

Trait Differences in Decision Making: A Comparison of Cultural Priorities Between US-Based and Indian-Based Accountants

Alex Sharland
University of South Alabama

Mohan Menon
University of South Alabama

Jyosthna Mallela
GITAM Institute of Management

The outsourcing industry has broadened its scope of activities from traditional IT and BPO outsourcing to professional services such as accounting, tax preparations, legal and healthcare services. Compared to manufacturing, outsourcing professional services is vastly different due to the cultural dimension. In recent years the growth of tax preparation services in India has raised the question of whether cultural differences in decision making may impact outsourced work. This study evaluates differences in decision priorities between Indian-based and US-based accountants using the Maccoby Head Heart Traits inventory. The results indicate that differences in decision priorities may exist and that these differences may impact how professional service work is conducted.

INTRODUCTION

In general, outsourcing is executed in pursuit of lower costs (Arias-Aranda, Bustinza, and Barrales-Molina 2011). Professional services outsourcing is also cost driven but is a more complex process because several additional variables have to be considered, including language, training, and business culture (Feeney 2003).

Over the past twenty years many business functions (including many professional services) have been outsourced to India because of cost savings, language similarities and technical knowledge considerations (Prakash and Metcalfe 2005). The recent trend of outsourcing tax preparation to Indian companies is particularly interesting because many Indian accountants are trained in similar ways to US-based and UK-based accountants, and there seems to be an implicit assumption that accounting practice is similar wherever it is practiced (Reeves 2004; Jakabowski, Chao, Huh, and Maheshwari 2002).

Given the technical nature of tax preparation, those conducting the work will have to make a series of decisions that may have a material impact on the outcome of the process. There is some evidence that clearly shows decision processes have a cultural component, and that there are significant differences between cultures with respect to decision making (Capelli, Singh, Singh, and Useem 2010). Therefore, in

future there may be problems caused by large-scale outsourcing in this industry that are caused by differences in culture between US and Indian accountants.

The study reported below assesses the extent to which accountants in two environments share the same decision priorities. The instrument used to make this assessment is the Maccoby Head-Heart Traits inventory.

RESEARCH STUDY

The extent to which the United States and India share cultural values has been the subject of some research; but the results are mixed. The landmark work of Hofstede (2005) and Trompenaars (1993) have led the way in providing dimensions for considering cultural differences. While these researchers work in different areas of culture (National versus Work Place culture), they have identified dimensions on which cultures differ. For example, Table 1 (below) reports the Hofstede Dimensions for the USA and India. The data indicate that there are substantial differences across the national cultures in all but Masculinity-Femininity and (possibly) Uncertainty Avoidance.

TABLE 1
A COMPARISON OF HOFSTEDE DIMENSIONS FOR THE USA AND INDIA

| Country | Power Distance | Individualism-Collectivism | Masculinity-Femininity | Uncertainty Avoidance | Pragmatism | Indulgence |
|---------|----------------|----------------------------|------------------------|-----------------------|------------|------------|
| USA | 40 | 91 | 62 | 46 | 26 | 68 |
| India | 80 | 20 | 66 | 30 | 87 | 24 |

Source: www.geert.hofstede.com

Despite having specific concepts to measure, studies that attempt to operationalize these dimensions report myriad and contrary findings. For instance, in terms of Leadership Styles there appear to be few or no differences (Shafer, Vieregge, and Choi 2005). In terms of consumption, there are some differences but there are concerns about the sign of the relationship found in the data (Kustin 2004). The findings of the available studies are not clear and the absence of clarity indicates that operationalization of culture using the Hofstede/Trompenaars dimensions is awkward and, perhaps, makes the need for an alternate perspective more necessary.

Where Hofstede and Trompenaars look at culture from a macro-perspective (top down) there are other, more micro-oriented options. Prior research has demonstrated that the Head Heart Trait typology offered by Maccoby (1976) generates results that differ across cultures (Kidwell et al 2005; Lawson 2004). In particular, the Maccoby approach assesses the way people make decisions by having them prioritize the various traits and is still widely used and accepted (e.g. Krambia-Karpades and Zopiatis 2008). The following sections report the findings of a study using the Maccoby scale in a comparison of Accounting professionals from the USA and from India.

The study is exploratory in nature. The authors anticipate there will be two ways to interpret the findings. First, differences between the two groups will confirm the patterns found in the theories of Hofstede (and others). Alternatively, few or no differences would confirm that business training (in this case Accounting training) results in a ‘uniform’ approach to decision making.

