

VALUE CREATION IN ASIA-PACIFIC REGION*

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Perihal budaya, baik budaya perusahaan maupun budaya masyarakat di mana sebuah perusahaan beroperasi, dewasa ini kian mendapat perhatian bisniswan. Penciptaan budaya perusahaan dan pemahaman akan budaya masyarakat setempat merupakan bagian dari kunci keberhasilan bisnis. Tulisan ini mengetengahkan hasil pengamatan tentang bagaimana budaya masyarakat sebuah negeri mempengaruhi organisasi dan operasionalisasi suatu perusahaan, bagaimana pihak perusahaan menyelaraskan budaya korporatnya sehingga kemudian sukses dalam bisnis yang dijalankan.

Di Asia, sukses bisnis berhubungan erat dengan dan sekaligus mencerninkan kemampuan dalam menyesuaikan diri dengan budaya lokal. Ini berarti—antara lain—manajer-manajer barat seyogianya tidak memaksakan standar dan norma serta nilai-nilai mereka sendiri, melainkan beradaptasi dengan kultur lokal. Bersinarnya perekonomian di wilayah Asia-Pasifik, kendati dalam setahun terakhir agak meredup, antara lain juga berkat peleburan nilai-nilai Timur dan Barat yang berlangsung sejak awal dasawarsa ini.

Menghadapi Abad XXI nanti, penerapan Dalil Nilai Pelanggan (Customer Value Proposition) dapat menjadi faktor-kunci keberhasilan bisnis. Itu berarti: alih-alih bersaing dalam hal semua aspek produk atau jasa yang dilayankan, sebuah perusahaan lebih baik memilih untuk unggul dalam salah satu di antara tiga aspek bisnis berikut: kepemimpinan produk, keunggulan operasional, atau keakraban dengan pelanggan. Untuk menakar seberapa jauh sebuah perusahaan berhasil atau mendekati sukses dalam bersaing di salah satu dari aspek-aspek bisnis tadi, konsep Untaian Nilai (Value Chain) Michael Porter dapat digunakan sebagai ukuran atau alat analisis.

Keywords: culture corporate; founding fathers; American cultural values; Japanese cultural values; evolution; revolution

What is Culture

There are perhaps as many definitions of culture as there are nationalities. Sociologists might define it as "the ulti-

mate system of social control where people act appropriately and monitor their own standards and behaviour". An international marketer, who needs to know which factors influence customers' needs and wants,

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may define culture as "the learned ways of group living and group responses to various stimuli. Rather than try to define culture, we will focus on its content. Culture consists of the values, attitudes, beliefs, and customs of a society. Culture is affected by religious beliefs, ethnic and nationalistic symbols and traditions, as well as secular views on the human relations and social priorities, morality, and ethics, all of which may be institutionalised to varying degrees. Culture also includes the social activities that express, enrich, transform and re-engineer these value attitudes, beliefs, and customs. The products they generate become integrated into the norms of the society's culture.

Corporate Culture

One type of culture that has attracted international focus is the corporate culture. Corporate culture is a perfect example of a modern interdisciplinary field consisting of a wide variety of disciplines from marketing, accounting to Organizational Behaviour. Our main interest here is in the different management orientations of Western and Asian Managers, and the necessity to be able to co-exist with other cultures in our global village economy, network and electronically interlinked by CNN, CNBC and World Wide Web.

Cross-cultural analysis will not eradicate the generic differences between Western and Asian Culture, but it may help to minimise cultural bias in interpreting and understanding the countries in the region providing you an advantage over your competitors. The managers of Western companies investing, in Asia must be especially sensitive to the influence of their own national cultures on their misinterpretation of events, behaviour, and infor-

mation while working overseas in the Asia Pacific region.

Studying an Organization Culture

To study corporate cultures and how they operate, it is important to look at values, specifically cultural values and their influence on the workforce. As shown in Figure 1 the Iceberg model clearly illustrates the influence of values of national culture on the organization. In many foreign based organizations, their business-oriented values are derived consciously and unconsciously from the culture of its founding fathers, shareholders and key players.

For example, American cultural values have profoundly affected *IBM*, *GM*, *3M* and *Exxon* while Japanese cultural values pervade *Toyota*, *Bank of Tokyo*, *Sony* and *Seiko*. These organizations bring along their "cultural baggage" in the form of systems, procedures, techniques and ways of developing human resources to countries wherever they exist.

