

Reasoning disparities between HK and US managers

Isola Oluwabusuyi

School of Business and Accounting
Brown Mackie College, Atlanta
oluwabusuyi5@yahoo.com

Abstract

The purpose of this study was to examine and compare the factors that influence intuition as a decision-making tool for leaders/managers in Hong Kong and in the United States. This study examined the relationships among gender, management level, extent of management experience, country of operation, and the reported use of intuition in decision making. Existing empirical research in this field is sparse. In this research, attempt was made to contribute to empirical research on the viability and reported use of intuition as a decision-making skill of leaders. Agor's Intuitive Measurement Survey (AIM) survey was adapted (with permission from copyright owner) from Weston Agor's study to measure the relationship between a manager's reported use of intuition in decision making and the manager's management level, his level of management experience, the manager's gender, and the manager's country of operation. Each participant was electronically sent a link that led to a web page containing the survey questions. Once the respondent clicks submit, the questionnaire was mailed directly to the researcher. The research shows significant relationship between research variables. Administrative managers in Hong Kong's reported use of intuition in decision making was significantly lower than US managers reported use of intuition in decision making. The paper concludes by examining the implications of these significant findings to global business management and management education.

Introduction

A new study conducted at Argosy University's school of business showed that business owners with 10 years or less management experience in Hong Kong's reported use of intuition in decision making is lower than US supervisors with 10 years or less management experience's reported use of intuition in decision making. The study had four different management categories including supervisors, managers, executives and business owners.

The researcher (Isola, 2009) surveyed 100 participants from each country involved in the comparative study. In commenting on the findings of the study, Dr Isola said this finding could represent a significant departure from conventional thinking. While the few studies in this specialized area of International Business Management has remained inconclusive, one would at least expect the Chinese to be more intuitive in their decision making given their very high score on Hofstede's LTO (Long term orientation) index.

Managerial decision making has always been a subject of intense academic discussion. What is the most effective way of choosing between alternatives in managing companies? Should the company's new plant be located in New Jersey or Guangzhou? In answering these questions management scholars focused on the rational approach for several years. The idea of utilizing intuitive skills to make such decisions is a recent phenomenon and it remains largely unpopular.

Peter Drucker (1967) identified six major steps that should be followed by executives making decisions for their companies. In 2004, he presented another paper that further narrowed the whole process to three steps. Both approaches emphasized rational decision making processes. However, more and more studies are showing that effective executives are less rational in their managerial decision making especially when faced with dynamic environments. While most business schools are focused on teaching rational decision making techniques, more and more studies are showing that the impact of intuitive or non-rational decision making techniques can no longer be ignored without costs.

Douglas Dean and John Mihalasky (1974) discovered through their ten year research that executives whose companies increased the most profits, scored higher on tests of precognition than average. They tested approximately 165 CEOs and presidents of companies in the United States and found that 80% of the leaders who doubled or nearly doubled their profits in a five-year period had above-average scores on intuitive ability (Church, 2005). The findings of their research showed that intuitive managers were more successful than their more analytical counterparts. Studies by Agor (1989) also showed that top executives rated significantly higher than middle or low level managers in intuitive abilities.

Intuition, like many other popular concepts is quite elusive to define. It has been defined by many scholars in various ways. Jung (1924) defined intuition as that psychological function which transmits perception in an unconscious way. In commenting on the diversity of definitions, Isaack (1978) wrote “an examination of the literature on intuition disclosed that authorities on the subject had different concepts about it” Behling & Eckel (1991) found eighty-seven descriptions of intuition during a search of two electronic data bases in twenty-four books and articles published between 1976 and 1987. In trying to make sense out of the descriptions, they recruited six MBA students to group the descriptions. Six clusters eventually emerged.

In one cluster, authors described intuition as a paranormal phenomenon. Top managers who relied on psychics to make decisions were cited as examples in this cluster. “H. L. Hunt relied on a psychic to help pick oil properties (Rowen, 1986)” A second cluster consists of descriptions of Intuition as a personality trait. Scholars in this category saw intuitive decision making as genetic or acquired very early in life (Behling & Eckel, 1991). Three of the remaining four clusters described intuition as an unconscious process, a set of actions, and distilled experience. The fourth cluster was named the residual category. Authors in this category defined intuition as decisions not made using the rational decision making process.