METHODOLOGY

The items for this study are replicated from prior studies [See Menon and Sharland 2011 for details on the survey construction]. Nineteen items focusing on the Head-Heart concepts were included in a self-administered survey format. In the study, demographic data was included at the end of the survey. The responses to the Head-Heart items were “Very Important”, “Somewhat Important”, and “Not Important”.

The study authors recognize that with this response format there are limitations to statistical tests, even when such tests are used for establishing patterns in the data.

The respondents were all qualified accountants with at least five years business experience in tax and other accounting activities. The surveys were administered in Hyderabad, India and in the South Eastern United States. The US responses were garnered with the cooperation of the state association. The Indian responses were garnered as part of a larger research exercise involving business people in Hyderabad, India.

The responses were collected and collated. The data was coded and subjected to a preliminary analysis to test for differences using the SPSS software. A total of 117 usable responses were included in the data analysis reported below. The samples are not equal in size. Only 33 Indian accountants participated. In the United States, 84 responses were gathered. The authors recognize that the sample size and sample imbalance will impact both the statistics reported below and any conclusions drawn from the study.

RESULTS

Given that the study is focused on the decision priorities, the initial analysis looks at the overall picture, in particular which Traits received the most “Very Important” responses. Those results are reported in Table 2 below.

In terms of the Head-Heart dichotomy, only one Heart trait appears in the first five; Honesty. The authors find this reassuring given the respondent base. The least “important” six Traits are all Heart Traits and in the bottom ten rankings, only Satisfaction and Open Mindedness of the Head Traits are present. These findings are consistent with recent findings in other studies (e.g. Menon and Sharland 2011). That is, people with business training tend to evaluate Head Traits as more “important” than Heart Traits when evaluating information and making decisions.

**TABLE 2
OVERALL (ALL RESPONDENTS) RANKING OF ITEMS**

| RANKING OF ITEMS | Very Important | Percentage |
|--------------------------|-----------------------|-------------------|
| Initiative | 107 | 91% |
| Coolness | 101 | 86% |
| Self Confidence | 99 | 85% |
| Flexibility | 98 | 84% |
| Honesty * | 98 | 84% |
| Cooperativeness | 92 | 79% |
| Pride | 92 | 79% |
| Independence * | 89 | 76% |
| Pleasure (something new) | 87 | 74% |
| Friendliness * | 79 | 67% |
| Open Minded | 69 | 59% |
| Loyalty * | 66 | 56% |
| Satisfaction | 60 | 51% |
| Sense of Humor * | 57 | 49% |
| Generosity * | 55 | 47% |
| Compassion * | 52 | 44% |
| Openness * | 52 | 44% |
| Idealism * | 45 | 38% |
| Critical Attitude * | 33 | 28% |

*= Heart Traits

The purpose of the study is to evaluate differences in decision priorities between US-based and Indian-based accountants. To this end, Table 3 presents the ranking of the two groups in terms of the percentage of respondents who considered the Trait to be “Very Important” (VI) and the rank of the Trait in contrast to other Traits. The order of Trait presentation in Table 3 is based on the results of Table 2.

A first glance indicates that the US-based respondents track the Table 2 responses more closely than do the Indian-based respondents. Further analysis suggests that US-based accountants consider more of the Traits (overall) to be “Very Important” than do Indian accountants. Eight Traits have a VI ranking over 80% for US-based versus only two for the Indian-based respondents. This does not imply that Indian accountants do not consider the Traits to be important, just not so important as US-based accountants.

TABLE 3
INDIAN ACCOUNTANT RANKINGS VS US ACCOUNTANT RANKINGS

| Item | Indian Accountants | | US Accountants | |
|---------------------------------|--------------------|------------|----------------|------------|
| | Rank | V. Imp (%) | Rank | V. Imp (%) |
| Initiative | 2 | 81% | 1 | 98% |
| Coolness | 3 | 77% | 5 | 92% |
| Self Confidence | 1 | 94% | 6 | 83% |
| Flexibility | 13 | 55% | 3 | 95% |
| Honesty * | 12 | 58% | 2 | 96% |
| Cooperativeness | 4 | 74% | 7 | 82% |
| Pride | 16 | 45% | 4 | 93% |
| Independence * | 8 | 65% | 8 | 81% |
| Pleasure (something new) | 7 | 67% | 9 | 79% |
| Friendliness * | 14 | 51% | 10 | 74% |
| Open Minded | 9 | 61% | 12 | 60% |
| Loyalty * | 18 | 39% | 11 | 64% |
| Satisfaction | 4 | 74% | 14 | 44% |
| Sense of Humor * | 14 | 51% | 13 | 48% |
| Generosity * | 9 | 61% | 16 | 42% |
| Compassion * | 16 | 45% | 14 | 44% |
| Openness * | 4 | 74% | 17 | 34% |
| Idealism * | 9 | 61% | 18 | 30% |
| Critical Attitude * | 19 | 30% | 19 | 28% |

