

## South Asian Cluster

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**Abstract:** This article aims at presenting the South Asian cluster composed of India, Indonesia, Iran and Malaysia, the intercultural values that characterizes it, the supported leadership style and tracing the main macroeconomic considerations which characterizes them. The research is synchronic, analysing the contemporary situation of these countries without reference to their evolution in time, by using the positivist paradigm that explains the reality at one point. It will be analysed the overall cluster with the existing interactions between the countries that composes it, while the article being one of information will avoid building recommendation, or new theories.

**Keywords:** Cluster; leadership; cultural values; macroeconomics

### 1. Introduction

The South Asian cluster consists of India, Indonesia, Iran, Malaysia, Philippines and Thailand. Representative for this cluster are the high scores in human orientation and collectivism in group, average score on assertiveness, future orientation, gender egalitarianism, institutional collectivism, performance orientation, power distance and uncertainty avoidance. Regarding the leadership, the countries in this part of the world appreciates the leader based on charisma and who has as main objective the team. Also appreciated is the participatory leader who has a humanitarian vision towards workers, but a lower appreciation has the one characterized by autonomy and self-protection. One of the most distinctive features of this region is represented by the cultural and religious syncretism, a large number and highly variable of ethnic groups with their own beliefs and ideologies coexist more or less peacefully in this vast region (Eliade, 1992).

**Table 1. Significant values of cultural specificity for the South Asian cluster**

Country	India	Indonesia	Iran	Malaysia	Philippines	Thailand
<b>Surface (km<sup>2</sup>)</b>	3.287.595	1.919.440	1.873.959	329.750	300.000	513.115
<b>Population (mill. in.)</b>	1.241.492	235.556	78.868	24.385	94.852	65.493
<b>Ethnic structure</b>	Hindu Muslim mixture between minorities , Tibetan, Bengali.	Indonesian Malaysian, Papuan, Javanese Chinese	Iran Turks-Tatar, Kurds, Arabs	Malay, Chinese Indian and Pakistani	Filipino Chinese	Thai Chinese
<b>Languages</b>	Hindu and English, but there are more than 1,200 dialects	Indonesian Bahasa and 700 dialects	Persian	Malaysian English Chinese	Filipino, English Spanish.	Thai, English Chinese
<b>Climate</b>	six climate subtypes which vary from desert, humid tropical regions and glaciers in North	Equatorial with constant temperatures	Arid in plateau, Toward the periphery subtropical	oceanic equatorial	Tropical Warm and humid	Tropical and subtropical monsoon
<b>Political and economic specificity</b>	Federal republic with market economy	Presidential republic with market economy	Islamic Republic	Constitutional monarchy	Presidential republic	Constitutional monarchy
Level of development	to medium	to medium	to medium	to medium	to medium	to medium
Cultural dimensions						
Power distance	77	78	58	104	94	64
Individualism	48	14	41	26	32	20
Masculinity	56	46	43	50	64	34
uncertainty avoidance	40	48	59	36	44	64
Long / short	51	62	14	41	27	32

term perspective						
indulgence / restriction	26	38	40	57	42	45

*Source: adapted from Comtrade, CIA World Fact book, Hofstede & Hofstede (2004)*

## **2. The Particularities of Social Culture in South Asian Cluster**

### **2.1. Performance Orientation**

When it comes to performance, promotion is granted based on specific criteria, respecting individual achievements, some schools and universities reward their graduates with different prizes for their outstanding performance, and also the government is the one providing certain prizes in some areas including sport. Often those with a good scholastic record have great chances searching for a top rated job. (Chhokar et alli, pp. 998-990)

### **2.2. Future Orientation**

From an historical and traditional point of view, the South Asian society focused on “henceforth” than on “here and now”, so they have an increased tendency for future orientation. The government itself supports future-orientation by waiving certain fees in favour of savings. There is no security system of the social state fund, but employers are obliged by law to contribute to a fund that will provide certain benefits for employees in retirement (Chokkar, 2008, p. 990). For culture in this region that, except Iran, a Shiite Muslim state, are influenced by Hinduism or Buddhism, time is not linear, people in these regions being characterized by a lack of punctuality, the instinct of the moment may change the plan established before, the reality being always subject to change. (Nicolescu, 2006)

### **2.3. Gender Egalitarianism**

The South Asian society continues to be dominated by men, even if it shows an increase in the number of women working in certain areas, many of which are still dealing only with family activities, even if they produce income by working in agriculture in rural areas. In urban areas, things are changing and men's fields may

also be accepted by women, so the South Asian society has women in positions such as pilots and officers in the army. (Chhokar, 2008, p. 990)

The countries of this region without exception are characterized by a high level of masculinity, which has its origins in religious views specific of the area, these regions being characterized by a high level of spirituality that, besides the values of humility and abstinence, gives a central role to the male figure in society, the symbols that represents success being very important. (Hofstede & Hofste, 2004).

