

Conceptual Features of Management Models in the West and East

N.M. Akhtyamova, N.G. Bagautdinova and A.Z. Novenkova

Kazan Federal University, Kazan, Russia

Submitted: Oct 16, 2013; **Accepted:** Dec 11, 2013; **Published:** Dec 15, 2013

Abstracts: The article is dedicated to unique and universal features of Eastern and Western models of management. In the light of globalization the key issues, phenomenon of national model of governance, the characteristic features of the civilizations of the East and West are revealed, as well as comparative analysis of Eastern and Western management instruments are done.

Key words: Eastern civilization • Western civilization • National model of governance • Model of management • Globalization • GDP growth • Universal management functions • Indicators • Universal and unique features • Global economic crisis

INTRODUCTION

More than two hundred years ago, a professor of Konigsberg University Immanuel Kant noted that there are two human inventions that can be considered as the most difficult: the art of governance and art of education (Kant I.).

It is hard to disagree with this statement, because the problem of governance and the problem of education, including mental and spiritual development, are key elements in the life of any society, or civilization at large.

In the contemporary world, especially in stressful economic situations, finding of optimal effective management models is one of the important issues of the economic development of country at large and business entities in particular.

Of special interest is a phenomenon of Eastern and Western types of management, universal and unique features of management in the light of the differences between Eastern and Western civilizations. There is a stable importance of issues related to adaptation of Eastern and Western companies in the area of Eastern and Western civilizations characterized by significant differences of cultural, traditional and mental features.

Exemplary object of research is Russian Federation. The Russian system of governance is historically created and transformed absorbing the experience of Western and Eastern management types, permanently adapting itself to the existing cultural and historical conditions.

Some of experts in the field relate Russia to a country with dominant “Asian type of governance”. Russia initially experimenting and trying unsuccessfully to introduce purely Western methods of management in the 80-90s of the last century, ultimately ignored the recommendations of many Western expert in recent year. It has formed on practice its own model of Governance, which demonstrates characteristic “Eastern” features. As a result of the application of flexible approach and nationally adapted management practices, Russia has very effectively managed the task of escaping the risk zone crisis and continues to develop dynamically.

Evaluation the Economic Indicator of Eastern and Western Countries During the Global Financial Crisis:

From geographical point of view the subject matter of analysis of Western countries will focus on Europe and North America. East traditionally is segmented to the Near, Middle and Far East.

Recent crises and post-crises analysis of economic indicators of Eastern and Western countries shows a sharp deterioration of economic indicators of many previously quite successful countries compared to countries with “catching up economies”, relating to Eastern type of civilizations.

Here with indicators of growth rates of GDP in the many countries with an Eastern type of management have demonstrated a progressive tendency. According to World Bank data, the most positive trend of getting out of the global economic crisis showed the countries of Near

and Middle East, such as Turkey, Saudi Arabia, Jordan, Qatar and the Far East: China, India, Indonesia, Malaysia. While in Western countries, the similar indicators are more than modest.

In Russia a being part of Great Europe and Big Asia the crises drop of rates was significant (for instance in 2009 annual GDP growth of the Russian Federation has fallen down to minus 7.8%). However, the Russian Government has taken effective actions, as a result of which a significant increase was achieved in 2010. The growth rate amounted to 4.3% and it has been stable in 2011.

Evidently, there are arguments that Russia, as major oil and gas producing power has advantages, but any specialist understand that serious mistakes were done in management of such valuable “capital” may ultimately lead the country to economic collapse.

An important role in pulling the economy out of crisis in countries such as Russia and Eastern countries has been played by smart use of processes of management systems in these countries, when Government and corporate managers successful combine basic classical administrative schemes and functions with specific national approaches.

We live in a time of global changers. People around the world are effected by common economic, political and environmental development (Schaeffer R.). In the beginning of the XXI century the world community plunged itself into “globalization” with widespread introduction of new communication technologies in banking and trading sectors, ñomputerization of tools of international business, trends towards creating international financial and industrial entities.