The top three Traits for US-based accountants are Initiative (98%), Honesty (96%), and Flexibility (95%). For Indian accountants, the top three are Self Confidence (94%), Initiative (81%), and Coolness (77%). If we expand the “top” traits further, the next two for Americans are Pride (93%) and Coolness (92%), in contrast to Indians who favor Cooperativeness, Satisfaction, and Openness (tied at 74%). While two traits are common to both groups (Initiative and Coolness), the order of preference is considerably different.

Examining the bottom traits also generates some interesting results. Both groups agree that a “Critical and Questioning Attitude” is the least important of these traits. However, ranked 18 for the Indian group is Loyalty and for the US group is Idealism. To further reinforce the differences, Pride is ranked number 16 by the Indians and number 4 by the US respondents.

Given the small sample size, there has to be a concern related to ‘meaningful’ differences. To address this issue, the data was subjected to Chi Square tests.

TABLE 4
CHI SQUARE TEST RESULTS FOR TRAITS ACROSS
INDIAN AND US-BASED ACCOUNTANTS

| RANKING OF ITEMS | Percentage | Chi Square | Asymptotic Sig. |
|---------------------------------|-------------------|-------------------|------------------------|
| Initiative | 91% | 11.603 | .003 |
| Coolness | 86% | 7.261 | .026 |
| Self Confidence | 85% | 5.362 | .068 |
| Flexibility | 84% | 30.105 | .000 |
| Honesty * | 84% | 28.418 | .000 |
| Cooperativeness | 79% | 3.153 | .207 |
| Pride | 79% | 34.403 | .000 |
| Independence * | 76% | 7.683 | .021 |
| Pleasure (something new) | 74% | 6.363 | .095 |
| Friendliness * | 67% | 7.152 | .028 |
| Open Minded | 59% | 5.973 | .113 |
| Loyalty * | 56% | 14.349 | .002 |
| Satisfaction | 51% | 12.546 | .006 |
| Sense of Humor * | 49% | 7.189 | .066 |
| Generosity * | 47% | 14.228 | .003 |
| Compassion * | 44% | 8.681 | .034 |
| Openness * | 44% | 18.748 | .000 |
| Idealism * | 38% | 16.885 | .001 |
| Critical Attitude * | 28% | 5.766 | .124 |

As noted above, a limitation of this data is the sample size. To reflect this, the study uses a cut-off p-value of 0.01 as a benchmark of significance. The idea is to focus on the major differences and examine those in detail. Nine traits meet the standard, and the items and the data related to “Very Important” and “Important” responses are shown below.

| Item - Pride | Indian | US |
|---------------------|---------------|-----------|
| Very Important | 14 | 78 |
| Important | 12 | 6 |

| Item - Flexibility | Indian | US |
|---------------------------|---------------|-----------|
| Very Important | 17 | 81 |
| Important | 9 | 4 |

| Item - Honesty | Indian | US |
|-----------------------|---------------|-----------|
| Very Important | 18 | 80 |
| Important | 9 | 3 |

| Item - Openness | Indian | US |
|------------------------|---------------|-----------|
| Very Important | 23 | 29 |
| Important | 7 | 49 |

| Item - Idealism | Indian | US |
|------------------------|---------------|-----------|
| Very Important | 19 | 26 |
| Important | 9 | 49 |

| Item – Loyalty | Indian | US |
|-----------------------|---------------|-----------|
| Very Important | 12 | 54 |
| Important | 15 | 30 |

| Item – Satisfaction | Indian | US |
|----------------------------|---------------|-----------|
| Very Important | 23 | 37 |
| Important | 7 | 46 |

| Item - Generosity | Indian | US |
|--------------------------|---------------|-----------|
| Very Important | 19 | 36 |
| Important | 9 | 48 |

| Item - Initiative | Indian | US |
|--------------------------|---------------|-----------|
| Very Important | 25 | 82 |
| Important | 3 | 2 |

The distribution of the responses is perhaps the most interesting aspect of this part of the analysis. For instance, take the case of Initiative, which was ranked first by the US accountants and second by the Indian accountants. The Chi Square statistic is 11.603 with a p-value of 0.003. However, the distribution is similar for both groups and the significant Chi Square is (probably) an artifact of the data. Of the ‘mini’ tables shown above, Initiative is the only one of this type. Flexibility and Honesty report similar distributions to each other with two thirds of Indians considering this to be ‘Very Important’ whereas almost all US respondents consider these traits to be ‘Very Important’.

