THE STUDY OF TRANsnATIONAL MANAGER COMPETENCIES TO RESPOND TO THE DEMAND OF AEC: CASE STUDY OF BANGKOK BANK; CORPORATE BANKING DIVISION

By
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Executive Summary

In the year 2015, ASEAN Economic Community (AEC) will take place in South-East Asia region. The establishment of AEC will create an impact on banking industry in this region. Therefore, as one of the three mega banks in Thailand, Bangkok Bank (BBL) will not only need to compete with other international banks but also local banks in order to support the international expansion of their corporate customers. However, to compete in the changing environment, BBL will need identify emerging opportunities and exploit them while balancing the impact of globalization, single market, economies of scales, trade barrier, and so on. The bank can be said to have strategic plans to respond to this challenge but the constraint is to what extent their human resource is ready to implement the meaningful policies. Thus, the concept of Transnational Manager by Adler and Bartholomew (1992) has been proposed as a tool to identify the position of BBL corporate banking manager; to what extent BBL corporate banking managers are transnational.

Based on the interview with BBL corporate banking managers and BBL top executives, this report has studied the competencies that managers currently possess and compare to those required in Transnational Manager concept. Furthermore, this report also provides recommendations regarding the development of Transnational Manager.
The study of Transnational Manager competencies to respond to the demand of AEC: case study of Bangkok bank; corporate banking division.

Chapter 1: Introduction

Background

“What will happen after the establishment of AEC 2015 and are we ready for impact from AEC?” this question has gained its popularity recently among ASEAN member countries. At the same time, this question also leads to the increasing anxiety about regional economic integration in the next two years.

The association of South-East Asian Nations (ASEAN) is one of the world’s most successful regional economic organizations (Stief, 2014). It was established in August 8, 1967 by Indonesia, Malaysia, Philippines, Singapore, and Thailand. Later on, Brunei, Myanmar, Cambodia, Laos, and Vietnam have been included to ASEAN; totally there are 10 member countries. The agreement aims to develop and maintains regional peace and national economic. Besides its political accomplishment, investment generation, trade expansion; dispute settlement mechanisms have become their main concerns as well. Therefore, during the ASEAN Summit in 2003 the committees had decided to establish ASEAN Economic Community (AEC) together with other two pillars which are ASEAN Political-Security Community (APSC) and ASEAN Socio-Cultural Community (ASCC) by 2020. However, the completion date of those three pillars has been postponed from 2020 to 2015 as a result of global economic crisis in 2008 - 2009 (Austria, 2012).

The objectives of AEC are somewhat similar to the impression of a single market in European Union (EU). The AEC main objective is to transform ASEAN countries into a single market and production base. As a result, this single market not only allows free flow of capital but also attracts foreign direct investment (FDI) from non-ASEAN countries as well. Therefore the creation of AEC
would benefit this region in terms of economy of scale, production efficiency, and boost up regional competitiveness (Chia, 2011).

Meanwhile, Bangkok Bank (BBL) with the strongest bank balance sheet ranking in Thailand (The Asian Banker, 2013), also faces this economic integration in the near future. Therefore, BBL will have to come up with strategic plan in their corporate banking division to respond to the bigger market. Globalization, economies of scale, cost reduction and the need to access into regional market are the driving forces of this environment (McNally & Parry, 2000).

Human capital became the core factor for BBL strategic shift, especially in managers’ level since they are the driving force of daily operational business. As Begley & Boyd (2003) has argued that “It’s not enough for a few executives at a multinational to have a global mind-set. All employees should excel at balancing global consistency with local responsiveness. That’s why many organizations are testing ways to embed a corporate global mind-set in companywide policies. Research shows that managers universally recognize the imperative, but only a few are close to implementing it” (Begley & Boyd, 2003)

Therefore, the author has brought up the concept of Transnational Manager by Adler and Bartholomew (1992) to identify the competencies of BBL corporate banking manager in this concept. By implementing the concept of Transnational Manager, this paper will focus on the assessment of the stage of development in BBL’s corporate banking division. To what extend BBL’s corporate banking managers are Transnational Manager? In other word, this research will compare the gap between levels of current competencies of managers and those required in Transnational Manager.
Research objective

The primary objective of this research is to study the position of the manager competencies between BBL’s corporate banking managers and those required in transnational manager concept. In addition, this research also provides recommendations regarding the development of transnational competencies.

Research questions

1. What are the impacts of AEC on Bangkok bank corporate banking business and how the bank would respond to the demand of those requirements?

2. According to the requirement of AEC, what are the transnational competencies that Bangkok Bank corporate banking managers currently posses?

3. What is the competency gap between BBL’s corporate banking managers and those required in Transnational Manager concept?
Conceptual framework

Impacts of AEC on corporate business
- Single market
- FDI
- No trade barriers
- Free flow of capitals

BBL Transnational Competencies of manager for the upcoming AEC2015

Transnational managers by Adler and Bartholomew (1992)
- “Global perspective
- Local responsiveness
- Synergistic learning
- Transition and adaptation
- Cross-cultural interaction
- Collaboration
- Foreign experience”
Significant of research

Not only the result of this research would address the stage of development of BBL’s manager competencies according to Adler and Bartholomew (1992) but also the result of this research would provide BBL a strategic platform to develop human resources policies and practices. As the establish date of AEC is approaching, many BBL corporate customers started to invest in our neighbor countries such as Vietnam, Laos, Cambodia, and Indonesia (Table1). The investment occurred in form of subsidiary companies, joint ventures and international branches. In order to support the parent companies in Thailand and maintain good relationship with the subsidies in foreign countries; BBL will need to maximize the performance of their international branches and network. In addition, BBL corporate banking managers will also need to understand the new economic landscape in order to exploit the emerging business opportunities and provide proper financial supports for customers.

Table1: Net Thai direct investment in ASEAN

![Net Thai direct investment in ASEAN](Source:http://www.worldbank.org/content/dam/Worldbank/document/EAP/Thailand/thailand_economic_monitor_feb_2014.pdf)
Methodology

The data were obtained from semi-structured interview with two groups of interviewees. First group is executive level from policy & planning division, human resource division and corporate banking division. The second group is the manager from corporate banking division. Two sets of questions were designed for each group to test the presence of Transnational Manager concept.

All the interviews were tape recorded and noted in the author memos according to the international researcher ethical practice in order to be as neutral as possible. As well as the data obtained from the interviewees, they were fully transcribed and categorized into topics according to research’s conceptual framework.

