

Specifics of Management in South-East Asian Countries in the Light of Globalization

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Abstract: The article shows how processes of globalization of world economy face manifestations of particularities at local points of practical application. The authors survey major features of governance and management type in South East Asia namely, accent is on personal relations, respect of elderly, collectivism, primacy of the interest of society over individual demands, holistic view of the world. It is depicted how the universal models are supplemented by local traditional and cultural approaches. In this situation an adaptive model of governance and management is the most adequate and effective for different setting around the world.

Key words: Civilization • Globalization • World economy • Global studies • Governance • Management • Socio- economic development • Adaptive processes • Eastern type • Managerial approaches • Stratagems

INTRODUCTION

The process of globalization which has rapidly started at the beginning of the twenty-first century has caused a contradictory perception in society. Some people welcome globalization, others are wary of it, but both are faced with the inevitability of this process.

Some critics say that globalization is the universal process, common for the whole Earth's structures, contracts and relations in practically all social spheres. The phenomenon of globalization is perceived as an objective reality which asserts itself distinctively in global space of a World Economy, the international ecological interdependence, global communications and etc.

The processes of globalization covers basically all aspects of society with preserving national characteristics of continuing development of civilizations.

The Impact of Globalization on the World Economy:

In the current context, globalization is the system of different integrative manifestations in language, culture, politics, economics and finally, in a changing ways of life. The latest communication tools, scientific and technological progress which enfold in virtual and real space connecting people in different continents, disappearance of boundaries and obstacles in business

and cultural contacts become the cause of gradual birth of a common post-industrial and technological global civilization.

The progress of the globalization processes of the economy conditioned external and internal factors of socio-economic development vectors.

At present in economics they focus not on so much on internationalization but globalization of the economy. At large, Global Studies is an interdisciplinary field of research aimed at identifying the nature, causes and trends of globalization and global problems which are created by that and search for the ways of setting up positive and overcoming negative consequences of these processes for human being and the biosphere (I. Mazur, A. Chumakov)

The economy is an internal part of social life with its scale, structure, development directions which are shaped by the three outside factors:

population, as the main productive force;
natural environment, which is the primary source of all wealth (used and consumed by humans);
technological basis of society, as a way of connecting mind and human hands with natural and transformed means of production for satisfying year by year growing demands of population. (Yu. Yakovets).

Such renowned authors as Oswald Arnold Gottfried Spengler in his book “The Decline of the Western World” and Arnold Joseph Toynbee in “A Study of History” predicted that the population of the developed countries will decline and the population in developing countries (the greatest share of which are in Eastern countries), will continue to grow. At present, the development of humanity watches intensive “invasion” of the East to Europe, which is a major demographic challenge of socio- economic development of the world. (O. Spengler, A. Toynbee).

The modern world is a global world economy, characterized by a synergistic combination of all national economies of the world. According to Dr. Francis Fukuyama, professor of Stanford University, globalization is the world order in which large groups of people don't so much compete with each other for supremacy through violence, but by peaceful trade. It can be considered as the logical culmination of a long series of decisions in favor of competition with a positive result. (F. Fukuyama). Thus, in close interaction of different cultures and civilization models the value of understanding and knowledge of mentality, perception and overcoming of differences in partner business communication increases significantly.

Though the article describes distinct specifics of Eastern and Western civilizations at large, however inside them there are several ethnic types. For example, Yuri Yakovets, Professor of the Academy of Public Administration to the President of the Russian Federation, believes that the territorial aspect of the global model is based on grouping of twelve civilizations in Figure 1 (Yu. Yaskovets).

According to this scheme, “in each of the twelve of territorial (civilization) model blocks key leading countries are singled out”. (Yu. Yakovets).

In each country, a national model of governance is formed, as a balanced mix of universal and unique specifics of managerial approaches.

For instance functioning of international joint ventures and multinational companies focuses on finding and implementing effective management models perfectly adapted to the traditional management approaches of a civilized society.

Economic Development of South-East Asian Countries: In today's globalized world, different approaches to a variety of governance forms has been outlined. One of the

productive subjects for research are South-East Asian countries. The analysis shows that Asian countries in general show stable and progressive development especially in the context of the global economic crisis.

Let's Consider the World Indicators According to the World Bank: The most positive trend in economic growth in the period from 2007 to 2012 has been showed by the countries of South East Asia, such as China, Indonesia, Vietnam, Philippines.

