1.018</td>
</tr>
<tr>
<td></td>
<td>My manager always asks the members to work harder.</td>
<td>3.06</td>
<td>1.127</td>
<td>3.32</td>
<td>1.156</td>
</tr>
<tr>
<td></td>
<td>My manager always schedules the work to be done.</td>
<td>2.77</td>
<td>1.231</td>
<td>3.07</td>
<td>1.116</td>
</tr>
<tr>
<td>Individualized</td>
<td>My manager likes me continue working in the same way as always, if the job is acceptable.</td>
<td>3.71</td>
<td>0.936</td>
<td>3.12</td>
<td>1.087</td>
</tr>
<tr>
<td>consideration</td>
<td>My manager allows me complete freedom in my work.</td>
<td>3.83</td>
<td>1.115</td>
<td>3.44</td>
<td>1.003</td>
</tr>
<tr>
<td></td>
<td>My manager permits me to use my way in solving problems.</td>
<td>3.79</td>
<td>1.289</td>
<td>3.46</td>
<td>0.951</td>
</tr>
<tr>
<td>Inspirational</td>
<td>My manager is friendly and approachable.</td>
<td>3.96</td>
<td>1.267</td>
<td>3.45</td>
<td>1.138</td>
</tr>
<tr>
<td>motivation</td>
<td>My manager coaches or assists me on new tasks and procedures.</td>
<td>3.23</td>
<td>1.366</td>
<td>3.27</td>
<td>1.157</td>
</tr>
<tr>
<td></td>
<td>My manager considers my feeling, moods, thought.</td>
<td>3.10</td>
<td>1.361</td>
<td>3.00</td>
<td>0.982</td>
</tr>
<tr>
<td></td>
<td>My manager considers my personal ability, need, and ambition.</td>
<td>3.56</td>
<td>1.320</td>
<td>3.21</td>
<td>1.122</td>
</tr>
<tr>
<td></td>
<td>My manager spends time to listen to group members.</td>
<td>3.44</td>
<td>1.320</td>
<td>3.17</td>
<td>0.994</td>
</tr>
<tr>
<td>Charisma and idealized influence</td>
<td>My manager enjoys talking about personal beliefs and values.</td>
<td>3.06</td>
<td>1.378</td>
<td>3.38</td>
<td>1.083</td>
</tr>
<tr>
<td></td>
<td>My manager clears address company’s goal and encourage me strive to achieve goal.</td>
<td>3.75</td>
<td>1.169</td>
<td>3.24</td>
<td>1.081</td>
</tr>
<tr>
<td>Intellectual simulation</td>
<td>My manager is respectable and confident.</td>
<td>3.85</td>
<td>1.178</td>
<td>3.37</td>
<td>1.135</td>
</tr>
<tr>
<td></td>
<td>I am proud of be associated with my manager.</td>
<td>3.77</td>
<td>1.246</td>
<td>3.35</td>
<td>1.209</td>
</tr>
<tr>
<td></td>
<td>My manager acts as the real leaders.</td>
<td>3.58</td>
<td>1.273</td>
<td>3.36</td>
<td>1.218</td>
</tr>
</tbody>
</table>

The researcher used 687 completed samples to check reliability. The reliable sample is 90%. The overall Cronbach’s alpha of the perceptions of leadership behavior items is 0.941, using to measure 23 items, so reliability can be considered more than acceptable. In addition, the values of Corrected Item-Total Correlation are all above 0.3, which indicates that all items have an excellent correlation with the scale overall. The results from the reliability analysis of the perception of leadership behavior items demonstrate that all items contribute positively to overall reliability and have good internal consistency.
RESULTS OF ANALYSES

I use a one-way multivariate analysis of variance to test hypothesis. The independent variable was American’s and Taiwan’s financial industries. The dependent variables included the seven perceptions of leadership behavior attributes, which were (1) contingent reward, (2) active management, (3) passive management, (4) individualized consideration, (5) inspirational motivation, (6) charisma and idealized influence, and (7) intellectual stimulation. In this case, the significance level (Sig.) of Pillai’s Trace, Wilk’s Lambda, Hotelling’s Trace and Roy’s Large Root approximates to 0.

Thus null hypothesis 1 was rejected. Hypothesis 1: There is a statistically significant difference between the mean of employees’ perception of leadership behavior in American financial institutions and the mean of employees’ perception of leadership behavior in Taiwanese financial institutions was supported.