A point in case, the organizational cultures of multi-national corporations are based on the cultural values and practices that they have carried over into their own workplaces. While these organization have similar goals and objectives, they differ in the manner in which they develop work processes to achieve them.

"To the Japanese, the culture of an organization is based on a collectivistic orientation of its employees. Rather than just a workplace comprising separate individuals, the collaborative spirit of the village or commune pervades their work experience. There is considerable emphasis on interdependence, shared concerns and mutual help. Employees frequently make

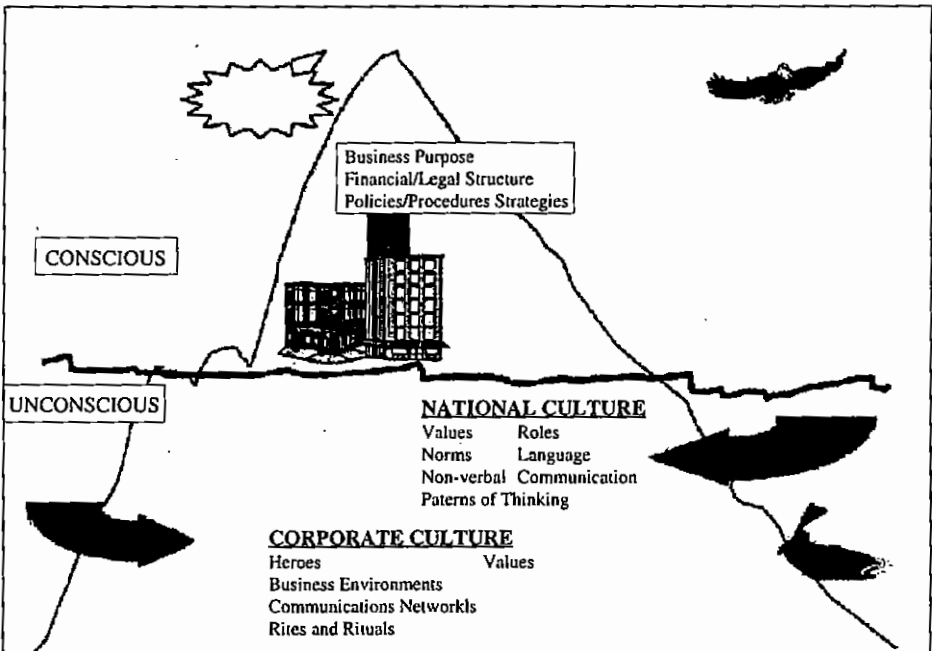
life-long commitments to their organization, which they see as an extension of their family. Authority relations are often paternalistic and highly traditional and deferential. Strong links exist between the welfare of the individual, the corporation and the nation".

In the Malaysian context, an organization or a corporate entity is not only established to achieve a specific task and make a profit, but also to demonstrate a sense of social responsibility for the advancement of the community and the country. The task of building a corporate community which is truly Malaysian in its form, fixtures and features has now become an on-going agenda for most managers". (Abdullah, Asma, 1996)

The Great Awakening- Comparative Western and Asian Corporate Cultures and Lessons

Corporate cultures reflect the underlying values of the culture as a whole culture is to the organization what personality is to the individual—a hidden yet unifying theme that mobilises and give it direction. It influences what is happening both within and outside the company will be perceived and the way in which managers respond. A corporate culture that incorporate organizational learning and fosters the ability to change will produce a healthy cross-cultural organization. In Malaysia for example, the importer of

Figure 1. The Iceberg Model for Corporate Culture



Jeep had to rethink the company's marketing of its 4WD because people were driving on the left side of the road. Consumers' breakfast needs were met by positioning Milo, a hot, savoury drink product more in keeping with the traditional Asian breakfast rather than a night cap drink! The positive result of cultural clash, with potential risk of a loss of market share, was increased knowledge of the market which created an opportunity to develop a culturally acceptable product.

In Asia, employees, suppliers, and customers are treated as members of the family circle. From Malaysia owners of Extol Technology (a computer software company), successfully exported their se-

curity software tool to the United States by instilling in all the people they dealt with such Asian family values as trust, loyalty, and mutual support in an industry where "hyper competition is the name of the game! As Stew Leonard once said "Only happy customers come back"!

