

## **A Management Guru from the East**

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### **The Problem**

Management as a science is the prerogative of North America. Authors, concepts, publishers, journals, institutions, individuals and events are either bona fide North American or tinted with a strong North American tint. The few brave non North American souls who have ventured into this domain whether from Britain, Germany or Japan, were quickly re-minted in order to look and behave North American. They were ushered into the sacred arena of North American management and admitted to the exclusive cult. Creative management thinking, novel management concept formulation and imaginative management implementation that were taking place elsewhere, were either ignored or relegated to the dark corners of the domain.

The following article is an attempt at exploring work done by a non-North American management innovator who developed, in the course of a dynamic political career, novel conceptual and operational management frameworks: Dr Mahathir Mohamed, the former, and current, prime minister of Malaysia. Analysis follows Dr Mahathir's record and addresses four specific conceptual innovations: the concept of "country-wide vision", the Mahathir crisis management doctrine, the concept of indigenous enterprise and last but not least, managing oneself

The article relies largely on a myriad of records and work done on Prime Minister Mahathir's initiatives and decisions. Those are placed within the broad spectrum of management as a science and profession.

### **What Makes a Management Guru?**

A guru is an individual who achieves and leads within a conceptual arena. A management guru is an individual who achieves, leads and excels within the respective domain by conceiving and formulating boundary breaking phenomena.

North America gave birth, sometimes biologically and other times by adoption, to recognized present day gurus within the management domain. There were those whose formulations were as genuine as to pass the test of time and there were others whose contribution was short lived (despite attempts at prolonging their life cycle). To the former belongs the father of modern strategic thinking: Igor Ansoff. His concepts from the core competencies of the organization to the product mission matrix were borrowed and enhanced by later day management saints. And they are still relevant today. Others who claimed a guru status but the author cannot grant them that, include Michael Porter. His competition – rooted concepts held some ground at the beginning but rapidly subsided. They are popular but lack genuine rigor. Drucker made also a claim to the status but, again, lost relevance with the advent of the events of the past two decades. (El Namaki, march 2012)

But North America cannot be the only fertile ground for management gurus. The East harbored others too!

### **The Guru from the East**

Events taking place far away from North America, more specifically in Malaysia, have been carrying the seeds of a management guru from the East. The late 80s and the entire 90s were, more frequently than not, turbulent years for the country and management of turbulence, both political and economic, demanded vision, competency and wisdom. Dr Mahathir, the prime minister of Malaysia in those years, delivered those. He sought the transformation of Malaysia into a newly industrializing country under genuine nationalist entrepreneurial leadership. He embarked upon a serious effort, under adverse national and international conditions that were not of his own choosing, to modernize and transform Malaysia into a Newly Industrialized Country (NIC). His pragmatic resort to a blend of government intervention and free market forces in response to situational constraints saved many a day. “We in Malaysia subscribe to the free-market system, but it is not a religion... It is just an economic system devised by imperfect man” (Torres, 2003). His vision 20/20 encompassed all aspects of people’s life, from economic prosperity and social well-being to educational superiority and political stability. He sought economic growth and it was largely achieved with a decade long economic boom starting in the late 80s and coming to an end with the 1997 Asian financial crisis.

Prime Minister Mahathir Mohamed legacy rests, from a management point of view, on four innovative concepts: country wide vision, situational crisis management (the Mahathir doctrine), indigenous enterprise and managing oneself.

#### **1. The Concept of “Country-wide Vision”**

Vision is a mental perception of the kind of environment an individual or an organization aspires to create within a broad time horizon and the underlying conditions for the actualization of this perception. It is a description of something; an organization, a corporate culture, a business, a technology or an activity in the future. It could also be a concept for a new and desirable future reality that can be communicated throughout the organization. Individuals perceive their visions and do not ask themselves whether they have one (El Namaki, 1992).

Having a vision implies involvement, commitment and total immersion. All efforts stem from it and all forces and structures are seen in terms of their relevance to its existence. Issues as rest and reward become secondary as attention is focused on the prime target, i.e. vision fulfillment.