Structure of this paper

This paper focuses on the study of Transnational Manager in BBL corporate banking division. Firstly, this research presents the background of Bangkok bank and also the review of related literatures. Then, the finding from field research is presented, followed by the discussion. The final part is recommendation and conclusion.
Chapter 2: Corporate information and literatures review

Company profile

<table>
<thead>
<tr>
<th>Name</th>
<th>Bangkok Bank Public Company Limited</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>Banking</td>
</tr>
<tr>
<td>Address</td>
<td>333 Silom Road, Bangrak, Bangkok 10500</td>
</tr>
<tr>
<td>Established date</td>
<td>December 1, 1944</td>
</tr>
<tr>
<td>Paid up capital</td>
<td>Million 40,000 THB (Thai Baht)</td>
</tr>
<tr>
<td>Headquarter</td>
<td>Silom, Bangkok</td>
</tr>
<tr>
<td>President</td>
<td>Mr. Chartsiri Sophonpanich</td>
</tr>
<tr>
<td>Website</td>
<td><a href="http://www.bangkokbank.com/">http://www.bangkokbank.com/</a></td>
</tr>
</tbody>
</table>

Source: [http://www.bangkokbank.com/BangkokBankThai/AboutBangkokBank/AboutUs/CorporateProfile/Pages/default.aspx](http://www.bangkokbank.com/BangkokBankThai/AboutBangkokBank/AboutUs/CorporateProfile/Pages/default.aspx)
Metropolitan Corporate banking is one of BBL’s business divisions which consist of 25 sub divisions as followed;

1. Corporate Agro Industries
2. Corporate Automobile & Heavy Equipment
3. Corporate Chemical & Petrochemical 1
4. Corporate Chemical & Petrochemical 2
5. Corporate Chinese Desk
6. Corporate Conglomerates 1
7. Corporate Conglomerates 2
Regional institution

The Association of Southeast Asian Nations (ASEAN) is a political and economic cooperative group, formed in 1967 by five founding states: Indonesia, Malaysia, the Philippines, Singapore, and Thailand. ASEAN expanded for the first time to admit Brunei as the sixth member in 1984. For 1995 to 1999 the old ASEAN members (ASEAN-6) decided to enlarge their association by accepting four of
the least developed Southeast Asian countries: Cambodia, Laos, Myanmar, and Vietnam (CLMV). As a result of the accessions, ASEAN has developed not two-but three-tiered regionalism due to the different level of economic development and the different political system among old and new members. However, scholars have proposed that there may be many expected advantages as a result of the enlargement. First, it is economically advantageous for ASEAN to expand its market size from 370 to 530 million people. Second, a larger ASEAN could encourage more foreign investment in the region, which may increase intra-regional trade and accelerate economic development. Third, the mounting pressure of losing market share to China, growing trade blocs, and global regional unions compelled ASEAN to expand its boundaries. Fourth, in addition to the fear of Chinese economic competition, ASEAN was also concerned about the very close economic and military relationship between China and Myanmar and the tight economic relationship between China and Vietnam (Areethamsirikul, 2008).

The economic cooperation among AEAN countries was solidly emphasized again in the early 1990s due to global liberalization pressure and regionalism, the collapse of the Cold War, need for political cooperation to ease regional political conflicts, a fear of growing Chinese trade and investment, and domestic policy preferences to accentuate export-led growth.

As a result, the ASEAN Free Trade Area (AFTA) was agreed upon in 1992 at the fourth ASEAN Summit in Singapore and implemented in January 1993. The first AFTA agreement was to phase down intra-regional tariffs to 0 to 5 percent over a period of fifteen years by replacing the PTA with the new mechanism for economic integration, called the Common Effective Preferential Tariffs (CEPT). And the classification of product lists: Inclusion List (IL), Sensitive List (SL), and General Exclusion List (EL). In 1995, “AFTA Plus” expanded the AFTA framework by including unprocessed agricultural products, which are considered a type of sensitive products, and creating a Temporary
Exclusion List (TEL), allowing members to delay some products which are not ready to be liberalized. After the Asian financial crisis in 1997, target for tariff reductions for all products on all lists were shortened from 10-15 years. However, in 2000 AFTA permitted member to delay reductions in tariffs under the Protocol Regarding the Implementation of the CEPT Scheme Temporary Exclusion List. Another important regional project under ASEAN institution is the ASEAN Investment Area (AIA), which was launched in October 1998 after the crisis in order to stimulate intra-regional investment among ASEAN member. The agreement aims to unlock all industries for investment by ASEAN investors by 2010 and by all investors by 2020 with some flexibility in its TEL and SL (Areethamsirikul, 2008; Curry, 2008).

ASEAN economic landscapes are various in term of resources, size, skilled worker, technology, levels of economic development, logistic system, local people and practices, investment policy, culture, social value, and political situation. Over the past years, the diversity in economic landscapes among ASEAN countries members have been enlarged and expanded with economic growth of its members. According to the differences mentioned above, it has been a slow down on the process to reach the agreement to liberalize and integrate regional economic. In early years of after ASEAN was formed, there were a limitation in term of natural resources. As geographic similarity in this region, it led to the competition in exporting skilled labor to potential manufacturers in the area. While other aspects such as utilization of natural resources and technological capabilities still remained low. Moreover, the similarities in geographic still had impacts on less developed countries where they were undergoing from command economies to free market economies. Nevertheless, the good points from ASEAN’s diversity would be the different in financial structure and investing structure of global companies in the region. These firms would contribute to regional economic boost up, intra-regional trade, and development in local infrastructure (Chia, 2011).
25% of the year 2006 total trade in ASEAN belonged to intra-ASEAN trade. Due to most of the companies in this area are small-and-medium-sized where foreign direct investment goes in and out between the company and its production network. Among all member countries, Singapore were noted as the highest intra-ASEAN trading volume at 40%, while Cambodia, Laos, Myanmar, and Vietnam as a group only contribute at 6.8%. At the same time, there were also been a significant change in extra-ASEAN trade during the year 1990 and 2006. US and EU trade volume has decreased from 30% in 1990 and touched 26% in 2006. While the declining trend also applied to Japan, their trading volume decreased from 21% in 1990 and touched 11% in 2006. On the other hand, trading volume from China jumped from 2% in 1990 to 10% in 2006 (Denoon& Colbert, 1999; Areethamsirikul, 2008).

Therefore, foreign direct investment is one of the key factors to build up ASEAN economic in long term. Attracting foreign investors is also the goal of economic integration in ASEAN. Foreign investors could lead to foreign direct investment, international market, knowledge and expertise, opportunities to make an international expansion. As a result, small-and-medium size enterprises in this region could achieve such benefits by functioning as local suppliers which involve in producing, training, managing production line, and respond to those global companies’ policies (Austria, 2012).

According to Chia (2011), ASEAN Economic Community (AEC) has regularly been matched up to European Union (EU) as they both of them are regional single market. Unlike EU, AEC is not a customs union where there is no common external tariff. At the same time, AEC is also not a full common market where there is a free flow of capital, labor, and regional regulation. The objective of AEC is transform South-East Asia market into one single market and production base. As a result, it will accelerate regional economic growth to become highly competitive in the world market. The
establishment of AEC in 2015 would allow countries members to get profit from economies of scale, advance production process. Moreover, AEC will also boost up regional competitiveness, strengthen regional institutions, and improve social progress. Originally, the target establishment date of AEC was 2020, but due to the global economic crisis in 2009, the establishment date has been changed to 2015.