Most Western companies' attitudes towards developing markets in Asia have been shaped by a bias mentality. Many adopt a "play safe" corporate culture focused on capturing the Asian markets and increasing the level of exports rather than forming joint ventures. The average company, lacking a learning culture and so failing to learn from its lessons, experience frustration, become reluctant to com-

Table 1. Differences in Cultural Attitudes Between Western and Asian's

Western	VIZ	Asian
Personal achievement		One's own country's achievement
Reluctance to learn from others		Willingness to learn/respect for learning
Rights to work/rights on the job		Hard work and loyal to the job and employer
Focus on "me" (self-realisation)		Focus on "us" (social realisation)
Safeguarding traditions		Openness to new ideas, creativity
Short term goals		Long -term goals
Personal freedom		Self-discipline
Thinking for oneself		Objectivity
Complacency		Community self-reliance
Vertical structures		Horizontal structures
Pain denying		Hard work
Admission of error does not necessarily lead to loss of face		Loss of face is critical to success
Risk adverse		Perception of opportunity

Source: Corrado G.M. Letta, 1996.

mit further capital to market development. The managers from such companies are so obsessed with the bottom line that they lost sight of long term gain for short term profits.

In Asia, success in business is equated with an ability to adapt to the local culture it. Western managers based in an Asian country who associate in and out of the office mainly with other expatriates will be unable to blend with the local management and businesses and may lead to miscommunication and frustrations.

Other differences in cultural attitudes between Western and Asian's Values are identified in Table 1.

It is essential that Westerner doing business in Asia try not to impose their own standards, norms and values on the host culture. On the issue of human rights, for example, unless they attempt to understand the Asian point of view, they will continue to go around in circles. Instead of forcing economic liberalisation overnight, mutual beneficial co-operation should be fostered. What Asians want is co-operation and technology transfer! The key is self-sustainability through co-operation. The private sector plays a key role in creating an economic environment, and private companies in Southeast Asia are looking for partners within to develop long term partnerships with mutually beneficial goals.

The rising economies of Asia can be attributed to the fusion between Eastern and Western values that has occurred in the region in the 90s. The thirst for academic knowledge has enabled Asians to acquire a greater Western know-how and education. Despite the recent Asia economic meltdown, they are determined to recover through co-operative partnerships with the West in the areas of technology, know-how, and cross-border capital. The

new Asian culture that is emerging is soundly based on Eastern values, but with an understanding of Western culture, as Asian view their "unity in diversity" as a competitive cultural advantage, as an asset rather than a liability. In the process, a sense of community is emerging that shall unite Asia. Through adopting this unique approach, they have achieved enormous success in promoting growth and development in the region by non-institutionalised means. In order to form effective partnerships in Asia, Western businesses will have to undergo a critical switch in attitude from the short term to the long-term mentality. They will need to plan integrated regional marketing strategies, conduct more research to uncover needs of the local markets, train managers who are sensitive to issues of cross-cultural empathy.

To serve as an illustration are two recent cases of MNCCS which lack cultural empathy. In February 1998, *Mc Donald* plan for a restaurant at University Malaya has been criticised for many reasons, ranging from being in "bad taste" to being culturally unacceptable. A media furore has begun where flags have been raised, battle lines drawn and defensive strategies devised to protect the academia from being turn to a fast food culturally indigestion (New Straits Times, 1998).

Also recently in March 1998, Hongkong, the ladies are up in arms against Bodyshop portrayal of a naked fat lady public poster. This caused undue embarrassment for the Hongkong ladies and these two examples served as politically correct lessons to be learnt by MNCCs operating in Asia Pacific - and as Dr. Tom Peter was aptly correct when he advised in his best selling management book "In Search of Excellence" "Listen, listen and listen to your customers?"

Although the events, since Mid 1997 has brought about a regional economy uncertainty in Asia and added to it the currency crisis uncertainty, we believe Asia with its abundance of natural and human resources shall rise again from its ashes and become a significant player in the global economy for the 21st century. The author shares the sentiment that Malaysia like others is bullish on bouncing back into the mainstream global economic growth.