Almost all spheres of modern society life have undergone the processes of internationalization. However, it did not lead to a loss of national characteristics of vital areas of human society. One of the examples is Russia, which outlined its “own” way of development based on both the world's best practices and national features historically inherent to Russia.

The founder of the Russian school of geo-economics, Professor Ernst Kochetov believes that “the Russian multinational environment put a deep mark on economic, political and social system. In turn, it affected the economy and finance. The impending neo-economic model of civilizational development, which is based on etnoeconomic transnationalization, gives a new twist in the development of national systems. This shall lead to the emergence of a new model of civilization” (Kochetov E.).

Table 1: Dynamics of economic growth in Eastern and Western countries (World Bank)

Countries	GDP growth (annual %)					
	2007	2008	2009	2010	2011	2012
China	14.2	9.6	9.2	10.4	9.3	7.8
Germany	3.3	1.1	-5.1	4.2	3.0	0.7
Greece	3.0	-0.2	-3.1	-4.9	-7.1	-6.4
India	9.8	3.9	8.5	10.5	6.3	3.2
Indonesia	6.3	6.0	4.6	6.2	6.5	6.2
Ireland	5.2	-2.1	-5.5	-0.8	1.4	0.9
Italy	1.7	-1.2	-5.5	1.7	0.4	-2.4
Jordan	8.2	7.2	5.5	2.3	2.6	2.8
Malaysia	6.5	4.8	-1.5	7.2	5.1	5.6
Qatar	18.0	17.7	12.0	16.6	18.8	
Russian Federation	8.5	5.2	-7.8	4.5	4.3	3.4
Spain	3.5	0.9	-3.7	-0.3	0.4	-1.4
Saudi Arabia	2.0	4.2	0.1	4.6	6.8	
Turkey	4.7	0.7	-4.8	9.2	8.8	2.2
United States	1.9	-0.4	-3.1	2.4	1.8	2.2

Universal and Unique Features of Eastern and Western Models of Management: Before proceeding to the problem of universality and uniqueness of the Eastern and Western models of management, the concept of a national model of governance and general characteristics of Western and Eastern civilizations should be considered.

As it is known, the management is a continuous and integrated process covering almost all spheres of society which has a progressive development vector. Actually right model of management ensures success. A national model of governance is a complex phenomenon that includes organizational, cultural and social aspects. It is a complex balanced system based on universal elements of management, but with traditional national practice of application.

There are universal management functions without which a single company or organization can exist, such as: planning, organization, motivation and control. The connecting links of management functions are: communications and management decision making. National model of governance is mainly applied at connecting management links. While the Western type of management communications are formalized (and, in general, impersonal), the Eastern type of management is personalized and in relations the emphasis is on a personal trust.

Management should always focus on providing economically effective operation of enterprise (Druker P.).

In the countries with Western model of governance, companies aim at improving the effectiveness of planning, efficient use of resources, creating synergy effects to achieve common business goals of companies.

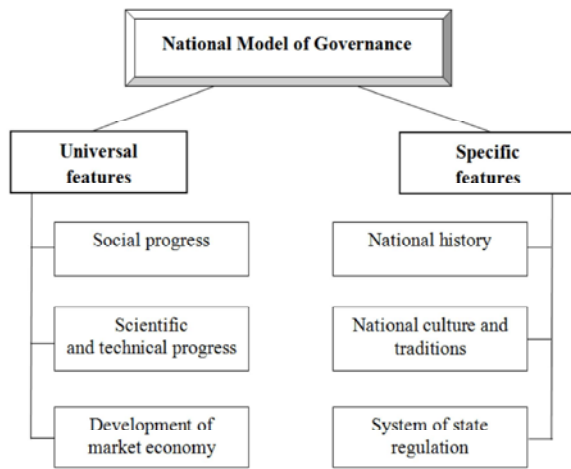


Fig. 1: Characteristic features of national model of governance

Let's consider the characteristic social features of Western and Eastern civilizations. Civilization in this context is understood as a big cultural and historical social area, different from any other by the mentality, traditions and spiritual practices. Table 2 shows comparatively the specific differences in Western and Eastern civilizations based above all, on their unique features.