After the level of significance on hypothesis 1 was obtained, the relation of each perception of leadership behavior attributes was further examined. A higher alpha level should be set for reducing Type I error. To this end Bonferroni’s adjustment was used; therefore the original alpha level of 0.05 should be divided by the number of attributes. In this case, there were seven dependent variables to be examined; thus 0.05 was divided by 7, giving a new alpha level of 0.007. The result would be significant if the (Sig.) were less than 0.007. In Table 2, the third row labeled COUNTRY, in the Sig. column, Sig. values of passive management (Sig. = 0.00) and intellectual stimulation (Sig. = 0.002) were less than 0.007. Hence the significant differences between employees’ perception of leadership behavior in American financial institutions and in Taiwanese financial institutions were in passive management and intellectual stimulation.

The statistics indicated that American and Taiwanese financial institutions differed in terms of passive management and intellectual stimulation. However, it did not indicate who had the higher score, so estimated marginal means were used to find out. For passive management, the mean for American financial institutions was 3.707; 3.323 for Taiwanese financial institutions. For intellectual stimulation, the mean score for American financial institutions was 3.287; 2.937 for Taiwanese financial institutions. American financial institutions obviously had higher scores on passive management and intellectual stimulation.

In summary, there was a statistically significant difference between American and Taiwanese financial institutions in the perception of leadership behavior (the combined dependent variables). When the dependent variables were separated, the major differences to reach statistical significance were passive management and intellectual stimulation. An inspection of the mean scores indicated that American financial institutions reported higher levels of passive management and intellectual stimulation than did Taiwanese financial institutions.

DISCUSSION AND CONCLUSIONS

The findings indicated that passive management and intellectual stimulation were significantly different in American and Taiwanese financial institutions. American managers prefer to adopt passive management and intellectual stimulation. The American managers in the study preferred associates to have liberty to complete their tasks, encouraged them to create new ideas, and sought new perspectives for solving problems. However Taiwanese managers preferred subordinates to work as standard work, expectations and rules, also they focus on establishing well-defined patters of organization and managing
thought accomplishable task. Indeed, when managers lead subordinates from each country, they should consider how to use the passive management and intellectual stimulation leadership attributes that have been proven to be significantly different in the America’s and Taiwan’s financial industries.

In today’s global markets, multinational companies are faced with an increasing number of partners transferred from different countries, and these business leaders often experience conflicts when leading expatriates. Many American corporations have moved their business models or practices to China. Unfortunately, their understanding of Chinese leadership behaviors is limited, and this limitation may leave them feeling exploited or threatened. Managers face potential difficulties when leading expatriates because their consistent leadership types restricts their behavior. Therefore learning leadership from each other to resolve conflicts is very important for multinational company.

This research provides a tool to help organizations understand different leadership behaviors in different nations so that they can reduce leading conflicts. This survey enables organizations to analyze their leadership behavior to help managers to modify their behavior to fit their organization. Indeed, the results imply that American financial institutions where managers focus on organizational achievement and emphasize building good relationships with associates through sympathy and attention. They trust subordinates to strive to do the right thing and tolerate their accidental failures. They consider associates’ needs and encourage them to cooperate with the organization. By contrast, leaders in Taiwanese financial institutions are motivated and desire success and achievement. Associates’ hold managers in high esteem; therefore managers should have clear visions and make specific contributions to organizations. Moreover, they have the authority to measure their subordinates’ performance. Indeed, American managers are highly qualified and independent, whereas Taiwanese financial managers exert powerful authority. This finding implies that managers should adopt different ways to inspire associates to win their respect in different countries. As a result, when American managers operate associates in Taiwan, they need to learn how to make authoritative decisions when responding to passive subordinates’ needs. On the contrary, when Taiwanese managers operate in the United States, they need to learn to give self-managing autonomy to associates.

In the past 25 years, many American corporations have operated subsidiaries in Taiwan and have earned better profits than local Taiwanese companies. The Taiwanese have learned management from the American subsidiaries in Taiwan and have brought their knowledge to local companies. The Taiwanese recognize that authority may limit employees’ creation; therefore managers have started to try to communicate with and empower their subordinates. As a result, future leadership style differences between Taiwan and America will be reduced. However, according to House (2004), the increasing interconnection among countries does not necessarily mean that cultural differences are reduced. During an economic recession, cultural barriers could emerge again. House’s (2004) research found that 85% of CEOs think their corporations do not have enough good global leaders, and that 65% of existing leaders have to train to be global leaders. Since expatriate managers have been educated, lived most of their life, and spent many years working in their home countries, it is very difficult for them to accept leadership values that differ from their own experiences and to accommodate themselves to the changing situation.

Global business leaders must be aware of the differentiations of leadership style and know how to motivate people from around the world. The best way to coordinate and integrate people from different countries within the organizations is to respect their nationality, cultures, and behavior styles. Leaders must have the competence to create an environment where employees can achieve their potentials as they help their organizations move toward their organizational goals. Successful leaders are not power controllers; rather, leaders must envision themselves as flexible resources able to perform in various roles.


