

Business Standard

The rise of the other China

Ravi Bhoothalingam / New Delhi July 09, 2009, 0:50 IST

At first sight, there seems no earthly reason why anyone in India should spend time and money acquiring and reading this book. Would it not be more worthwhile, one might ask, to go straight for the big game and study the business strategies and practices of the state-owned enterprises of the People's Republic of China, or even of its new and aggressively growing private sector? But there is one very important reason for us to read this book. For too long have we in India accepted without question the business philosophy of the West, with its emphasis on rationality, impersonality and the paramount place of economic incentives in deciding human behaviour. True, there have been some token genuflections made in the direction of "Indian values" or "Japanese culture" but by and large, Indians have believed (so far, at any rate) that the best business models to emulate are those of the West. No wonder there is such a scramble for seats in business schools in the US, UK and the European Union or their counterparts in India's leading business academies. What this book tells us, in brief, is that there is an alternative model — developed with spectacular success by overseas Chinese — of which we in India should be especially mindful.

The first reason for our attention should be that Indian businesses will increasingly bump into Chinese companies — state or private — as they jockey around the world seeking natural resources, profitable partnerships and acquisition targets. And whilst there are important differences between state-owned PRC companies and overseas Chinese businesses (both in size and in global reach), there are greater similarities in core management philosophy. But Sino-Indian business encounters need not necessarily be of a zero-sum nature: there is as much scope for alliance and collaboration in some areas as there will be, inevitably, of competition and rivalry in others. Managing these complexities will indeed constitute a key challenge for Indian polity. And the first step towards managing them is to develop a thorough understanding of the nature of the problem. To paraphrase the ancient Chinese sage Sunzi in *The Art of War*: "It is foreknowledge that is most important. If you know yourself, and know the opponent, you need not fear the result of a hundred battles."

The co-authors of this book are three professors who are of Western, Indian and Chinese origin, respectively. That in itself promises an interesting perspective on the subject. Unusually, and fascinatingly, the professors take up almost a third of the book to set out the cultural, philosophical and historical context in which the overseas Chinese developed their businesses. The influence of a Confucian world-view, as also those of Taoism and Buddhism, in generating an integrated perspective on life is spelt out clearly, and shows how innovative, highly effective and efficient strategies evolve, for business, as for life in general. Concepts of virtue, trust, loyalty, frugality, restraint and reflection are married with the need for action, speed, engagement and social welfare. The importance of family and the mutuality of extended 'trust networks' further cement this structure. The professors also show how holistic and intuitive thinking is more effective in the diverse and information-scarce environment that characterises Asia, rather than databased sequential reasoning in the Western tradition. The deployment of the qualities noted above, in a judicious mix, enabled the Chinese diaspora to gain business ascendancy throughout East and Southeast Asia, and prosper in the face of uncertain times. Yet the story is not one of unmixed success: the Chinese diaspora has vulnerabilities, which it hopes can be fixed through an alliance with the 'scientific development' and 'socialist market' philosophy of the PRC.

An Indian reading the previous paragraph might feel a resonance with the core beliefs that drive our own homegrown family businesses. This provides a second reason why this book is relevant. We need to generate a coherent theory of business and management that resounds closely with the deep cultural roots that influence and motivate human behaviour and business in India. Such a theory must not be an atavistic or romantic evocation of past glories. Rather, it should be scientific and forward-looking, and yet enable the creation of the emotional charge that powers excellence and superlative performance. Already, Indian businesses have shown that they have an edge over overseas Chinese in managing businesses far from home territory, and in situations of cultural complexity. Well before the global financial crisis broke, both Infosys Chief Mentor Narayana Murthy and the Prime Minister drew attention to the distortions caused by evaluating both performance and reward purely in monetary terms. Hopefully, the psychological exclusion of India from 'Asia' will end when the next book on 'Asian Emperors' presents an Indian view on an effective and humanistic theory of business.

The author is a management consultant and frequent traveller to China

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John Wiley & Sons
255 pp