Processes of adaptation to realities of modern globalizing world defines variety of approaches leading to different forms of management. When labor division market has become increasingly global, the countries that previously did not participate in the global production of goods, services and finance have been inevitably drawn into global economy space. They face the urgent need to standardize the activities of their organizational structures, in particular, their systems and procedures.

Since the introduction of systematic approach in governance, Western states have developed original instruments and approaches in the organization of political, economic and social life based on scientific approaches, rationale argumentation for decision making, development of strategies, performance assessments and management experience.

In connection with this, there is a question how universal are these decisions and methods in management and do they work successfully as they are at all times, or in definite level of management only (then what level?), or are national specific corrections required (what kind of)?

There is a dominant opinion in America and Western Europe that the Western model of governance is more effective in the global economy. However, the practice of

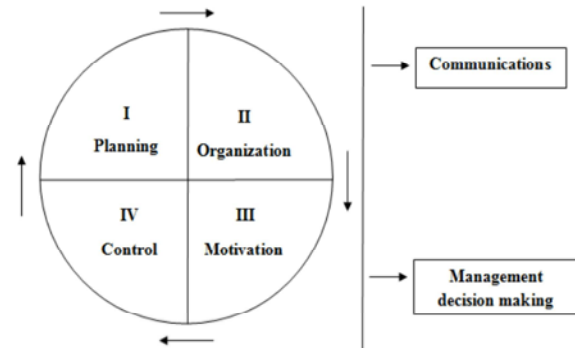


Fig. 3: Universal management functions

international governance has demonstrated that many Western universal management decisions in some cases have proven themselves to be ineffective.

Particularly, a lot of questions about the universal effectiveness "Western Model" of governance appeared during the financial crisis which hit the leading Western countries that are considered to be the leaders in theory and practice of management. Straight forward attempts to introduce major features of Western management models in the East have proved to be ineffective and required a demand for careful search for a more flexible approach.

At the same time, the Eastern model of governance, in many instances and especially in local application demonstrates its effectiveness for it is focused on adaptive approach with careful consideration of social environment and national traditions and culture. According to Trompenaars and Hampden-Turner, the effectiveness of certain management practices directly depends on the environment in which the management is performed (Hampden-Turner Ch. Trompenaars F.).

Let's consider some key elements of Western and Eastern models of management.

In the West organizational "matrix model" is effective which organizes people by impersonal criteria of discipline and required functions, while Japan and other Eastern countries are characterized by "family model".

In the East, special attention in management is paid to confidence in a particular person and personal relationships. This model works in companies focused on "family" type of business and passing over business from one generation to another. This model is more oriented for the benefit of society rather than individuals or companies. In contrast to individualistic Western-type of civilization, the Eastern type is defined by state economic thinking.

Table 2: Specific differences in Western and Eastern civilizations

Eastern civilization:	Western civilization:
Dynamism, focus on novelty and revolutionary changes	Traditionalism, focus on reproduction of traditional mode of life and historically formed social structures.
Ideals of individual liberty, society of equal opportunities	Close-knit societies with hierarchy and respect to elderly and a Leader
Respect of freedom and dignity of an individual	General determinism of human life and its place as a part of society
Individualism and competition in all sectors of society's activity	Public life is built on the principles of community spirit
Preference of democratic form of society	Different forms of autocracy as an absolute dominance of state over society
Respect o private property and protection of personal interests above society ones	Corporate and public ownership, the primacy of public interests above private
Rationality and pragmatism	Focus on internal spiritual life and adherence to traditional ideas

In the West, management of companies aim to get a quick speculative profit for numerous shareholders of a company, while the main purpose of Eastern companies is the public welfare by obtaining profits for long-term business development as a part of society.

Moreover, the system of large number of shareholders of companies lead to collective irresponsibility, as thousands of shareholders believe in the power and genius of a few managers. Several experiences have shown that even so-called business gurus are not immune from mistakes.

The West is losing its monopoly on the accuracy of determining the parameters of long-term development of the global economy. As an example, top five American investment banks ceased to exist in their former capacity. Bear Stearns and Merrill Lynch were resold, Lehman Brothers filed for bankruptcy, Goldman Sachs and Morgan Stanley changed their signs and ceased to be investment banks due to specific risks and need to obtain additional support from the Federal Reserve System.