In consistent with Chia (2011), the scholar has mentioned that single market and production base involves

- There will be free flow of commercial goods under trade agreement such as AFTA and ATIGA with deduction of tariffs and border tax.
- Free flow of services industry such as banking, tourism, service companies, and so on.
- Free flow of both local investment among ASEAN countries members and foreign direct investment.
- Free flow of capital with the attempt to strengthen ASEAN capital market. In April 2009 the committee has initiated the plans to promote ASEAN capital market in order to promote and develop the regional capital market. Such plans included; capital swap arrangement, Asian bond market endorsement, encouraging the use of local currencies in bond market, and investment credit guarantee.
- Free flow of skilled labor over the region. Even though AEC establishment gives an advantage to those skilled workers in ASEAN countries members, but for semi-skilled/unskilled labor which is a majority of ASEAN labor market still remain sensitive problem.
• In term of agriculture, forestry, and food security; ASEAN committee has established Food Security Framework to respond to short-medium term strategic plan.

• In other sectors such as agro-based, electronic industry, automotive industry, textiles, production industry, transportation, and health care; have been gradually improve according to the policy from ASEAN committee.

**Transnational Manager**

“Today’s business is strongly influenced by globalization. The number of companies operating across the border has grown exponentially. As a consequence of this, a large group of managers and employees is exposed to global strategic decisions and cross-cultural interaction nowadays.” (Bücker & Poutsma, 2010, p. 829).

Thus, questions arise that to what extent that managers’ capability needed to be prepared and developed in order to effectively deal with cultural diversity in global environment (Koehn & Rosenau, 2002). Even though some company manage to develop their policy to respond to that needs. But not all of them can manage to allocate those sophisticated strategies into the right place at the right time. As a result, the role of human resource management in the company has become a crucial factor in putting the company in competitive position (Adler & Bartholomew, 1992). “The clear issue is that strategy (the what) is internationalizing faster than implementation (the how) and much faster than individual managers and executives themselves (the who). The challenges [therefore] are not the ‘what’ of what-to-do, which are typically well-known. They are the ‘hows’ of managing human resources in a global firm.” (Adler & Bartholomew, 1992)
**Transnational manager competent**

As mentioned above, this report has been designed based on the concept of Transnational Manager by Adler and Bartholomew (1992). The following table illustrates seven competencies that represent Transnational Manager concept. At the same time, the table also compares the characteristics between transnationally competent manager and domestic oriented manager (traditional international manager).

<table>
<thead>
<tr>
<th>Transnational skills</th>
<th>Transnationally competent managers</th>
<th>Traditional international managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Perspective</td>
<td>Understand worldwide business environment from a global perspective</td>
<td>Focus on a single foreign country and on managing relationships between headquarters and that country</td>
</tr>
<tr>
<td>Local Responsiveness</td>
<td>Learn about many cultures</td>
<td>Become an expert on one culture</td>
</tr>
<tr>
<td>Synergistic Learning</td>
<td>Work with and learn from people from many cultures simultaneously</td>
<td>Work with and coach people in each foreign culture separately or sequentially</td>
</tr>
<tr>
<td></td>
<td>Create a culturally synergistic organizational environment</td>
<td>Integrate foreigners into the headquarters’ national organizational culture</td>
</tr>
<tr>
<td>Transition and Adaptation</td>
<td>Adapt to living in many foreign cultures</td>
<td>Adapt to living in a foreign culture</td>
</tr>
<tr>
<td>Cross-cultural interaction</td>
<td>Use cross-cultural interaction skills on a daily basis throughout one’s career</td>
<td>Use cross-cultural interaction skills primarily on foreign assignments</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Interact with foreign colleagues as equals</td>
<td>Interact within clearly defined hierarchies of structural and cultural dominance</td>
</tr>
<tr>
<td>Foreign Experience</td>
<td>Transpatriation for career and organization development</td>
<td>Expatriation or inpatriation primarily to get the job done</td>
</tr>
</tbody>
</table>

Source: Transnationally Competent Managers (Adler & Bartholomew, 1992)

As summarized above, “transnationally competent managers require a broader range of skills than traditional international managers. First, transnational managers must understand the worldwide business environment from a global perspective. Unlike expatriates of the past, transnational managers are not focused on a single country nor limited to managing relationships between headquarters and a single foreign subsidiary. Second, transnational managers must learn about many foreign cultures’ perspectives, tastes, trends, technologies, and approaches to conducting business. Unlike their predecessors, they do not focus on becoming an expert on one particular culture. Third, transnational managers must be skillful at working with people from many cultures simultaneously. They no longer have the luxury of dealing with each country’s issues on a separate, and therefore sequential, basis. Fourth, similar to prior expatriates, transnational managers must be able to adapt to living in other cultures. Yet, unlike their predecessors, transnational managers need cross-cultural skills on a daily basis, throughout their career, not just during foreign assignments, but also on regular multicounty business trips and in daily interaction with foreign colleagues and clients worldwide. Fifth, transnational managers interact with foreign colleagues and clients worldwide. Fifth, transnational managers interact with foreign colleagues as equals, rather than from within clearly defined hierarchies of structural or cultural dominance and subordination. Thus, not only do
the variety and frequency of cross-cultural interaction increase with globalization, but also the very nature of cross-cultural interaction changes.”(Adler & Bartholomew, 1992, p.53)

As discussed, whether the firm is doing a business domestically or internationally, the basic approaches on how to manage the business are the same. Nevertheless, these approaches are much more complicated once it comes to international business management. The issues such as language proficiency, communication barrier, local regulation, foreign currency exchange risk, local political issue, cultural value, and so on; arise in doing business abroad(Townsend & Cairns, 2003). In order to develop human capital to respond to those issues, transnational human resources propose by Adler and Bartholomew (1992) could fulfill the gap. This human resource development system allows the firm to maximize their organizational capability to implement various strategic policies to penetrate international market. In addition, transnational human resource system consists of three dimensions; transnational scope, transnational representation, and transnational process. In order to convert firm’s human resources management practices to be transnational one, the firm needs to apply these three dimensions on the basic components of general human resource management system; which are recruiting, developing, retaining, and utilizing. The characteristics of transnational human resource system are listed as followed (Adler & Bartholomew, 1992).

- **Transnational scope**: this dimension represents that all key decision regarding global scope must be made based on worldwide standard not the standard in that particular area. Therefore, once the firm makes the decision, that decision can be applied over the globe.

- **Transnational representation**: this dimension represents that firm key executives and managers must be as multinational as the firm worldwide business allocation.
- Transnational process: this dimension represents the working process that has no preference in term of culture. The firm must embrace its cultural diversity and the best out of this diversity.

**Recruiting**

Transnational scope: the firm needs to evaluate their need for human capital base on worldwide aspect. As a result, the firm needs to recruit the people who have sophisticated background in order to cope with further training. Not only the firm needs to recruit local people but also they have to conduct their recruitment process base on world-class standard.

Transnational representation: without regarding the nationality, the firm should select their manager base on their business distribution over the globe. So, those managers can fit into any potential position in the future.

Transnational process: the criteria and process of recruiting should not be biased or benefit to one particular country.

**Development**

Transnational scope: in this dimension, the human resource development in the firm both on the job training and formal training program should give the manager an experience that they can implement anywhere in the world.
Transnational representation: as the participants in firm’s training and development program are from different background, so the team that delivers the program should be a multinational team as well. In order to deliver transnational program the delivering team cannot come from just one culture (mostly they represent the nationality of headquarter).

