



# Loyalty and Organizational Behavior Revisited: An Inductive Study of Employer-Employee Loyalty in a Developing Asian Context

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## ABSTRACT

This paper examines a generally under-researched area of CSR and business ethics, that of loyalty among co-workers in the contemporary business organization. Responsibilities towards loyalty constitute a recognized subject in the CSR and Ethics literature, both from employees towards their employers and also employers towards their employees. To date, of the extant body of research, the vast majority concern the antecedents and consequences of loyalty from employees towards employers and how this may house significant productivity and reputational benefits. There has been far less attention devoted to the opposite concern i.e., loyalty from employers to employees – both in terms of the determinants and consequences. In addition, the empirical context for exploring employee loyalty has been mostly Anglo-European in scope. There is a marked paucity of research which looks at employer loyalty in non-Western – especially developing – economic and cultural contexts, and particularly in emerging Southeast Asia.

In this paper we seek to address this caveat through exploring employer loyalty towards organizational employees in the national context of Thailand. In contrast to the developed economies of Singapore, Japan and Korea, across developing Asian economies such as Thailand the weak formal regulatory environment combined with the harshness of the economy concerned makes such organizational environments very much an ‘employer’s world’ where instances of unfair treatment of employees is common (though often unreported). It is within such a context that we examine the proposition that loyalty is a social duty that employers owe their employees based on the reciprocal nature of certain rights and duties within human relationships and an understanding of psychological contracts. Our particular focus is in unpacking the nature and extent of employer loyalty towards employees in the Thai context – one that is traditionally held to be culturally collectivist, high-context, relations-based and hierarchical. This stands in contrast to loyalty in within employer-employee relations in the West, typically seen as relatively individualist, egalitarian and low-context. To date such an approach and focus of research is both lacking and needed.

Given that loyalty is or should be a mutual expectation across hierarchical levels – rather than being unidirectional – we undertook a ‘dyadic’ approach i.e., looking at the perceptions and opinions of both managers and direct reports (superiors/owners and subordinates). We sourced our data from twenty-six semi-structured interviews conducted within eight Thai domestic companies across a range of industry sectors including hospitality, automotive, construction, facilities management, banking and consumer goods. Interviews were conducted both in Thai and English and ranged in duration from thirty to sixty minutes. Most interviews held in Thai were then transcribed and subjected to a translation-back translation process. Interviews in

English were recorded using notes due to stated respondent unease with being recorded. We analyzed our data using template techniques and multiple rounds of coding (open-coding, axial coding and depth coding) to uncover the main points of interest concerning type, extent of an implications of employer loyalty practice towards employee wellbeing, commitment, role and performance.

Data suggested that the nature and prevalence of employer loyalty was variable to a significant degree and that this in turn stemmed markedly from a cultural norm – not so much the dimensions of e.g., collectivism and high-context but instead from the indigenous construct of *bunghun* (an influential and prevalent construct across Southeast Asia). In its influence, *bunghun* denotes the norms and practices embodied in reciprocated favors among pre-existing interpersonal networks which tend to suffuse Thai business organizations. Our findings showed that the higher the degree of *bunghun* in the individual-level employer-employee relationship, the higher and more personal the nature of the loyalty conferred. Conversely, where pre-existing *bunghun* was low or non-existent the loyalty afforded by employers to employees was weak. We also found that the type of loyalty differed. Where *bunghun* was elevated the trust conferred was more affective or emotional in nature and less rational or cognitive. Conversely, where *bunghun* was low or absent, the loyalty found in the relationship was more cognitive and rational (centered on e.g., belief/trust in capability as opposed to goodwill).

Taken together our findings make a number of contributions to several inter-related bodies of research within the Asian business literature. To begin with, expand and refine how we understand the influence of indigenous culture constructs within Asian commercial enterprises – in this case on employer-employee loyalty in Thailand. Prior work which looks at the influence of culture tends to focus on dimensions garnered from the traditional ‘national culture models’, instanced by the frameworks of Hofstede, Hall, Trompenaars, Schwartz and the GLOBE project. However, these dimensions – while comparatively useful – do not afford the subtlety and depth of insight that indigenous culture constructs such as *guanxi* or – in our case – *bunghun* do. By uncovering the role of *bunghun* on employer loyalty we can open the black box on the variation in types and degrees of loyalty as displayed in our interview data. In so doing our findings add to the growing corpus of literature explaining how indigenous norms and values shape the workings of constructs such as loyalty and trust in emerging ASEAN. More widely, this then houses implications both for the theory and practice surrounding International HRM within the Asian context, particularly as concerns norms involved in recruitment, selection and appraisal – as well as employee motivation. Uncovering the influences on employer loyalty also informs how we understand the practice of CSR among emerging Asian-based corporations. Practically, this may be especially informative for incoming Western multinational corporations seeking to form joint venture partners and who wish to better understand how and why employee relations work in Asia. It would also enable them to better minor the on-the-ground implementation of their CSR and ethics policies as regards employee treatment.

The study concludes with a discussion of the limitations and directions for future research. This centre particularly on the need for cross-national ratification of our findings in other Asian contexts through wider sampling and collection measures. This would then help develop the theory nascent in this study and lend our understanding of employer-employee loyalty wider applicability.

**Keywords:** Employer loyalty; CSR; National culture; *Bunghun*; International HRM; Thailand.