Meanwhile, heads of Eastern companies mostly act as mentors and custodians of the earned capital, which is intended for future generations and that in turn suggests a more cautious approach to risk taking and a deeper understanding of fundamentals of business. This approach goes beyond the interests of an individual or one company and covers wider public interests.

In general, the Eastern model focuses on personal and behavioral aspects of management, while the Western model is concentrated on the structural and process problems.

In conclusion, it should be note that in the light of the recent global financial crisis and the growing indebtedness of some Western countries, the credibility of to perfectness of Western management models significantly decreased. Accordingly, the Eastern governance and management models have attracted increasing attention of specialists in looking for the most effective adaptive tools of governance. Consequently Eastern governance model comes into focus of attention

because of its adaptive activity character in terms of specifics of social environment, national traditions and culture. Synergetics of cultural languages initiate the growth of tolerance.

CONCLUSION

In today's globalizing world the holistic approach to processes, with integration and convergence management models is the most effective. This means: managerial thinking providing understanding of processes rather than structures; concentration on management effort to develop the dynamic whole, not static matrix parts; orientation on the long-term perspective rather than short-term goals (getting benefits/ profits); adaptation of national characteristics, rather than ignoring them; focus on the transfer of accumulated capital to future generations; focus on the welfare of society rather than a well-being of an individual or organization; transformation of mentality for right perception of "alien" culture and understanding of main features of traditions; working out of tolerance as the skill to live and work together rather than in parallel.

Speaking of Russia, we should remember the words of the Russian orientalist Theodor Shumovsky: "Russia is basically an organic part of the Eastern world, which, however, accepted the Western civilization. This is the major dilemma of its development and the unification of East and West is its historical task" (Shumovsky T.).

REFERENCES

1. Hampden-Turner, C.H. and F. Trompenaars, 2004. *Riding the Waves of Culture: Understanding Diversity in Global Business*. Poppuri press, pp: 528.
2. Bagautdinova, N.G., I.R. Gafurov, N.V. Kalenskaya and A.Z. Novenkova, 2012. The regional development strategy based on territorial marketing (the case of Russia). *World Applied Sciences Journal*, 18(Special Issue of Economics): 179-184.

3. Druker, P., 2001. Practice of Management. Williams Publishing, pp: 400.
4. Schaeffer, R., 2003. Understanding Globalization: The Social Consequences of Political, Economic and Environmental Change. 4th ed. Rowman & Littlefield Publishers. Inc., pp: 379.
5. Kant, I., 1994. Collected Works. 8 volumes. V.8. Moscow: "Choro" Moscow Press. pp: 718.
6. Arshinov, V., O. Astafieva and V. Budanov, 2009. The Synergetic Paradigm. Social Synergetics. Moscow: "Progress-Tradition" Moscow Press. pp: 688.
7. Kochetov, E., 2002. Globalistics: Theory, Methodology, Practice. "NORMA" Publishing House (Publishing group NORM • INFRA-M), pp: 672.
8. Guseinov, A., 2011. Government as a Work of Art: the 150th anniversary of the concept. Institute of Philosophy, Russian Academy of Sciences, Moscow-Petersburg philosophical club. Moscow: Summer Garden, pp: 288.
9. Safiullin, L.N., G.N. Ismagilova, N.Z. Safiullin and N.G. Bagautdinova, 2012. The development of welfare theory in conditions of changes in the quality of goods and services. World Applied Sciences Journal, 18(Special Issue of Economics): 144-149.
10. Shumovsky, T., 2009. Light from the East. St. Petersburg. "DILYA" Publishing House. pp: 352.
11. Mazur, I.I. and A. Chumakov, 2006. Globalistics: International Interdisciplinary Encyclopedia. Moscow, St. Petersburg: N.Y "ELIMA" St. Petersburg Press, pp: 1160.
12. Web-site of World Bank. Date Views 12.09.2013 www.data.worldbank.org/indicator.