Transnational process: the content of the training and development program should represent all participants’ cultures. In addition, this approach would help the firm to prevent the dominance of headquarter culture by making international participants feel involve in the training program.

Retaining

Transnational scope: career path plays a very important part in this dimension. Discussion about career path, incentive, performance based promotion, bonus, and reward must meet worldwide standard in order to make manager stay with the company.

Transnational representation: the firm’s incentive package should be accessible for all managers no matter what nationalities and cultures they are from, no manager from headquarter should a privilege.

Transnational process: this dimension requires firm’s performance evaluation process to be appropriate for all nationalities. The process should not be biased to any one particular culture; it should be carried out culturally equivalent.

Utilizing

Transnational scope: manager’s skill should be able to put into practice around the globe not just local area or national or even national. As a result, managers should be able to function instead of each other when it’s needed.
Transnational representation: utilizing in this aspect means managers from many cultures backgrounds should be put in strategic operation and planning groups. So to speak, they should be integrated in the company’s worldwide network.

Transnational process: the firm’s human resource division should realize their cultural diversity and make synergistic learning process out of it. Moreover, human capital utilization contribution should not be biased toward any particular nationality.

It usually considered being the best way to follow headquarter human resource management on international branches. Since the headquarter send over the management level staff from parent country to international subsidiaries. So, it would be easy for headquarter to monitor and control such international subsidiaries. However, to succeed in global environment like this present day, managers must be able to sense and interpret the change in global environment. Therefore, they could develop the strategic course of action to deal with it. At the same time they must link their capability and coordinate with other people to execute company policy on a worldwide basis (McNally & Parry, 2000).

When a local company becomes multinational company, it’s a good chance for human resource division to take part in strategic planning and daily operation. Human resource division should take this change to transform organization culture from local to global. In addition, they must observe the local culture in a particular country that the firm try to expand in the future in order to see the “do” and the “don’t”. As a result, the firm will be able to present themselves internationally in a position that they can exploit the emerging opportunities. Thus, human resource management and practice play a very important role in company strategic move (McNally & Parry, 2000).
Global mindset

According to Rhinesmith (1992), global mindset is not a skills, it is a people way of being. Moreover, it is the characteristic that allow one to see and comprehend things that other cannot do. It can refer to the mindset that one who possesses it could scan the world from broader perspective than normal people. This perspective allows them to understand people from different background at the same time looking for unexpected trend and find opportunities to fulfill their expectation. Since the company is as good as its employees, therefore, in order to become a truly global company. The company needs to take its human capital as a first priority (Marquardt & Snyder, 2002). As Begley and Boyd (2002) have mentioned, it’s not enough for the company to have only a few key executives who truly possess global mindset. The company is driven not only executive officers but also managers and other staffs play a very important role in executing company’s policies in daily basis. Therefore, all employees must understand the concept first and balance this mindset in daily life consistency with local responsiveness. That is the reason why many multinational companies are trying to develop and embed the concept of global mindset. Research also showed managers over the globe realized about this fact but just a few of them can implement it.

Global organizations are referred to the organization that provides its products and services over the globe. Most importantly, global organization has to treat their markets that spread all over the globe as one entity. In term of globalization inside the organization, it will happen when the firm fully develops their communication, business strategy, corporate structure base on global standard. As a result, after the firm transform to global firm they would be able to gain a lot of benefits such as lower their cost, improve in term of quality, able to fulfill customer needs, and maintain their competitive position. In addition, the most factors that would benefit the firm are they would be able to bring out the strong point of their people from different nationalities. This benefit would allow the firm to gain an insight to many aspects toward solution of problems, human recourse development, and planning and policy (Marquardt & Snyder, 2002).
In order to achieve corporate global mind set, it requires individual executives and managers to perform a global mentality; global mentality consists of three mechanisms as followed. First, think globally; knowing when will be the best time for the company to become global. Second, think locally; before becoming global, the firm needs to acknowledge its cultural diversity and what is the different between local culture and others. Third; think globally and locally simultaneously; interpret the situation and know when to act according to it (Begley & Boyd, 2003)

Global mindset allows the company to exploit business opportunities in global environment. When the company is facing problems, it’s not difficult to find a fast and easy solution. However, most of the time, easy and fast solution is usually a bad choice. It’s also very easy for domestic oriented company which afraid of becoming internationalizes to be trap domestic market. The benefit of global mindset is taking place on the basis of connecting customers’ need between different local markets among company’s operation distribution. Once the company gain an insight to the local markets and create cognitive understanding between those need across the globe, they should be able to build a framework that could maximize their management capacity (Gupta & Govindarajan, 2002).

Rhinesmith (1992) has described that people with global mindset would have these following characteristics.

- “People with global mindsets drive for the bigger, broader picture. People with global mindsets are constantly looking for context. They are concerned about the backdrop against which current events are happening. This backdrop may be historical, but it is more likely to be concerned with current and future trends on a broad, global basis.”
- “People with global mindsets accept life as a balance of contradictory forces that must be appreciated, pondered, and managed. Most adults feel that the world is complex, but global
managers know its complex. A global manager must learn to live with conflict management rather than resolution, and must learn to look for opportunity from adversity and creativity from diversity. Conflict management is a key skill for a global manager.”

- “People with global mindsets trust organizational processes rather than structure to deal with the unexpected. Global minds trust process. It’s that simple and that difficult. It is hard to “trust process,” because we have been taught to analyze, plan, structure, and control as the “normal” activities of management.”

- “People with global mindsets value diversity and multicultural teamwork and team play as the basic form within which to accomplish their personal, professional, and organizational objectives.”

- “People with global mindsets flow with change as opportunity and are comfortable with surprise and ambiguity. Global minds are comfortable with surprises, ambiguity, and change.”

- “People with global mindsets continuously seek to be open to themselves and others by rethinking boundaries, finding new meanings, and changing their directions and behavior. They are constantly searching for improvement in their own lives and the lives of others. They are seeking to develop themselves not against surprises, but for surprises.”

Considering the definitions of global mindset given by Rhinesmith (1992) and other scholars such as Gupta & Govindarajan (2002), Begley & Boyd (2003), they are evidently in the same direction. Moreover, other terms such as geocentric mindset, transnational mentality, and cosmopolitan also have a similar meaning as transnational manager and global mindset. As a result, the review of literatures written by above scholars also helped the author to get deeper understanding about the concept of transnational manager.
Chapter 3: Research Methodology

Research Approach

1. Propositions

1.1. The impacts of AEC on BBL are to extend the product and service to support those customers operating in ASEAN countries and BBL needs to have transnational human resources management that could respond to those demands.

1.2. The transnational competencies that Bangkok Bank corporate banking managers should possess are the abilities according to transnational manager competence of Adler and Bartholomew (1992).