Methodology

The quantitative research employed Agor’s Intuitive Measurement Survey (with permission by copyright owner). The AIM survey was administered to 100 participants from the US and 100 participants from Hong Kong. Questions on the survey were developed to measure all independent and dependent variables including Gender, Management Level, Management Experience, Country of Operation, and Reported use of intuition in decision making. Reported use of intuition in decision making was the only dependent variable in the study, the remaining four variables were independent variables.

Validity and reliability of the instrument

AIM Survey (Agor’s Intuitive Measurement Survey) is a modified MBTI (Myers-Briggs Type

Indicator). The instrument, therefore, uses the reliability and validity of MBTI (Agor, 1984). Studies have found strong support for construct validity, internal consistency, and test related reliability of MBTI instrument (Thompson & Borello, 1986). Further, the instrument was designed to best measure all the variables in this study. The questionnaire was modified and simplified so it contained clear instructions, questions, and possible answers.

Research questions

The study's four research questions explored the relationship between the study's independent and dependent variables:

Research Question 1: What is the relationship between a leader's management level and the leader's reported use of intuition in decision making?

Research Question 2: What is the relationship between a manager's work experience as a manager and the manager's reported use of intuition in decision making?

Research Question 3: What is the relationship between a manager's sex and a manager's reported use of intuition in decision making?

Research Question 4: What is the relationship between a manager's country of operation and a manager's reported use of intuition in decision making?

Assumptions and limitations

The following assumptions were formulated that were central to the design of this research.

1. Respondents understand the questions and are able to answer all of them in the questionnaire.
2. Answers to the questionnaire are given with the respondent's knowledge and honesty.
3. Data collection process was authentic.
4. Analysis tools were accurate

Below are some limitations that may influence the results. These limitations include:

1. The samples were a combination of criterion, maximum variation and convenience based selection of companies in Hong Kong and the United States.
2. The United States samples were selected from the East and West coast of the United States.

Findings

The study's seven null hypotheses were not rejected but a further analysis of gathered data uncovered forty-one significant findings discussed below.

Additional Finding 1: Administrative managers in Hong Kong's reported use of intuition in decision making is lower than US administrative managers' reported use of intuition in decision making. Mann-Whitney U results showed the mean rank of Hong Kong and US administrative managers are 13.17 and 20.94, respectively. Mean scores of Hong Kong and US administrative managers are 6.333 and 8.11 respectively. This result is significant at the .023 level.

Additional Finding 2: Business owners with 10 years or less management experience in Hong Kong's reported use of intuition in decision making is lower than US supervisors with 10 years or less management experience's reported use of intuition in decision making. Mean

scores of Hong Kong Business owners with 10 years or less management experience and US supervisors with 10 years or less management experience are 6.0 and 6.35 respectively. This result is significant at the .022 level.

Additional Finding 3: Supervisors with 10 years or less management experience in Hong Kong's reported use of intuition in decision making is lower than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of Supervisors with 10 years or less management experience in Hong Kong and US supervisors with over 10 years management experience are 6.6363 and 8.00 respectively. This result is significant at the 0.01 level.

Additional Finding 4: US supervisors with 10 years or less management experience's reported use of intuition in decision making is lower than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of US supervisors with 10 years or less management experience and US supervisors with over 10 years management experience are 6.35 and 8.00 respectively. This result is significant at the 0.01 level.

Additional Finding 5: Managers with 10 years or less management experience in Hong Kong's reported use of intuition in decision making is lower than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of Managers with 10 years or less management experience in Hong Kong and US supervisors with over 10 years management experience are 6.8636 and 8.00 respectively. This result is significant at the 0.01 level.

Additional Finding 6: US managers with 10 years or less management experience's reported use of intuition in decision making is lower than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of US managers with 10 years or less management experience and US supervisors with over 10 years management experience are 7.1304 and 8.00 respectively. This result is significant at the 0.01 level.

Additional Finding 7: Managers with more than 10 years management experience in Hong Kong's reported use of intuition in decision making is lower than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of Managers with more than 10 years management experience in Hong Kong and US supervisors with over 10 years management experience are 7.6666 and 8.00 respectively. This result is significant at the 0.01 level.

Additional Finding 8: US managers with more than 10 years management experience's reported use of intuition in decision making is higher than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of US managers with more than 10 years management experience and US supervisors with over 10 years management experience are 8.5714 and 8.00 respectively. This result is significant at the 0.01 level.