The countries of South East Asia export electronics, computers, electric machinery, equipment for data processing, clothes, textile, metal, steel, optical and medical equipment, automobiles, components, plastics, raw materials for clothes and footwear production, wireless, telecommunication equipment.

Preserving social political system and elements of planned economy such countries as China, Vietnam and other countries of Asia Pacific Region have been developing market relations and strive for creating mixed economy, saving retaining the levers of political power and the elements of the planning mechanism. One of the achievements of South East Asian countries is wide practice of classical managerial schemes with careful preservation of traditions and culture.

One should note the differences in notions of governance and management though in Russian they are translated by one word “upravlenie”.

Governance is referred to handling control, command and monitoring over processes at large sense as governance of a country or region. Management is planning, arranging practical actions and control on smaller scale as for instance ministries, organizations, businesses.

This enabled the Far East countries to introduce modern approaches in management and at the same time adapting traditional local specifics of different civilization environment.

Social and cultural life in Chinese society as Taiwan, Hong Kong and Chinese People Republic in particular are based on teaching of Confucius (551-479 b.c.) in which major elements of social life were ethnic, moral and state governance.

The corner stone of managerial approach in Eastern type is “personified management” when majority of questions are solved by human relationship on the level of a family, society with respect of the authority of an older by age and experience.

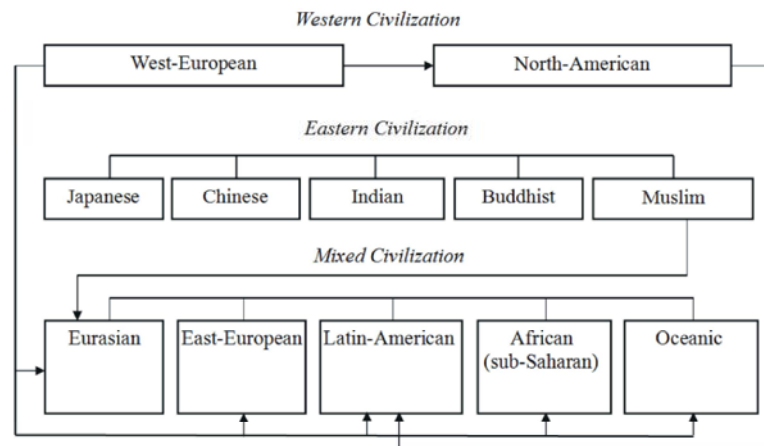


Fig. 1: Territorial context of the multidimensional geo civilizational model

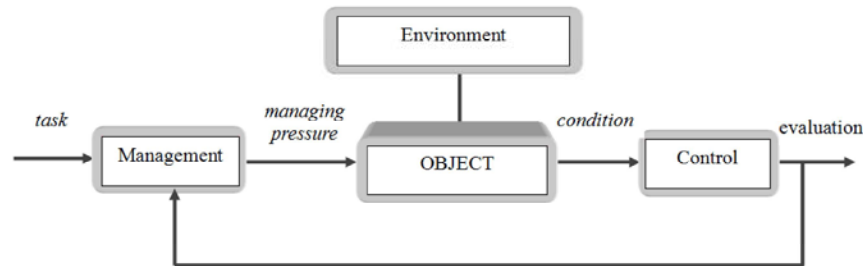


Fig. 2: The system of management in organization

Source: Automation the planning and management of works in company, division, project

Table 1: Dynamics of economical growth of South East Asia (World Bank Data) GDP growth, in annual %

Countries	2007	2008	2009	2010	2011	2012
Vietnam	8.5	6.3	5.3	6.8	6.0	5.0
Indonesia	6.3	6.0	4.6	6.2	6.5	6.2
Cambodia	10.2	6.7	0.1	6.0	7.1	7.3
China	14.2	9.6	9.2	10.4	9.3	7.8
Malaysia	6.5	4.8	-1.5	7.2	5.1	5.6
Singapore	8.9	1.7	-0.5	14.8	5.2	1.3
Philippines	6.6	4.2	1.1	7.6	3.9	6.6

One of the leading experts in marketing Jack Trout notes that if in American culture you can trace more often a negative attitude to old age because it is associated with conservatism, in China and Japan elderly people enjoy undisputable respect of their the authoritative experience (J. Trout).

National Characteristics and Specifics of Management in South-East Asia: As a result of globalization of the world economy and placement in different geographical points of the world of facilities for production of commodities and services of the highest quality and international standards, the necessity of effective professional management increases drastically.

In general, universal management methods of process comprises planning, control of realization, correction and improvement, all of which and together are necessary for achieving the best results.