2. Conceptual Framework

2.1. Transnational Manager Competent of Adler and Bartholomew (1992)

<table>
<thead>
<tr>
<th>Transnational skills</th>
<th>Transnationally competent managers</th>
<th>Traditional international managers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Perspective</td>
<td>Understand worldwide business environment from a global perspective</td>
<td>Focus on a single foreign country and on managing relationships between headquarters and that country</td>
</tr>
<tr>
<td>---------------------</td>
<td>---------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Local Responsiveness</td>
<td>Learn about many cultures</td>
<td>Become an expert on one culture</td>
</tr>
<tr>
<td>Synergistic Learning</td>
<td>Work with and learn from people from many cultures simultaneously; Create a culturally synergistic organizational environment</td>
<td>Work with and coach people in each foreign culture separately or sequentially; Integrate foreigners into the headquarters’ national organizational culture</td>
</tr>
<tr>
<td>Transition and Adaptation</td>
<td>Adapt to living in many foreign cultures</td>
<td>Adapt to living in a foreign culture</td>
</tr>
<tr>
<td>Cross-cultural interaction</td>
<td>Use cross-cultural interaction skills on a daily basis throughout one’s career</td>
<td>Use cross-cultural interaction skills primarily on foreign assignments</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Interact with foreign colleagues as equals</td>
<td>Interact within clearly defined hierarchies of structural and cultural dominance</td>
</tr>
<tr>
<td>Foreign Experience</td>
<td>Transpatriation for career and organization development</td>
<td>Expatriation or inpatriation primarily to get the job done</td>
</tr>
</tbody>
</table>

Source: Transnationally Competent Managers (Adler & Bartholomew, 1992)

3. Data types and Sources
This paper will apply a Qualitative Case Study approach. The main data collection method is semi-structured interview. While document and observation is supporting methods to the interview in order to answer the research questions and tests the research hypotheses.
4. How to create research tool (see appendix I)

The interview questions were designed based on seven competencies of Transnational Manager by Adler and Bartholomew (1992). Each of the seven competencies has its own conceptual definition defined by the scholars. However, in order to assess each and every competency in real life situation, research tool was needed to be created and implement. In order to create the research tools, operational definitions also needed to be clarified in order to assess Transnational Manager competencies possessed by BBL corporate banking managers. For example, the operational definition of global perspective can be described as ‘manager consumes news through worldwide media sources such as BBC, CNN, and Al Jazeera’. As a result, not only conceptual definition but also operational definition has been used to design interview questions and interview structure.

5. Methods of data collection

**Research triangulation**

![Diagram of research triangulation]

The concept of Transnational Manager and the requirement of AEC were obtained by examining a wide range of documentaries such as journal article, report, and website. Furthermore, observation method has been adopted to observe the authentic working environment at BBL during field trip to Thailand. The observation took place in BBL headquarter corporate banking; Japanese
corporate, heavy industry, automobile industry, and multinational. Finally, managers from those divisions have been interviewed by semi-structured approach.

6. Interview process

The data were obtained by semi-structured interview with two groups of bank employees. The participants have been divided into two groups as followed;

Group 1: Policy & planning division executive, human resource executive (top level managements)

Group 2: Corporate banking staffs including managers and officers (the interview for this group will be conducted based on theoretical saturation)

Step 1: interview group 1 based on the following questions. (See appendix II)

Step 2: The result from step 1 represents bank’s intention and expectation from their managers. Therefore, the second group interview showed the stage of development of the corporate banking managers. Nevertheless, the result in this process would represent the expectation from the managers whether or not the executives and managers are working toward same strategic direction. What is more, the result could also lead to the assessment of how transnational are the managers. (See appendix III for group 2 interview questions)
Chapter 4: Finding

**Group 1: Top executives**

**Question:** In what aspects that AEC will have major impact on Bangkok bank corporate banking business?

**Participant 1**

The major impact from the establishment of AEC that would affect BBL corporate banking division most is human resource management system. From the aspect of human resource management, there were two main areas that this participant concerned about; human resource preparation and the gap of generation among BBL employees. Human resource preparation, there is still a gap of knowledge, ability, and skill between current employees and those required in order to compete in global market. In term of generation gap, managers (generation x) will need to deal with generation y (subordinates and customers). As a result, this scenario might create communication difficulty if the managers don’t know to cope with deal with this situation.

**Participant 2**

The main concerned area of this participant is the impact from free trade area (FTA). As a result, FTA will attract a lot of both local and international investments to ASEAN. At the same time, current customers in BBL portfolio also need to expand their business abroad. As a Thai mega bank, BBL will need to find a way to manage and cope with this change.

**Participant 3**
Economy of scale would be the main impact from AEC on BBL. As the nature of banking business especially corporate banking is depend on economic side of the country. Therefore, after Thailand and other ASEAN countries become one single market, the side of banking business will also expand naturally.

Conclusion

Various ideas came from the top executive group. Even though they had dissimilar ideas but one thing that they shared in common is the role of human resource management. In order to become attractive in FTA atmosphere or cope with the economy of scale, there must be a strong focus on human resource management.

Question: Among AEC features, which one would have an impact on Bangkok bank corporate banking business the most?

Participant 1

After each ASEAN countries’ economic unite as one, third language (besides mother tongue and English) would become a very important factor for banking business.

Participant 2

Since Thai government has raised the minimum wage, Thailand is no longer a low cost country in term of production. Therefore, the country is now facing the question that how can we attract the investor and what would be our next competitive advantages.

Participant 3

As a result of economic of scale, there will be a change in the investment climate in ASEAN area. BBL need to cope with the change and work as a team toward the same direction.

Conclusion
The factor that could conform to the finding from question number one is the issue of skilled worker. Since the changing environment in term of wage and investment climate could give an effect on how multinational companies do business in this region. In order to stay flexible and ready to support customer in any circumstances, BBL need to prepare and adopt global standard of human resource management practices to manage their people.

**Question:** What are the bank policies that respond to the demand of AEC?

**Participant 1**

In term of human resource management, BBL has Japanese corporate division where the working environment is diverse. Almost of the officer in this division are Japanese and they are using English as a main language there. Meanwhile, officer in Japanese corporate team and Chinese corporate team has a higher chance to be sent to international branches (Japan and China) to experience international working experience.

Moreover, the recruitment process now is focusing on international students who are studying in international university in Thailand. These international students are mostly from ASEAN countries such as Laos, Myanmar, Cambodia and Vietnam. As a result, these new comers would diversify the working environment in BBL and enhance the competitive advantage after the establishment of AEC.

**Participant 2**

To respond to the change that will occur after 2015, BBL needs to put more focus on their branches and decentralize decision making authority to international branches. Moreover, BBL should also assign a key person from headquarter to those branches in order to boost up international branches
performance and ensure that they are working toward the same goal as headquarter also a good strategy to expand banking business in other ASEAN countries.

**Participant 3**

In terms of delicate banking policy to respond to AEC is not yet to be made. Because of the banking regulation is various each member countries. Therefore, BBL has to wait until the banking regulation in such country has been clarified first.

**Conclusion**

Overall the ideas for this question were in the same direction. In order to support customers who already made a move in other ASEAN countries, BBL need to maximize its international branches in such countries. As a result, human resource development is a fundamental factor that could help BBL achieves their strategic goal.