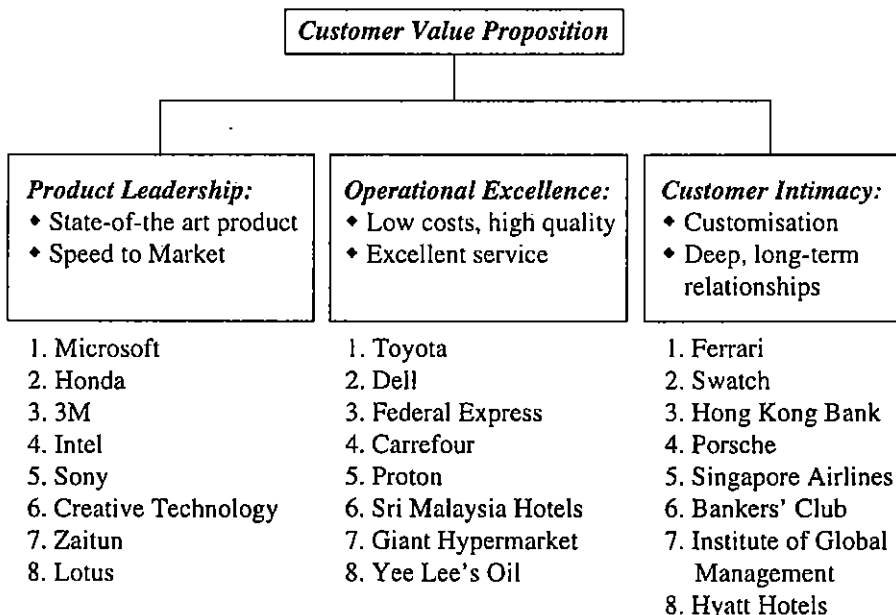
Value Proposition - Key Success factor for the 21st Century

In today's turbulent economies, many organizations in Asia and elsewhere become highly efficient in designing and delivery products and services with good quality and competitive prices. The globalisation of markets and the pressure liberalisation of trade has accelerated this change for the better.

Adrain J. Slywotzly (1996) describes Value Migration as an outside in approach to strategy. It begins with the customer and work its way back to the product and services. It requires strategic thinking from the environment which you operates and back into your organization's capabilities and direction. The marketing concept that the customer is KING is now being re-engineered as its primary focus.

As such managers in organizations must now think like their customers. They have the options to decide on the market segments and needs and then build core competencies to conduct its business but with the ultimate aim to satisfy customers needs and priorities. Rather than to compete in all aspect of products or services delivery, organizations must choose to compete on three business propositions ie. Product leadership, operational excellence or customer intimacy as propounded by Hope and Tony Hope (1997). The Value proposition defines the organization in the

Figure 2. Examples of the Value Proposition



eyes of the customer. In their chosen strategy, the organization must not only satisfy basic customer needs but strive to their expectations. Illustrate some examples of the value proposition in Figure 2.

Product Leadership Profile

These organizations pursuing this market segment compete primarily on product leadership. The launch of *Windows* by *Microsoft* is a good example, whereby it has undergone continuous revisions and made it the world defacto operating system in the computing market, miles ahead of the more powerful but complex *Unix* operating system. In Asia, *Creative Technology of Singapore* with its innovation in sound blaster system, has now introduced a much improved 64 bit sound system to make multimedia an enjoyable reality. Intel has upgraded and enhance the power of its proprietary chip from back in the 80s - 8088 to now an awesome *Pentium II - 333 MHz power*. Intel's product leadership may have lead to the demise of many super minicomputer vendors who have gone out of oblivion. Of recent we have witnessed the acquisition of the giant *Digital Computers* by *Compaq*, unheard of even in the 80s.

From Malaysia, *Zaitun Berhad*, was the innovator of "suci" or Islamic principles based cosmetics and food products back in the late 70s. Zaitun entrepreneurs foresee the radical growth of this market segment and develop products to suit the Islamic market needs. Lotus, a jewel in the crown for the British automotive technology introduced the *Lotus Elan* in the 60s and now the innovative *Lotus Elsie* sports car in the 90s making the best use of state of art composite technology. *Proton* has acquired a majority stake in *Lotus* and we shall witness a revival of the *Lotus* brand in Asia soon. As such the value proposi-

tion is that customers feel that such organizations are innovative, constantly churning out new high quality products and they like to be associated with these trendsetters.