Additional Finding 9: Executives with 10 years or less management experience in Hong Kong's reported use of intuition in decision making is lower than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of Executives with 10 years or less management experience in Hong Kong and US supervisors with over 10 years management experience are 7.125 and 8.00 respectively. This result is

significant at the 0.01 level.

Additional Finding 10: US executives with 10 years or less management experience's reported use of intuition in decision making is lower than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of US executives with 10 years or less management experience and US supervisors with over 10 years management experience are 6.666 and 8.00 respectively. This result is significant at the 0.01 level.

Additional Finding 11: Executives with more than 10 years management experience in Hong Kong's reported use of intuition in decision making is lower than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of Executives with more than 10 years management experience in Hong Kong and US supervisors with over 10 years management experience are 7.25 and 8.00 respectively. This result is significant at the 0.01 level.

Additional Finding 12: US executives with over 10 years management experience's reported use of intuition in decision making is lower than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of US executives with over 10 years management experience and US supervisors with over 10 years management experience are 7.6666 and 8.00 respectively. This result is significant at the 0.01 level.

Additional Finding 13: Business owners with 10 years or less management experience in Hong Kong's reported use of intuition in decision making is lower than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of Business owners with 10 years or less management experience in Hong Kong and US supervisors with over 10 years management experience are 6.00 and 8.00 respectively. This result is significant at the 0.01 level.

Additional Finding 14: Business owners with over 10 years management experience in Hong Kong's reported use of intuition in decision making is lower than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of Business owners with over 10 years management experience in Hong Kong and US supervisors with over 10 years management experience are 7.7142 and 8.00 respectively. This result is significant at the 0.01 level.

Additional Finding 15: US business owners with over 10 years management experience's reported use of intuition in decision making is lower than US supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of US business owners with over 10 years management experience and US supervisors with over 10 years management experience are 6.18181 and 8.00 respectively. This result is significant at the 0.01 level.

Additional Finding 16: Business owners with over 10 years management experience in Hong Kong's reported use of intuition in decision making is higher than US managers with 10 years or less management experience's reported use of intuition in decision making. Mean scores of Business owners with over 10 years management experience in Hong Kong and US managers with 10 years or less management experience are 7.7142 and 7.1304 respectively. This result is significant at the 0.01 level.

Additional Finding 17: US business owners with 10 years or less management experience's reported use of intuition in decision making is higher than Hong Kong supervisors with over 10 years management experience's reported use of intuition in decision making. Mean scores of US business owners with 10 years or less management experience's and Hong Kong supervisors with over 10 years management experience are 8.00 and 6.0 respectively. This result is significant at the 0.01 level.

Additional Finding 18: US male managers with more than 20 years management experience's reported use of intuition in decision making is lower than US female managers with between 6 and 10 years management experience's reported use of intuition in decision making. Mean scores of US male managers with more than 20 years management experience and US female managers with between 6 and 10 years management experience are 7.1875 and 7.238 respectively. This result is significant at the .013 level.

Additional Finding 19: Female managers with between 6 and 10 years management experience in Hong Kong's reported use of intuition in decision making is higher than Hong Kong female managers with between 11 and 20 years management experience's reported use of intuition in decision making. Mean scores of Female managers with between 6 and 10 years management experience in Hong Kong and Hong Kong female managers with between 11 and 20 years management experience are 6.3809 and 6.333 respectively. This result is significant at the .032 level.

Additional Finding 20: US female managers with more than 20 years management experience's reported use of intuition in decision making is higher than Hong Kong female managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of US female managers with more than 20 years management experience and Hong Kong female managers with 5 years or less management experience are 7.666 and 7.1 respectively. This result is significant at the .020 level.

Additional Finding 21: Female managers in Hong Kong with 5 years or less management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of Female managers in Hong Kong with 5 years or less management experience and US male managers with 5 years or less management experience are 7.1 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 22: US female managers with 5 years or less management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of US female managers with 5 years or less management experience and US male managers with 5 years or less management experience are 6.35 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 23: Female managers in Hong Kong with between 6 and 10 years management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of Female managers in Hong Kong with between 6 and 10 years management experience and US male managers with 5 years or less management experience are 6.380 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 24: US female managers with between 6 and 10 years management

experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of US female managers with between 6 and 10 years management experience and US male managers with 5 years or less management experience are 7.238 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 25: Female managers in Hong Kong with between 11 and 20 years management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of Female managers in Hong Kong with between 11 and 20 years management experience and US male managers with 5 years or less management experience are 6.333 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 26: US female managers with between 11 and 20 years management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of US female managers with between 11 and 20 years management experience and US male managers with 5 years or less management experience are 7 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 27: Female managers in Hong Kong with more than 20 years management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of Female managers in Hong Kong with more than 20 years management experience and US male managers with 5 years or less management experience are 6.875 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 28: US female managers with more than 20 years management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of US female managers with more than 20 years management experience and US male managers with 5 years or less management experience are 7.666 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 29: Male managers in Hong Kong with between 6 and 10 years management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of Male managers in Hong Kong with between 6 and 10 years management experience and US male managers with 5 years or less management experience are 7.0625 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 30: US male managers with between 6 and 10 years management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of US male managers with between 6 and 10 years management experience and US male managers with 5 years or less management experience are 7.00 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 31: Male managers in Hong Kong with between 11 and 20 years management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision

making. Mean scores of Hong Kong and US administrative managers are 6.8571 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 32: US male managers with between 11 and 20 years management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of US male managers with between 11 and 20 years management experience and US male managers with 5 years or less management experience are 7.2857 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 33: Male managers in Hong Kong with more than 20 years management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of Male managers in Hong Kong with more than 20 years management experience and US male managers with 5 years or less management experience are 8.125 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 34: US male managers with over 20 years management experience's reported use of intuition in decision making is lower than US male managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of US male managers with over 20 years management experience and US male managers with 5 years or less management experience are 7.187 and 9.5 respectively. This result is significant at the .010 level.

Additional Finding 35: US male managers with over 20 years management experience's reported use of intuition in decision making is higher than male managers in Hong Kong with between 11 and 20 years management experience's reported use of intuition in decision making. Mean scores of US male managers with over 20 years management experience and male managers in Hong Kong with between 11 and 20 years management experience are 7.1875 and 6.8571 respectively. This result is significant at the .025 level.

Additional Finding 36: US male executives' reported use of intuition in decision making is lower than US female managers' reported use of intuition in decision making. Mean scores of US male executives' and US female managers' are 7.388 and 7.461 respectively. This result is significant at the .005 level.

Additional Finding 37: US female business owners' reported use of intuition in decision making is higher than Hong Kong female executives' reported use of intuition in decision making. Mean scores of US female business owners and Hong Kong female executives are 7.25 and 6.307 respectively. This result is significant at the .038 level.

Additional Finding 38: Hong Kong male executives' reported use of intuition in decision making is higher than Hong Kong male business owners' reported use of intuition in decision making. Mean scores of Hong Kong male executives and Hong Kong male business owners are 7.933 and 6.583 respectively. This result is significant at the .022 level.

Additional Finding 39: US business owners' reported use of intuition in decision making is lower than Hong Kong executives' reported use of intuition in decision making. Mean scores of US business owners and Hong Kong executives are 7.0476 and 7.1785 respectively. This result is significant at the .002 level.

Additional Finding 40: US managers with between 11 and 20 years management experience's reported use of intuition in decision making is higher than US managers with 5 years or less management experience's reported use of intuition in decision making. Mean scores of US managers with between 11 and 20 years management experience and US managers with 5 years or less management experience are 7.4 and 6.93478 respectively. This result is significant at the .009 level.

Additional Finding 41: US managers with more than 20 years management experience's reported use of intuition in decision making is higher than US managers with between 6 and 10 years management experience's reported use of intuition in decision making. Mean scores of US managers with more than 20 years management experience and US managers with between 6 and 10 years management experience are 7.44 and 7.0 respectively. This result is significant at the .046 level.

Conclusion

The study discovered that United States managers/ leaders were less rational in their managerial decision making than Hong Kong leaders/managers in twenty of twenty-two categories. These findings can be quite significant to global business managers intending to shift more of their activities to Asia in the near future. Multinational corporations would have to provide more data for their Chinese managers operating out of Hong Kong in order to make them more comfortable with their decision making tasks as they tend to rely more on data based decision-making techniques.

Business schools in the West may also need to redesign their curriculum as more business leaders feel more comfortable with intuitive decision making techniques. This will make business schools more relevant to what obtains outside school walls and produce graduates that will be more amenable to top executive position appointments. The author would also like to recommend more comparative studies in managerial decision-making so that a clearer picture of intuitive managerial decision making can emerge.

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