**Question: According to the impact of AEC that you mentioned, what are the major competencies that you expect from the manager?**

**Participant 1**

Communication skill is required in the new era. Two difficulties from communication that may occur are third language competency and communication differences between generations. The important of the third language competency is its competency in understanding other culture. It is very important to understand local when company is doing business abroad. Moreover, the communication between people from different generations is also very crucial. Since people from different generation/age tends to have different view and mindset. For example, the manager at the age of 45 may find it difficult to communication with 23-years-old new officer.
Participant 2

Attitude toward colleagues and customers is very important for doing business in globalized day. In changing environment, open minded and flexible for the change are necessary for managers in AEC.

Participant 3

Attitude is the key skill for managers in this coming era to exploit the business opportunity. It’s very important to accept the change before deal with it. As a result, there will be a lot of changes in the near future if the manager cannot accept it he/she cannot be working in AEC environment.

Conclusion

In order to do business abroad third language proficiency is important. Nevertheless, individual mindset is considered to be first priority factor to develop human capital.
Group 2: Corporate banking managers

Question: After AEC do you think it enough to concentrate only in Thai market?

Participant 1 - 9

NO

Question: What do you think about “multinational working environment” that may occur after the establishment of AEC?

Participant 1

International employees who involves in this multinational working environment would have to adapt into BBL corporate culture and Thai culture as well.

Participant 2

The working environment would remain the same since everybody in the division use English as a main language. Moreover, if the team has mutual understanding working with international people wouldn’t be difficult.

Participant 3
It is difficult to judge since people are from different backgrounds, some can be matched while some could not. However, most of the pioneers now a day are international people who have similar mindset.

Participant 4

Multicultural among ASEAN countries would not be that much issue since the culture in South-east Asia is similar to one another.

Participant 5

Before talking about multicultural working environment we need to focus on the leader within the organization since not all managers can handle this kind of environment.

Participant 6

Multicultural working environment won’t contribute much impact on banking business since in every working environment business language is the main language used.

Participant 7

There will be much interaction than domestic oriented working environment. However, it won’t give much impact if the executive level shows clear policy regarding what we have to achieve. Therefore, we can create our mutual understanding and working toward them.

Participant 8

Language and communication will become difficult since we have to work with people from different background and culture.

Participant 9
Multicultural working environment would benefit the company in term of the working effectiveness. Due to the different in personality and background, everyone could contribute various ideas toward how to achieve goals.

Conclusion

The difficulty that most probably occurs in multicultural working environment is the difficulty in communication between people from different background. However, the communication culture in most of ASEAN countries is similar since ASEAN countries are categorized in high-context culture (Tool, 1977). Moreover, English will be the main language for AEC. So, this difficulty is manageable by finding a mutual understanding in term of business and work together toward the same direction.

Question: What is your response if the bank wants to move you to other country for 2 years, how important are the third language competency?

Participant 1

Instead of me or any other manager, the company should consider having a key contact person. This person should be a trusted local who can monitor and ensure that the international branches working according to policy from headquarter.

Participant 2

Third language is not important in this point since the objective of AEC is to create a single market where English is a main language.

Participant 3

Instead of focusing on third language we should just focus on the usage of English as second language. Since what the top executives say about using English in the organization and the reality is different. Even though top executives say that we need to use more English as main language but
what happen in daily operation is the employees tend to avoid using English or interact with international employees.

Participant 4

From the past BBL already established the business in ASEAN countries. After AEC happens, managers in those international branches would have to be more focus in exploiting business opportunity.

Participant 5

It would be good if we can speak local language in that particularly country but it’s not necessary. In addition, it would be better if BBL hire specialist to take care of particular issue.

Participant 6

It would be better if there is someone who can speak local language but if there is no one it’s also fine since third language issue is not a big issue.

Participant 7

Speaking many languages will be the benefit. However, the most important thing is to focus on customer need. Fulfilling customer needs is the first priority while speaking third language is not as important as customer satisfaction.

Participant 8

Actually the problem about second and third language is pretty serious. We claim that English is important for business now a day and third language proficiency would be really important in the future. However, the level of English proficiency that we had is not in negotiation level. Moreover,
third language proficiency is even less. Therefore, we should focus on improve our English proficiency before focusing on the third language proficiency.

**Participant 9**

According to the fact that we can use English as a main language, multicultural working environment would not affect us that much. Moreover, the cultures in ASEAN countries are pretty much the same so we don’t need to adapt that much to understand one another.

**Conclusion**

Third language competency is important but not necessary. Since the level of knowledge in language competency is various and it’s really hard to build this competency in a short period of time. Thus, to maximize international branches performance, finding core personnel who posses advance business level of that particular language would be interesting solution.

**Question: In your opinion, what is the most important competency that will lead Bangkok bank corporate banking division to competitive position?**

**Participant 1**

The most important competency in my opinion is attitude toward changing in working environment. Since in the new environment, experienced managers have to learn and adapt to many new things. Therefore, if they have close minded so to speak not willing to be flexible, they will not be able to manage people from different backgrounds.
Participant 2

Mindset is very important for managers who will be working in multicultural environment such as in AEC. Managers will face many difficulties in communication especially the difficulty in dealing with local people. BBL managers already possess fundamental competency which is English proficiency. However, we still need to put more effort to be able to gain insight to local market and culture.

Participant 3

BBL already has enough resource in term of human capital. However, what is lacking here is the domestic oriented hierarchy and international awareness. According to the BBL organizational hierarchy, decision making authority is very centralized. In order to become international company, BBL will need to adapt its structure and working style. In term of international awareness, the managers do realize about the establishment of AEC. However, due to the workload and no explicit policy from the bank, managers prepare for the AEC individually.

Participant 4

The most essential competency that managers need to have is the knowledge about the business.

Participant 5

Business expertise is the most important competency in my opinion. If you capable enough of doing business, you can communicate by using the business language and this will help you overcome the language barrier.

Participant 6

Language skill is very important for people who work in multicultural environment. If managers cannot communicate with colleagues or local customers, BBL cannot run the business.

Participant 7
Mindset is the priority and the most important competency for managing in global environment. If manager cannot adapt and understand global business environment, that manager is local oriented manager.

Participant 8

Language skill is the most important skill manager should possess when he/she go abroad. Communicate with the customers is universally the first fundamental factor in doing business.

Participant 9

First, managers need to be aware of what is going on that could related to their business. In this case it’s the establishment of AEC. The scheme is to understand what we are dealing with; if we understand it right it’s not difficult to withstand.

Conclusion

Beside international awareness, global mindset is the competency that most managers concerned as the important factor to managing business abroad. When facing something a new working environment, an attitude that willing to accept new thing is the first step to start followed by international awareness and expertise in particular field of business.