Operational Excellence Companies

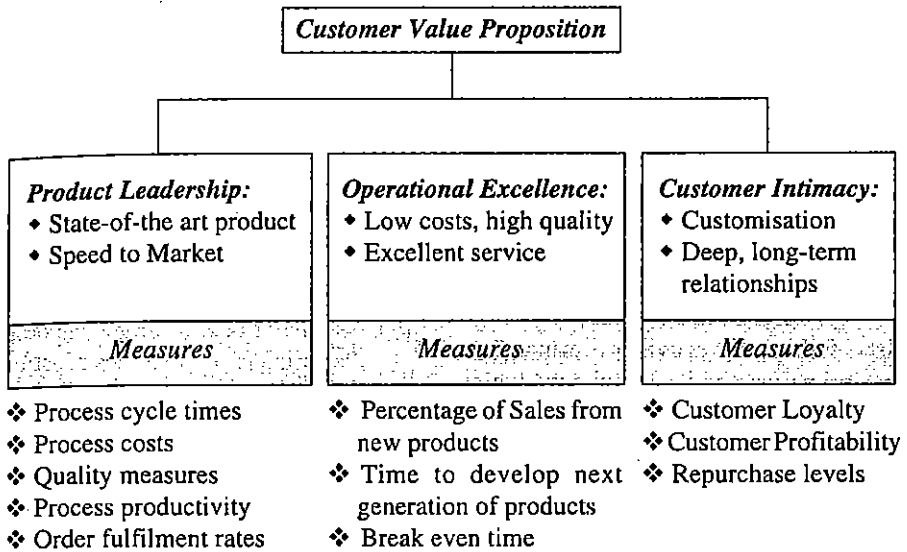
A second set of customers is more interested in buying products and services on the basis of low price and convenience without sacrificing reliability and quality. Dell Computer with their mail order and teleselling is a good example. In Malaysia, we can identify four organizations which excels in this category i.e. Giant Hypermarket - customers believed they get the best prices for their household groceries and needs. *Proton* with a distinctive price advantage over all other cars including Japanese and Korean models *Yee Lee Oil - Burung Helang* (Red Eagle) brand cooking oil based on the Malaysian palm oil, fortified with *Vitamin E* (Certified by the Swiss) cholesterol free and yet affordable plus Seri Malaysia hotel provides clean and comfortable rooms for families under RM100.00.

Such organization define their customer value in this way compete on the basis of excellence in operations and to compete effectively they should constantly benchmark and improve turnaround time, reduce operational costs though the experience curve and improve convenience for its customers.

Customer Intimacy Strategy

Last is the special customer Intimacy strategy, whereby customer get precisely what they want even if they have to pay a higher price or be patient in receiving the services. Thus, *Singapore Airlines* with its "Singapore Girls" have build a market

Figure 3. Facilitate the Usage of Value Proposition



Source: Hopy, Jeremy and Tony Hope, 1997)

niche. *Hong Kong Bank* advertise and promote its relationship banking so does many boutique private private banking institutions. *Swatch* with its target on young *Yuppies*, *Porsche* on its legendary sports cars and *Ferrari* focus on its formula one cars for advertising power.

For our company Institute of Global Management, our mission is to provide Quality, Value and Borderless Education. And within a period of three years plus we have over 600 working executives who became our students studying our Diploma to MBA degrees, despite the fact that the market is overcrowded with 468 competitors in Malaysia. Our Institute's focus is on delivering quality education and as such develop intimate business relationship with our students especially in customer care activities. Thus we pursue with a single mindedness on a particular niche market i.e. working adults and satisfy them over a long period resulting in many of our Diploma students having graduated to

pursue our post graduate degree courses.

In each case, once a value position is identified and adopted as a strategy, the organization must then look at the famous Porter's Value Chain to maximise value adding to enjoy sustainable competitive advantage.

As can be seen by the above examples, the value proposition success transcend all continents as it is borderless. Of recent there is a strong case for studying brand equity offered to excellent world class companies such as *Coca-Cola*, *Dunhill*, *Mc Donald*, *Lexus*, *BMW* and *Mercedes Benz*. The closest fit for brand enquiry is customer loyalty.

Measuring the Value Proposition

In order to facilitate the usage of Value proposition - Figure 3 show some of the measurement that organization may utilise in order they can justify such Value proposition.

Value Chain Analysis

Professor Michael Porter's third major contribution to the field of competitive advantage is the value chain concept. He assumes that every aspect of an organization's operation should be designed to add value to its offerings, these can be translated in lower prices, higher quality, additional benefits so as to generate broad appeal to its customers.