The modern China is vivid example of successful use of its proper own model of management basic elements of which are based on many centuries of traditions thus connecting foreign “know-how” with national peculiarities (M. Leonard).

China as many other South East Asian countries are characterized by daosist contemplativeness and holistic approach in all spheres of life. Decision making is done as a long term holistic planning for far future, though decision making in market conditions requires more discrete consideration of problems.

The specifics of Chinese business mentality is stratagem thinking, calculation and forecasting of social, economic and state plans for long term period. The present activities are aimed primarily for getting result for future generations. Careful preservation of national traditions and gradual adaptation of modern practices is the distinctive feature of Eastern model of management.

In the book “Trust: The Social Virtues and the Creation of Prosperity” Dr. Francis Fukuyama notes in that higher socialization is characteristic to so called

familistic societies, that is societies where major (and often only) way of realization of society instinct is a family and larger relative circles. Consequently between people there is no other basis for trust except ancestry. (F. Fukuyama).

Leaders show by their own example how one should behave in this or that situation. The formation of human mentality and behavior of a leader is defined by traditional mentality, ethic patterns, family and social traditions.

Doing business in China is based not only on holistic approach but phenomenon of “paradox” as well. According to Ming-Jer Chen, professor of University of Virginia, “holism” is a unified approach to interrelation of social, economic and biological systems of human society functioning (M.J. Chen).

Consequently the notion of “paradox” is considered at the same context as a phenomenon when “opposite parts become interdependent. Note, the paradox of famous Chinese word “*wei-ji*” which means “crises”. The word consists of two hieroglyphs “*wei*” – “danger” and “*ji*” – “possibility”. At the end of the XX century “*wei-ji*” was outlined as an approach which helped Chinese businessmen to discover quickly and use the possibilities which were situated on the surface at financial crises. (M.J. Chen).

Major approaches in managing business processes in the West are differ from processes in South East Asia. The Western business culture is focused on impersonal transactions. Chinese business communities rely on relationship of “*guanxi*” ties. *Guanxi* is based on trust, mutual obligations and joint experience. This conception goes back by its roots to social customs of ancient China with mutual relations of the whole society. (M.J. Chen). This explain ways of traditional model of “family businesses” not only in China, but in other countries of Asian Pacific Region as well.

As another example, there is a notion of “*uri*” in Korea which is translated by a pronoun “we”, but more often than not is used to denote the phenomenon “our” collective, “our group”, “our society”. This testifies about strong feelings of collectivism impregnating whole society from schools and universities to businesses (O. Kiryanov).

In countries of South East Asia with practice Islamic model of banking and doing business the norms and standards of Islamic regulations are used. In Islam, such concepts as usury or “*riba*” are legally prohibited. It means that “from Islamic economic point of view, economic theory cannot be separated from moral and

social dimensions” from opinion of Sami Al-Suwailem, the economist of Islamic Development Bank (S. Al-Suwailem). Because the prohibition for Muslims means the same notion from legal and moral points.

Meanwhile, Asian countries with family and collective business models must to adaptive themselves to new economic environment because they are forced to outreach international markets and adapt themselves to international standards.

CONCLUSION

Globalization processes are not unquestionably positive in their local application and there for their local correction is needed. Robert K. Schaeffer, professor of Kansas State University has a view that Globalization does not have a uniform consequences or create a more homogeneous world. Instead globalization has had diverse consequences that were not anticipated in advance (R. Schaeffer).

In this respect “holistic Asian mentality” and flexibility (in an Ian Clark notion) enable to find the “golden mean” between the pressing influence of globalization and traditional managerial approaches with major focus on a person, personal relationship and collective social benefit (I. Clark).

That is why leaders of Eastern countries are more often act as mentors and trustees of the gained capital which transferred from generation to generation. It is not surprising that social prestige is more important for Koreans than personal benefit (N. Romanova).

Thus, the characteristic features of managerial approaches in Eastern world are: traditionalism, close-knit society, hierarchy, respect to older ones and mentors, elements of collectivism, autocracy, prevalence of the interests of society over personal, a loyalty to traditional values, trust.

At the same time the modern economy has reached such stages of development that even most development countries are unable to produce high-technique production being isolated in production from other countries out of cooperation with foreign partners.

In the light of noted above in the modern globalizing world the adaptive models of governance and management are most effective when inevitable necessity of using universal managerial approaches for production of high-tech products and international quality services is combined with careful preservation and use of practices relevant to certain corresponding traditional and cultural environment.

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