#### **2.4. Power Distance**

Titles at the workplace are often shown on the door, and the differences between social classes are well separated from the place of eating that varies from employee to manager, the privileges and social rights considered depending on everyone's status in society. There are important families that are respected by the middle class and their power is often accepted by others (Chhokar, p. 991). Throughout the region there is a tendency of accepting inequality, to depend on the decision of superiors, reward appearing only in those cases where it is proven loyalty to the employer. There is a security on a psychological level and communication is inverted, and if the feedback is negative, it never reaches the leader. (Gavrieliuc, 2010)

#### **2.5. Uncertainty Avoidance**

The attempts to reduce the uncertainty of future events are quite common, so there are age limits in certain cases, including the minimum age of marriage. There is a great emphasis on education performance, especially within children of middle class families, sometimes resulting in excessive pressure placed on them. Their religious beliefs and practices are a major source of the uncertainty avoidance attempts. (Chhokar, p. 991) Where is manifested the Hinduism influence imperfection is accepted, people not being accustomed to take initiative accepting their position and life routine without making problems. (Coman 2008)

### **3. Leadership in South Asia**

Although the societies have a strong patriarchal character, often leaders are criticized, especially political leaders, and also managers of certain companies, regardless of the field. Outstanding leadership. When talking about this quality, people tend to refer to leaders who carried out unusual things that were considered noble and innovative which inspired the people. A remarkable example might be Gandhi's accomplishments in 1947, or leaders of certain organizations that have made decisions which could be considered as not being authorized (Chhokar, 2008, p. 984). Leadership styles. There are two conclusions: first, where the remarkable leaders must be flexible in their behaviour, depending on the situations they are dealing with, and second, the preference for leadership styles that are assertive and confident.

Role models and status. Leaders must be role models with qualities such as dynamism, innovation and justice. Leadership is beside required, a necessary and admirable one, leaders having high status and being respected persons and role models. However, not all leaders can be considered role models, an example could be politicians, because of their position or because they had political activity, thus having a high status and importance only because they are part of a political environment.

### **4. Macro-economic Considerations of South Asian Cluster**

For a cluster as complex as the South Asian one is quite difficult to provide valid solutions on how a business can be successful or not in this area. It is certainly the area where specific religions, varied and polychrome cultural traditions, caste system and sometimes the exaggerated protocol must be considered to build solid relationships.

In the case of India hierarchy plays a major role due to the caste system, which in Hinduism strictly defines the social status that is almost impossible to overcome.<sup>1</sup> Due to British influence, punctuality is appreciated although decision making are

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<sup>1</sup> The castes or Jati are traditionally five in number: Brahmins - priests, Kshatriya - military hierarchy, Vaisyas - merchants, Sudras - peasants and servants and outcasts or those outside society, the untouchables. All these castes, in time, have multiplied, reaching several hundred. (Stan & Rus, pp. 227-228)

based in most cases on intuition and feelings rather than on statistical or empirical situations. It should be noted that India's economy is a very diversified one, with a very large young population, and educated in English that made this country the largest exporter of software services and technology experts, although, paradoxically, more than half of the workforce mainly are involved in agricultural activities. Lately, contrary to global market developments, the Indian economy managed to grow by 8% in 2010 (UN Comtrade) the following year instead being characterized by insufficient economic reforms to which were added the fiscal deficit and domestic corruption scandals.

Iran is characterized primarily on oil exports<sup>1</sup>, this bringing the main benefit to the government, the private sector being characterized by the existence of companies and small workshops as well as farms. The label of doing Business in Iran is characterized in particular by respecting the Islamic cultural ritual, meetings are avoided during Ramadan, and punctuality is rarely honoured, adding to this the chaotic administration and bureaucracy.

Lately Malaysia has surpassed the strict export status of raw materials, investing heavily in the multi – sectorial economy (Islamic finance, technological industry, biotechnology and services),oil deposits and reserves of the National Bank providing to this country the status of the least vulnerable one during the crisis. The Malaysian society is a multicultural one, which places particular emphasis on the label and formal relations, a particular importance having conversation pauses, this demonstrating the granted respect for the subject matter.