Visions are usually associated with business organizations. Country wide visions are very rarely conceived and seldom expressed. They are far more complex in texture and amorphous in contours. Yet this is exactly what Dr Mahathir did. His “Vision 20/20” came at a time when Malaysia was achieving, economically, but lacked a future dream. The “20/20” vision which has called for a Malaysia that is free, strong, self-confident and, also, scientific and progressive, provided this dream. It set tangible goals ranging from a shift up the value chain and a rise in creativity and innovation to a reduction of socioeconomic inequalities, an improvement of quality of life and a strengthening of the institutional and managerial capacity of the country as a whole. It was eloquent and sharp matched only by a strong managerial and operational zeal.

This country-wide vision’s greatest contribution was the projection of a national common goal, a light at the end of the road and a strong sense of unity and common purpose. The vision did not only project economic values but also the very idealization of national unity: a concept captured in the Vision ideal of Bangsa (one nation) Malaysia.

Dr Mahathir’s conception of a country wide vision with economic, political, social and technological elements and a leadership style to go with it, constituted a unique conceptual management innovation.

## **2. Globalization Crisis Management: The Mahathir Doctrine**

Politics could, at times, override economic rationale. A sacrosanct mosaic of harsh economic remedies for countries facing a variety of economic malaise is commonly prescribed by the IMF as a condition for financial rescue. Conditionality, as those prescriptions came to be known, prescribe predominantly harsh course mending measures. Those could have historically and more frequently than not, had adverse impact on many a country. Malaysia, among other South East Asian countries, was required by IMF, during the Asian economic crisis of 1997 to conform to conditionalities that spelled out tight monetary and fiscal policies, currency devaluation, rationalization of the banking and investment institutions among other measures. Serious recession and years of painful recovery seemed inescapable. Although consent is the common response to those conditionalities, Dr Mahathir's Malaysia followed a different course by developing what is now known as the Mahathir doctrine, a reaction that goes beyond rejection to provide a conceptual and operational problem solving framework.

To understand the Mahathir doctrine one has to examine economic conditions in Malaysia at the outset of the Asian financial crisis. Malaysia, in the years preceding the speculative assault, had been far more careful about "hot-money" flows into the country than some of its neighbors. FDI (foreign direct investment) was the preferred vehicle and portfolio investments, and borrowing, were done in Malaysian currency. Malaysia, moreover, sought the creation of the Asian Monetary Fund or AMF as a guard against speculative attacks. Dr. Mahathir's perception of the problem was also different as he saw it within the context of a global crisis triggered by the demise of the Bretton Woods agreement of 1971. Conditionality under those conditions were unacceptable both conceptually and operationally.

Response, on Sept. 1, 1998, was comprehensive in terms of concept and operation. A bundle of economic policy measures was rapidly conceived and implemented. It included capital controls (not the current account); demonetization of the national currency, the ringgit, outside of Malaysia; a one-year freeze on the repatriation of portfolio funds and a pegging of the ringgit to the U.S. dollar. (Tourres, 2003). This economic policy bundle or crisis problem solving measure came to be known as the Mahathir doctrine. It gained acceptance, after some soul searching, by the IMF and was also adopted by nobody less than the United States Treasury when it, in 2003, issued a terse rejection of an IMF's warning that U.S. imbalances may imperil the global financial system. It called the IMF's concerns about soaring U.S. current account and budget deficits "breathless hyperbole". (Bloomberg, 2004)

## **3. Redefining Enterprise and Achievement**

To achieve is to fulfill the objectives of today. To be an entrepreneurial achiever you have to fulfill the emerging objectives of tomorrow. Entrepreneurial achievement is measured by a propensity to enterprise or the relationship between those who opt for individual value added creation and those who pursue paid employment (El Namaki,

1988). Enhancing this propensity is a major element of government work nearly everywhere. But this would require conceptual innovation and operational agility. These were a constant feature of Dr Mahathir's approach to enterprise in Malaysia.

Dr Mahathir induced the nearest thing to an entrepreneurial renaissance in Malaysia. Attention paid to the phenomenon and initiatives undertaken went far beyond ordinary government stimulation, they looked and felt more like a holy mission! A specific government organ was assigned the function. The Ministry of Entrepreneur Development became, in 1995, the lead agency for the development of Bumiputera entrepreneurs. Privatization Master Plan encouraged private initiative by providing greater opportunities to individual entrepreneurs (Gomez and Jomo, 1997) and helped to raise the equity stakes of the Bumiputera masses. Women participation in enterprise was stimulated with the creation of the Women's Entrepreneurs Fund (in 1998). Finance a common constraint for the entrepreneurial initiative, received considerable boost with the creation of several institutions including a small and

medium industry capital funds and rehabilitation funds i.e. the Fund for Small and Medium Industries (FSMI) and Bumeputra entrepreneurs project fund (TRUB). The Small- and Medium-Scale Industry Development Corporation (SMIDEC) was set up to facilitate and ease the task of planning and implementing all the programs dealing with SMIs.