Transnational competencies possess BBL corporate banking managers

Base on the conclusion from the finding, the outcome has been connected to the concept of transnational manager. As a result, the gap between what BBL corporate banking managers possessed and those required in transnational manager has been illustrated into three dimensions; high, moderate, and low. The following table shows the position of BBL corporate managers’ competency in transnational manager scale.
<table>
<thead>
<tr>
<th>Transnational skills</th>
<th>Transnational competent managers</th>
<th>BBL corporate banking division</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Perspective</td>
<td>Understand worldwide business environment from a global perspective</td>
<td>Moderate</td>
</tr>
<tr>
<td>Local Responsiveness</td>
<td>Learn about many cultures</td>
<td>High</td>
</tr>
<tr>
<td>Synergistic Learning</td>
<td>Work with and learn from people from many cultures simultaneously Create a culturally synergistic organizational environment</td>
<td>Low</td>
</tr>
<tr>
<td>Transition and Adaptation</td>
<td>Adapt to living in many foreign cultures</td>
<td>Moderate</td>
</tr>
<tr>
<td>Cross-cultural interaction</td>
<td>Use cross-cultural interaction skills on a daily basis throughout one’s career</td>
<td>Moderate</td>
</tr>
<tr>
<td>Collaboration</td>
<td>Interact with foreign colleagues as equals</td>
<td>Moderate</td>
</tr>
<tr>
<td>Foreign Experience</td>
<td>Transpatriation for career and organization development</td>
<td>Low</td>
</tr>
</tbody>
</table>

**Global Perspective (Moderate)**

Transnational managers must understand the worldwide business environment from the global perspective. Unlike expatriates in the past, the transnational managers are not focused on a
single country or limited to managing relationships between headquarters and a single foreign subsidiary (Adler & Bartholomew, 1992).

Instead of focusing on a single country, BBL corporate banking manager tend to have a broader view over worldwide business environment. Not only have they consumed the news from Thai sources but also from international sources such as BBC and CNN. Therefore, they have a wide perspective toward the upcoming of AEC in next year. Even though the customers under their portfolio invest in one country but the manager also learned and understood the regional business environment in the big picture. Since the job of the manager is to maintain good relationship with the customer and give them a complete financial support. Nevertheless, corporate banking working process involved many divisions in the bank that could give direct support to customer in terms of international business environment. Moreover, customers in the portfolios of some managers didn’t engage in international business expansion so the manager didn’t feel the need to understand worldwide business. This indicates that most managers in corporate banking division possess global mindset in moderate level. Because they had general understanding about worldwide business, only minority have an insight to what is going on and how exactly it will affect them.

**Local Responsiveness (High)**

Transnational managers must learn about many foreign cultures’ perspectives, tastes and trends, technologies and approaches to conducting business. Unlike their predecessors, they do not focus on becoming an expert on one particular culture (Adler & Bartholomew, 1992).

The managers have been aware of globalization and also the changing in business environment after AEC. The majority age of the participants is around 30s, they are eager to learn about other cultures in order to fulfill their career ambition. According to the fact that Thai people used to learn about western culture since they were young, it is easy to learn an additional one. Moreover, majority of the managers had oversea educational experience. Meanwhile, for staffs who
want to complete their education abroad, the company also supports them with both leave with pay and leave without pay program. Lastly, the managers scored high in this dimension because of the awareness they had together with the support from the bank.

**Synergistic Learning (Low)**

Transnational managers must be skillful at working with people from many countries simultaneously. They no longer have the luxury of dealing with each country’s issues on a spate and therefore sequential basis (Adler & Bartholomew, 1992).

In this area, there is no explicit fact that can contribute to synergistic learning concept due to the working environment in BBL corporate banking division is not as diversified as mentioned in the Transnational Manager concept. According to Transnational Human Resource executive, BBL is moving from domestic bank to regional bank and now trying to bring in staffs from many ASEAN countries. However, according to BBL corporate banking working hierarchy there is a clear line of working scope. For example; Japanese corporate is taking care of Japanese customers, Chinese corporate is taking care of Chinese customer. At the same time, the customers also prefer to talk with the same person they spoke before. Therefore, corporate banking staffs are practically designated to work with people for more than one country.

**Transition and Adaptation (Moderate)**

Adapt to living to many different cultures beside the home country (Adler & Bartholomew, 1992).
According to Adler and Bartholomew (1992), in this dimension there are no differences between transnational manager and non-transnational manager. In relation to this dimension, four out of nine managers have the experience of what so called adaptation to living in many cultures during their education. Nevertheless, none of them had international working experience.

**Cross-cultural interaction (Moderate)**

Transnational managers need cross-cultural skills on a daily basis throughout their career, not just during foreign assignments but also on regular multi-country business trips and in daily interactions with foreign colleagues and clients worldwide (Adler & Bartholomew, 1992).

Even though skill in English communication is a key requirement in recruiting process of BBL corporate banking division but overall the managers are domestic oriented. However, managers in Japanese corporate division use cross-cultural skills on a daily basis as English is a main language in this division. While other divisions use Thai as a main language. As mentioned above, working process in corporate banking involves many back office units and divisions. As a result, the staffs in those sectors didn’t find it necessary to have cross-cultural skills on daily basis. However, there was an increasing awareness of the significance of cross-cultural skill in other divisions beside Japanese corporate as well. Many managers started to work on their language proficiency and other preparation for the upcoming AEC individually. Due to the fact that they have spent all of daily working times on the daily routine so they would need to sacrifice their own free time to build up their own competency. This finding indicates that there is a lacking policy to encourage staffs to utilize English in the organization. But individual endeavor made the score this dimension to be moderate.

**Collaboration (Moderate)**
Transnational managers interact with foreign colleagues as equals, rather than form within clearly defined hierarchies of structural or cultural dominance and subordination (Adler & Bartholomew, 1992).

In this dimension, local managers interact with international staffs equally. However, they tend to with someone who are in the same position or rank rather than go above or below. At the ends of the day managers also need to satisfy they supervisor. Thus, if their working hierarchy doesn’t involve international colleagues or supervisors, they tend to avoid interacting with foreign colleagues. At the same time, take Japanese staffs as an example; they also have the own way of doing things even in Thai company such as BBL. Interaction means that they have to be a two-ways of communication. As a result, the finding indicates that the managers tend to interact with Thai colleagues than interact with international colleagues even though some of the Thai managers have international experiences.

**Foreign Experience (Low)**

The variety and frequency of cross-cultural interaction increases with globalization, and transnational managers will have gained significant levels of experience in number of different countries and cultures throughout the world (Adler & Bartholomew, 1992).

As a manager in BBL corporate banking, there is evidence that the company likely to send the managers abroad for foreign experience once a year. However, those foreign experiences that most managers have gained are just from a short period of stay. Only small numbers of cases which BBL sends their employees to international branches for long term stay. Even foreign experience were not seen as a key factor to transform manager to be transnational manager, but foreign experience is an important competent for expatriate to get the job done. BBL might have financial supporting program for employees to continue their education abroad but the actual working
experience abroad also crucial for the managers in order to be competitive in the global market. Therefore, managers in this dimension possessed low foreign experience.

