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IMPROVING THE COUNTRY'S MANAGEMENT SYSTEM AND ENSURING THEIR EFFECTIVENESS

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Abstract:

This article discusses the crucial role of effective management in spurring economic growth in developing countries. Good management is the basis for designing, implementing and optimizing economic policies that support the development of key sectors, factors such as operationally efficient human resource management, innovation and stability. proven to be a key driver in achieving sustainable growth through case study analysis and literature review. This article outlines the positive impact of effective management on company productivity and national economic growth

Keywords:

Effective management plays a very important role in driving economic growth in developing countries. In the era of globalization and increasingly fierce competition, developing countries need to have a strong and efficient management system to optimize their resources and achieve sustainable economic development goals. Sustainable economic growth is the key to reducing poverty, improving people's welfare, and create jobs. However, to achieve significant economic growth, developing countries need to face various challenges, such as lack of adequate infrastructure, low levels of productivity, and lack of access to global markets. In this context, effective management is an important key in overcoming these challenges. Effective management involves good management of human, financial, technological and infrastructure resources. With effective management, developing countries can optimize the use of limited resources, increase productivity, and create a conducive investment climate. Apart from that, effective management also plays a role in building good governance in the public and private sectors. With good governance, developing countries can create a business environment that is transparent, fair and just. This will attract foreign investment, encourage private sector growth, and create more jobs. However, it is important to remember that effective management is not easy.

Developing countries need to face the challenges of developing adequate managerial capacity, improving management skills and knowledge, and strengthening institutions responsible for economic management. In this article, we will explore the importance of effective management in driving economic growth in developing countries. We will discuss the role of management in overcoming economic development challenges, establishing good governance, and optimizing the use of limited resources. Apart from that, we will also Determine the variables to be studied in the relationship between effective management and economic growth in developing countries. Possible variables include management performance, innovation, investment, political stability, economic policy, and economic growth indicators such as GDP, unemployment rate, and inflation. Analyze the data that has been collected using appropriate statistical methods or qualitative analysis. draw conclusions about the relationship between effective management and economic growth in developing countries. Present research findings clearly and objectively. The Importance of Effective Management in Driving Economic Growth in Developing Countries. Sustained and sustainable economic growth is the main goal for developing countries. To achieve this, effective management plays a very important role. Good management can help overcome the challenges and obstacles faced by developing countries, as well as maximize the existing economic growth potential. One of the reasons why effective management is so important is because developing countries often face various structural and institutional problems that can hamper economic growth. In many cases, developing countries face challenges such as corruption, slow bureaucracy, lack of infrastructure Most of the theoretical and empirical studies of organizations and management issues have been developed based on samples from industrialized countries or firms and organizations established in these countries. Researchers have been questioning the applicability of Western theories of organizations and management systems to non-industrialized countries for at least the last two decades (e.g. Clark, 1998; Gopinath, 1998; James, 1997). In their review of administrative theories

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in developing countries, Kiggundu et al. (1983) describe how the applicability of Western theories has been questioned by studies that have considered macro-environmental forces. North (1994) and Olson (1992) claim that successful national business systems of industrialized countries may not be successful in other parts of the world. Recognizing the limitations of Western management theories across nations will provide impetus for developing new theoretical frameworks for understanding management activities in non-industrialized countries. One way to improve our understanding is to analyze management systems of socalled less-developed countries, with the assumption that this can provide useful information to us (Miller, 1953). How, with what means, and from what perspectives these less-known systems should be observed are the type of questions that provide a starting point for proposing guidelines for developing better theoretical frameworks for understanding management systems in different contexts. Since more than 70% of the world population lives in developing countries (DCs), and the majority of the world's natural resources and market opportunities are in these countries, both practitioners and researchers have become more interested in understanding their social and business activities. This is why DCs, as one of the well-known clusters of non-industrialized countries, are used in this study. Although the external environment of organizations has global, national and industry levels, the focus of this study is on their national environment. Despite the vital role of management systems in the organizations and institutions of DCs, there are few theoretical and/or empirical studies on this topic. The purpose of this study is to provide some guidelines for developing theoretical frameworks for management systems in DCs. Recent theoretical and empirical studies on management issues and organizations in DCs, along with some of the classical management and administrative theories (such as those introduced by Barnard, Chandler, Drucker, Simon, Thompson, and Roethlisberger) are used in this study. The socioeconomic and regulatory uncertainties have had a powerful influence on the nature of management systems in DCs. In fact, the public sector plays a dominant role as the provider of basic commercial goods and services. Infrastructure facilities traditionally have been constructed and operated by governments of these countries. In many parts of Asia and in Eastern Europe, governments and other types of "non-market" institutions have traditionally been leading organizations' activities (Besley, 1995). Therefore, intricate relations between business and government actually appear to be the norm throughout the developing world (Khanna et al., 1997), and as long as government officials have discretion, companies often end up working with them. Along with governments, business groups (BGs), as specific types of institutions, play a vital role in economic and social activities in most of the DCs. Business groups have a variety of names in different countries: the chaebol in South Korea, grupos economicos in Latin America, and also family businesses in Indonesia, Taiwan, Pakistan, and many other DCs. In some DCs, BGs function to allocate inputs such as honesty and trustworthy competence on the part of high-level managers – inputs that are otherwise poorly represented (Leff, 1978).