Let us add that Dr Mahathir's own liberal entrepreneurial policies in the early 90's had played the key role in his popularity and the Barisan Nasional's landslide 1995 election victory. "Most Malaysians could not remember a time of greater prosperity or lesser inter-ethnic recrimination. ... Economic indicators alone would not have captured the pride that Malaysians had discovered, perhaps for [the] first time, in being Malaysian".

This was recognized well beyond Malaysia's borders (Entrepreneurial Leadership Personality Award for 2015)

#### **4. Managing Oneself**

Great achievers know how to manage themselves. That, in large measure, is what makes them great. Their internal locus of control drives a process of continuous assessment of their competencies, their goals, their outcomes and their reach. They identify their strength and weakness, establish their values, configure their relationships and develop their own sense of urgency and time (El Namaki, 2010)

This is an area where Dr Mahathir performed, excelled and pioneered. He demonstrated all of the above and added three new dimensions: learning, early warning and dynamic visioning.

- Learning .Turbulence marked Dr Mahathir tenure as prime minister from the early 1980's to his retirement in 2003. A consistent pattern of turbulence with ideological, conceptual and operational dimensions persisted. Dealing with this pattern of amorphous turbulence dictates a high measure of learning and a near perfect application. Both were a mark of Dr Mahathir's approach to turbulence and response to an ever changing force field.
- Early warning. Functional and professional support provided to a political leader varies in quality and could reflect biased influences or ulterior motives. Many a leaders fail to see this relationship and stumble in the course of events. Dr Mahathir seemed, at all times, to have an intrinsic tendency to identify functional and professional gaps within his own task environment and develop an appropriate response.
- Dynamic visioning .Finally dr Mahathir developed what one may call dynamic vision or a vision that accommodated the ever changing events and projected the future in terms of novel expectations. Dynamic visioning is, again, a unique trait seldom observed among those in political leadership position.

Dr Mahathir's self-management innovations enriched the concept of self- management and added a new dimension to the practice of this concept.

#### **A Reflection!**

Achieving the status of guru, be it in management, economics or a blend of those is one thing, putting that to good use is something else. Dr Mahathir excelled at both. Very few others really did. And here lies a dilemma. Global economic and political conditions of today call for the depth, balance, prudence and insight inherent into being a guru. Yet we are seeing preciously few of those. Consider pressing global economic issues as trade wars, slanted income distribution, accelerating poverty, conflicting economic groupings, diminishing sources of economic growth, disruptive technologies and one can understand the call of duty that was made on Dr Mahathir during the recent elections. Malaysian voters had the sharp sight, andacumen, to recognize in Dr Mahathir the leadership elements demanded by the critical national, regional and may even be global conditions of the day.

## Summary and Conclusions

Management as a science is the prerogative of North America. Authors, concepts, publishers, journals, institutions, individuals and events are either bona fide North American or tainted with a strong North American tint. The few brave non North American souls who have ventured into this domain are it from Britain, Germany or Japan, were quickly re-minted in order to look and behave North American. They were ushered into the sacred arena of North American management and admitted to the exclusive cult. Creative management thinking, novel management concept formulation and imaginative management implementation that were taking place elsewhere, were either ignored or relegated to the dark corners of the domain.

Yet a management guru from the East emerged: Dr Mahathir Mohamed the former prime minister of Malaysia. He developed, in the course of a dynamic political career, novel conceptual and operational management frameworks. His contributions span a wide front but this article focused on four: developing the concept of country wide vision, situational problem solving, giving enterprise a new framework and, above all, demonstrating a novel approach to managing one.

Malaysian voters had the sharp sight, and acumen, to recognize in Dr Mahathir the leadership elements demanded by the critical national, regional and may even be global conditions of the day. Elements that lead to renewed confidence and an election victory that put him firmly in command during very demanding times.

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