Chapter 5: Conclusion and recommendation

In relation to the finding, the evidence showed that BBL corporate banking managers possess moderate level of Transnational Manager concept. The finding clearly indicated that out of seven transnational competencies, participants only scored high in one particular dimension which was local responsiveness. The remaining six dimensions were neither moderate nor low.
Last but not least, there are two issues involving synergistic learning, cross culture interaction, and collaboration that I want to focus on. First, BBL organizational culture is the area that many participants have mentioned as the factor that has the most impact on those transnational manager competencies. Since Bangkok Bank is considered to be a family own business so the culture and atmosphere inside the company still remain like family rather and a financial institution. As a result, working culture and organizational practices are based on supporting network of individual. This scenario could lead to the preference of internal communication. For example, officers may feel more comfortable dealing with local managers rather than international managers since local managers have a direct effect on their performance evaluation. For that reason, I think the bank should first realize its cultural diversity and to what extent it will be come after AEC. Base on that, BBL needs to create an explicit working code of conduct that everyone one matter what nationalities they are; have to follow according to the code of conduct. They would be no privilege to a specific group of people or neither one dominance nationality.

Second, decision making authority; BBL corporate banking decision making authority is centralized. As on now, approval authority depends on few key executives. Consequently, it slower the approval process especially on urgent matters. This slow process also affects negotiation power as the managers organize business meeting with customers and could commit to some of the settlements since managers couldn’t guarantee that their proposal will get approve. It would be even harder once AEC takes place since international branches would be much busier. If the working practices are base too much on personal support and network, it would be difficult for the real synergistic learning, cross-culture interaction, and collaboration to take place. Therefore, I think it would be better if the bank starts to decentralize its approval authority to both domestic branches/business unit and international branches/business unit. Decentralization would allow those branches to adapt to local culture and market faster so to speak it allows branches to become
flexible. Moreover, it motivates the branches to think out of the box in applying bank’s policy to deal with daily situation and achieve the objectives.

The development of transnational manager significantly depends on BBL’s human resource management. The challenges from the establishment of AEC would push BBL to become more transnational/multinational company. Therefore, this report will propose two recommendations for BBL human resource management for the future improvement.

Potential talented recruitment process

In order to potential talented personnel, BBL cannot keep the same recruitment position and wait for talented people to come and apply for the company. BBL needs to go to the place where they can find those people such as international university or bring headhunting company into play. In order to attract this people BBL also need to change from the conservative way of recruitment into new approach. Better compensation and assurance of carrier path needed to be offered.

Human resource development program

According to Fisher-Yoshida & Geller (2008), doing business outside company’s homecountry requires managers to operate from worldwide perspectives and enhance global capabilities to face the challenges. The challenges involves adaptation to local culture, teamwork & collaboration, and language barriers. As a result, the core factor of this development is individual development. Thees are five paradoxes proposed by the scholars; paradox of knowing, paradox of focus, paradox of communication, paradox of action, and paradox of response.

- Paradox of knowing
To be an effective transnational manager, first he/she needs to have self-awareness knowing who and where he/she is dealing with. In order to understand who they are, transnational manager assess who they really are and discover the relationship with each of them.

- Paradox of focus
  After knowing the relationship, transnational manager needs to focus on each of them. Since different approaches are needed to satisfy different relationship.

- Paradox of communication
  However, when transnational manager is trying to communicate with employees from different cultures, he/she may come across the difficulty direct communication and indirect communication pattern. The difference between direct and indirect communication is the way messages is conveyed. Direct communication, messages has been sent only by words that have been used. Meanwhile, indirect communication, messages has been sent not only by words but also by non-verbal behavior. For example, the word “yes”, in some culture people use it as they understand or acknowledge it. While some culture people use it as an agreement.

- Paradox of action
  Some societies are action-oriented; they are focusing on action and outcome. While other societies focus more on relationship and action is second priority.

- Paradox of response
  Talking about planning, there are two types of people; one focuses on short-term, another one focuses on long-term. Those who are focusing on short-term value present more than future. Meanwhile, those who are focusing on long-term are willing to delay short-term success in order to achieve their long-term goal.
Lastly, to conclude research recommendations provide BBL an alternative point of view over the preparation of the upcoming AEC. I believe that these five paradoxes would benefit BBL in terms of building a cognitive understanding with a local. Moreover, it would also help managers to have an effective communication with not only colleagues but also local customers as well.
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## Appendix I: How to create research tool

<table>
<thead>
<tr>
<th>Research questions</th>
<th>Concept</th>
<th>Elements</th>
<th>Conceptual definition</th>
<th>Operating definition</th>
<th>Interview questions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What are the impacts of AEC on Bangkok bank corporate banking business and how the bank would respond to the demand of those requirements?</td>
<td>Transnational competent (Adler and Bartholomew, 1992)</td>
<td>● Global perspective</td>
<td>Understand worldwide business environment from a global perspective</td>
<td>● Understand economic situation in Indonesia, Vietnam, and so on.</td>
<td>1. After AEC do you think it enough to concentrate only in Thai market?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Local responsiveness</td>
<td>Learn about many culture</td>
<td>● Have a risk taking personality</td>
<td>2. What do you think about “multinational working environment” that may occur after the establishment of AEC?</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Synergistic learning</td>
<td>Work with and learn from people from many cultures simultaneously</td>
<td>● Get along well with international people</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Transition and adaptation</td>
<td>Adapt to living in many flexible personality</td>
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</tr>
<tr>
<td>Foreign Cultures</td>
<td>Cross-cultural interaction</td>
<td>Use cross-cultural interaction skills on a daily basis throughout one’s career</td>
<td>Don’t hesitate to interact with international colleagues</td>
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<tr>
<td>Collaboration</td>
<td></td>
<td>Interact with foreign colleagues as equals</td>
<td>Enjoy working in multicultural environment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign experience</td>
<td></td>
<td>Transpatriation for career and organization development</td>
<td>Use second or third language in daily life in office</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3. What is your respond if the bank wants to move you to other country for 2 years?

4. In your opinion, what is the most important competency that will lead Bangkok bank corporate banking division to competitive position?
2. According to the requirement of AEC, what are the global competencies that Bangkok Bank corporate banking managers should possess?

<table>
<thead>
<tr>
<th>AEC features</th>
<th>Single market</th>
<th>FDI</th>
<th>No trade barriers</th>
<th>Free flow of capitals</th>
</tr>
</thead>
</table>

1. In what aspects that AEC will have major impact on Bangkok bank corporate banking business?

2. Among AEC features, which one would have an impact on Bangkok bank corporate banking business the most?

3. What are the bank policies that respond to the demand of AEC? For
example in term of man, money, material and management (especially for the answer from question no. 2)?

4. According to the impact of AEC that you mentioned, what are the major competencies that you expect from the manager?
Appendix II: Interview questions for group 1

1. In what aspects that AEC will have major impact on Bangkok bank corporate banking business?

2. Among AEC features, which feature would have an impact on Bangkok bank corporate banking business the most?

3. What are the bank policies that respond to the demand of AEC?

4. According to the impact of AEC that you mentioned, what are the major competencies that you expect from the manager?

Appendix III: Interview questions for group 2

1. After AEC, do you think it will be enough to concentrate only in Thai market?

2. What do you think about “multinational working environment” that may occur after the establishment of AEC?

3. What is your respond if the bank wants to move you to other country for 2 years?

4. In your opinion, what is the most important competency that will lead Bangkok bank corporate banking division to competitive position?