Indonesia has achieved in the last two years an increase of 6% of GDP due to financial sector reforms, the sale of treasury bills and reduced inflation, thus exceeding the performance of their neighbours, their progress being comparable to that of China and India. In developing a business Indonesians focus on label and protocol, which often falls within the Islamic specificity, in communication they are indirect not always telling what are their plans, negotiations are done directly, face to face, generally a deal ends after a long and full knowledge of the partner.

Thailandhas a reputation as a country with a developed infrastructure, with a pro – investment policy, export oriented. For 2012 the industry is expected to rebound in

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<sup>1</sup>According to the CIA World Factbook, the continuous global growth of oil prices has brought Iran benefits of over 28 billion dollars in 2010, significantly reducing the impact of international sanctions imposed to this country.

the second half of the year, the government economic forecasts anticipates a growth up to 6.5% and for the private sector estimates are between 3.8% and 5.7% (CIA World Factbook). The hierarchy is universally accepted, probably due to monarchical tradition, non-verbal communication has priority, schedules are more than necessary and punctuality shows respect for the partner. Thais are characterized by their own ego orientation, avoiding conflict situations with nonaggression and preference for social harmony. It is accepted inequality and fate (Bun-Kam), these being determined by the facts of a past life .In addition to education, competence is the one that guarantees hierarchical progress, carrying out the tasks is the guarantor of maintaining good relations. (Burduş, 2006, p. 351)

Although in the latest year the GDP fell by about 4% compared to 2010, the Philippines was able to reduce public debt below 50% of domestic product, this can be noticed in the increased country rating, particularly attractive for investors drawn to both the domestic political stability and especially by the variety of internal resources. In a Filipino company, most often outweighs favouritism at the expense of values, business relationships often have a personal character, favouritism is widespread, and although punctuality is valued agreements are made usually with the mediating person and not necessarily the company that is represented. Management in the Philippines is mentored by North American management, in addition to socio-cultural peculiarities; the predominance of family relationship and the need for proximity of managers of certain companies in circles of power to support their activities (Burduş, 2006, p. 359).

**Table 2. The South-East Asi countries GDP in 2011.**

Country	Nominal GDP (billiards \$)	Rank	GDP Per capita (thousands of \$)	Rank	The main import partners (%)	The main export partners (%)
India	1.676.143	11	3.694	129	China 11; SUA 7; Saudi Arabia 5, Australia; Germany 5; Singapore 4.	Arab Emirates 12, 87; SUA 12, 59; China 5.
Iran	482.445	25	13.053	69	China 14; Germany 9; Arab Emirates 9; South Korea 6; Russia 5.	China 15, Japan 14; Turkey 7; South Korea 7; Italy 6
Indonesia	845.680	16	4.666	122	Singapore 16; China 14; Japan 10; SUA 7; Malaysia 5,	Japan 15; China 9; SUA 9; Singapore 8;

					Thailand 4	South Korea 7
Malaysia	278.680	36	15.568	58	Japan 12; China 12; Singapore 11; Thailand 6	Singapore 13; China 12; Japan 10; Thailand 5
Philippines	213.649	46	4.073	126	Japan 10; SUA 10; China 10; Singapore 8; Thailand 5; Malaysia 4; Indonesia 3.	Japan 18, SUA 14; China 12; Singapore 8; Thailand 4
Thailand	345.649	31	9.396	86	Japan 18; China 13; SUA 5; Malaysia 5.	China 12, Japan 10, SUA 9; Malaysia 5; Indonesia 4

*Source: Adapted from the IMF, World Bank, CIA World Fact Book*

The table above shows the weak cooperation at an economical level between countries belonging to this cluster. The main commercial partner of these countries remains China, which is explained by the fact that it is close to all the countries and Chinese products with a lower cost market are the most accessible to people with low income in South Asia. It is noted, however, that is taking into account a lot in economical exchanges the geographical proximity, the main business partners of these countries being in the same region, which is understandable due to lower transport costs that doesn't favour the excessive growth of prices.

## 5. Conclusions

The countries from the South Asian cluster are characterized by a high level of cultural syncretism, ethnic and religious diversity being among the highest globally. Representative of this cluster is the influence of Hindu religion (except Iran) this can be noticed in the relationship developing between community members. Societies have a strong patriarchal character, and the inequality is often regarded as a normal thing, finding a so called support in the millennial traditions of the region. In choosing rulers, are valued leaders with a strong charisma (Gandhi), their authority, most often relying on traditional values, or the religion. The recent economic crisis affected the economies of these countries, of which the strongest recovery is observed in India (with a more diversified economy), and Iran (through oil exports).

We can say that these countries, despite the existing gap in political, ethnic and cultural terms generally keeps constant economic and political cooperation that can guarantee a possible success in the future.

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