The contrast is provided by traits such as Satisfaction, where more Indians consider it to be Very Important and more Americans consider it to be “only” Important. This distribution is shared by Generosity, Openness, and Idealism. Clearly there are differences between the priorities of the different respondent groups.

DISCUSSION AND CONCLUSIONS

The study is focused on evaluating whether decision priorities are similar for Indian based and US based accountants. There appear to be some clear differences and some similarities between the two groups of accountants.

Similarities: Both groups rank Heart Traits as less important than Head Traits. The rankings in Table 3 bear this out. Further only two Heart Traits appear at the bottom of the rankings for both groups.

Differences: There is a clear difference between the groups in terms of highest priorities; that is, what is considered to be “Very Important” and what is not. Indian accountants consider Satisfaction to be VI (ranked 4) and Honesty is less so (ranked 12). US accountants have the opposite perspective (ranked 14 and 2 respectively). US accountants rank Initiative, Honesty, and Flexibility as the most important traits. Indian accountants consider Self Confidence, Initiative and Coolness to be *primus inter pares*.

The implications of these differences could be serious. When outsourced work requires routine or rote procedures there is likely to be little impact. However, more nuanced work, requiring interpretation, prioritization and extended decision making may result in Indian accountants coming to different conclusions than would their US-based counterparts. This could have serious implications.

LIMITATIONS

The sample size for this study is relatively small (117 total responses) but more importantly unbalanced. There are only 34 Indian accountants included. To extrapolate these findings base on such a small sample size is clearly not wise. Similarly, the samples are drawn from geographically specific places within each country. Any further study should develop a larger and more diverse sample and determine whether the findings are robust.

REFERENCES

- Arias, A. Bustinza O., and Barrales-Molina, V. (2011). Operations Flexibility And Outsourcing Benefits: An Empirical Study In Service Firms. *Service Industries Journal*, 31, (11)
- Cappelli, P. Singh H., Singh J., and Useem, M. (2010). The India Way: Lessons for the U.S. *Academy of Management Perspectives*, 24, (2), 6-24.
- Feeney S.A. (2003). Tax Training with a Culture Lesson, *Workforce*, 82, (6). 22
- Hofstede G. (2001). *Culture's Consequences: Comparing Values, Behaviors Institutions, and Organizations Across Nations* (2nd Edition), Thousand Oaks CA, Sage
- Jakabowski S.T., Chao P., Huh S.K., and Maheshwari, S. (2002). A Cross Country Comparison of the Codes of Professional Conduct of Certified/Chartered Accountants, *Journal of Business Ethics*, 35, 111-129.
- Kidwell L, S. Arzova, and Gegez, E. (2005). The Effects of National Culture and Academic Discipline on Responses to Ethical Dilemmas: A Comparison from Turkey and the United States. *Business & Professional Ethics Journal (Fall)*, 24, 3, p.37-57
- Karambia-Kapardis M. and Zopiatis, A. (2006). Investigating Head and Heart Value Traits of Tertiary Students Studying in Cyprus. *Euromed Journal of Business*. 3, 2, 163-178.
- Lawson, R. A. (2004). Is Classroom Cheating Related to Business Students' Propensity to Cheat in the "Real World"? *Journal Of Business Ethics*, 49, (2), 189-199.
- Maccoby, M. (1976). *The Gamesman* (New York: Bantam Books).
- Menon M. and Sharland A. (2011). Narcissism, Exploitative Attitudes, and Academic Dishonesty: An Exploratory Investigation of Reality versus Myth, *Journal of Education for Business* 86, 50-55
- Menon M. and Sharland A. (2011). Ethical Inclinations of Accounting and Marketing Students: Revisiting the Differences Decades and Scandals Later, *Journal of Learning in Higher Education*, 7, (2), 117-127.
- Prakash A. and Metcalfe G. (2005), Outsourcing on steroids. *Canadian Business*, 78, (13), 21-21.
- Reeves, J. (2004), CPAs and Foreign Outsourcing, *Accounting Today*, Special Report, 18, (23)
- Shafer, E. L., Vieregge, M. and Choi, Y. (2005) Cultural Differences in Perceived Leadership Styles, *International Journal of Hospitality & Tourism Administration*, 6, (3), 65-84.
- Trompenaars F. and Hampden-Turner C. (1998). *Riding the Waves of Culture: Diversity in Global Business*. New York, McGraw Hill