Professor Porter's Value Chain consists of nine value activities of which five are primary activities i.e. inbound logistics, operations, outbound logistics, marketing and sales and customers service. The other four are support activities consisting of firm infrastructure, human resource management, technology and procurement. Using the value chain tool, an organization can display its "total value" by examining what margin is with the ultimate goal of adding value or reducing costs in any way that enhance the overall margin so that an organization can enjoy competitive advantage over its competitors.

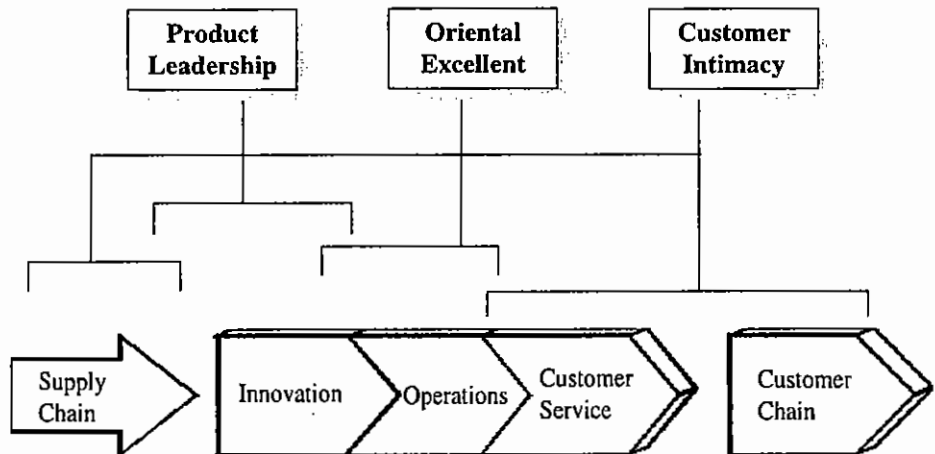
Analysing the Value Chain Model for Value Proposition

The chosen value proposition adopted by an organization showed influence on how it should align its processes and system to ensure its corporate culture and performance measures fulfil its promises to the customer. Figure 4 shows how each of the three variants relates on different part of its value chain. Although all bear cross similarities, each one is constructed to meet the needs of its target customers.

Performance of activities constitutes the basic underpinning for obtaining competitive advantage. As such if your organization have selected one of the three strategic options, then your operating model should be designed most efficiently as well as effectively.

Thus in simplicity, organizations pursuing customer intimacy will focus its resources to maximise customer service and those who wish to deliver operational model excellence should minimise costs in its supply chain and operations and product leaders capitalise on innovations and technology prowess.

Figure 4. Three Variants Relates on Different Part of Its Value Chain



Source: Hope and Tony Hope (1997)

Evolution or Revolution?

There are always risks and as such winners and losers in the value proposition. Due to the recent rapid technological as well as consumer lifestyle changes world wide, an organization cannot remain static in its marketing strategy or value proposition. Remember the famous lesson learnt from *Marketing Myopia* by Professor Theodore Levitt of HBS. What demand was there 5 years ago for Internet, video conferencing, or even a DVD? Sony is a prime example as a mover and shaker in the consumer electronics industry. It invented the first WALKMAN - the first of its kind for a hand held portable Hi-Fi Stereo systems and now its Discman. *Cannon* also believes in "Creative Destruction" when it lead the field in laser technology but re-focus on bubble jet colour printers. *Proton* has now out source its technology engine and chassis research and development from *Lotus*, probably the first

Asian car company to take-over an established Western brand in its quest for world class competitiveness. Malaysia through its VISION 2020 - i.e. to become an industrialised nation by Year 2020 has now introduced a ground-breaking country innovation in its Multi Super Corridor - the world first intelligent wired cyber-city ready for the 21st Century via the "Malaysia Boleh" concept. Well thought out value propositions can last for decades but now the pace of rapid change has shaken its foundation. It is up to you to assess whether your organization enjoys substantial advantage in anticipating or pre-empt the Value Migration. On the foresight, is it a radical change or a gradual evolution which will ultimately result in you building the right business design, processes and value proposition to meet tomorrow's educated customers' priorities in this borderless world as advised by management guru Dr. Kenichi Ohame.

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