This is why states in most of the DCs actively participate in the public and private sectors of the economy and are in fact leading actors. In South Korea, state policies support business concentration (Sakong, 1980). In Taiwan, the state owns and manages a range of public corporations producing commodities on an import substitution basis. In almost all DCs, states impose import controls on selected products and promote industrial development in export products through special tax incentive programs (Hamilton and Biggart, 1992). There are also cases where BGs might evolve largely independent of state influence or with an identity quite distinct from that of political groups, such as in Mexico (Camp, 1989). There are also situations where key government actors themselves form their own firms and BGs, such as the Suharto family in Indonesia. Policy distortion (as described by Ghemawat and Khanna, 1998), and social and cultural factors, may be the main reasons for existence of BGs in DCs. It takes more time to establish a BG in DCs, but it may have longer life compared to BGs in industrialized countries since they are part of the social and cultural structure of DCs. High degrees of uncertainty and turbulence; centralized economic and political power and control; relatively weak and unstable legal systems; undeveloped and/or less developed infrastructure; and lack of development of financial institutions such as stock markets and investment banking are some of the common regulatory and economic situations of DCs National culture is another major source of differences between organizations and their management systems in industrialized countries and DCs (Hofstede, 1980). The wrong kind of culture may undermine performance (Lorsch, 1985). There are two main theoretical approaches in cross-cultural management literature for describing the relationship between culture and management systems. The first suggests that the main reason for the difference between management activities is probably not cultural differences; rather it is the turbulent socioeconomic climates that set poorer,

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less developed countries apart (e.g. Austin, 1990). On the other hand, a larger group of researchers believe that the "country differences" on value dimensions are sharper than the "country differences" in management activities. This means that countries have distinctive value systems, and that distinctive features of national management systems arise through the values into which managers are socialized (e.g. Adler, 1997; Morris et al., 1998). Based on the latter perspective, the applicability of management theories stops at national borders and there is no such thing as universal management theories (Hofstede, 1993). Based on Hofstede's (1980) model, people in most of the DCs accept that power in institutions and organizations is distributed unequally; in other words, DCs have a relatively high degree of power distance (Jaeger, 1990). People in these countries are relation oriented and caring for others is more important for them than performance or acquisition of things or money. This is labeled "low degree of masculinity" in Hofstede's cultural dimensions. High degrees of uncertainty have made these societies feel that they are always threatened by uncertain and ambiguous situational factors. It has created a behavioral pattern of avoiding risks and any source of uncertainty. As a result of this, DCs have a relatively high degree of uncertainty avoidance (Jaeger, 1990). For people in developing countries, context plays an important role in determining an individual's perceptions and behavior (Jaeger, 1990). Their traditional beliefs indicate that causality and control of outcomes are more external; they utilize associations among events that may not have much logical or cause-effect relationship. Thus, although cultural dimensions vary both within and between nations and in spite of methodological limitations of measures used for these cultural dimensions, there still are some commonalities among these dimensions within DCs. It may be concluded that high power distance, high uncertainty avoidance, and low individualism are some of the common cultural dimensions among most of the DCs. Are strategy and structure, and the relationships between them, culturally bounded? Does structure follow strategy in DCs? To respond to these questions, it is important to refer to the characteristics of organizations in DCs. Since most of the large and major firms in DCs are owned or highly regulated and controlled by their governments, administrators have rarely changed their daily routine and their position of power except under pressure. In most industrialized countries, technological, economic and market pressure have made administrators change their long-term goals and objectives, adopt new courses of actions, and allocate the resources necessary to achieve these goals (e.g. Chandler, 1962). This process has in fact increased the complexity of their systems and made them adapt their administrative structure by moving toward decentralization. In DCs, the pursuit of survival and certainty plays a major role in shaping strategies and structures of their organizations. Those at the top level of these organizations mostly pursue survival objectives, and people at the lower levels seek certainty to protect themselves in their highly uncertain environment. Strategies and structures that are not adapted to survival and certainty create difficulties for internal and external communication and eventually serious conflicts. When lines of communication between individuals and external authorities are not aligned with the stated strategies, individuals try to override the existing designs by every possible means in order to create their desired balance. The negative products of this process are corruption and over-regulation. This tends to expand the interpretative margin of rules and regulations and is in fact one of reasons for high regulatory uncertainty in these countries. This in fact is a clear indication of the significant impact of environmental forces on strategies and structures in these countries. Individuals as complex systems cooperate with organizations based on their bounded rationality (Simon, 1945). Simon claims that this rationality is limited by three major elements: values, skills, and knowledge. In a context where values and conceptions of purposes are individualistic, the communication process will become more dynamic. There will be a wider area of rationality for individuals, and therefore, administrative organizations will seem to be less important. In a context where values are mainly collectivistic, the communication process will become less dynamic. There will be more limitations for area of rationality for individuals, and as a result of this, administrative organizations will become more important. The latter is in fact the case in most of the DCs. High degrees of power-distance as well as high degrees of uncertainty avoidance (Jaeger, 1990; Blunt, 1988) have made communication and authority processes less dynamic in these countries. In other words, since there is a limited area of rationality for individuals, centralized structures are more popular among DCs. The majority of the centralized structures used in DCs are imported from abroad (mainly from those countries that have supported them politically and technologically) and have been reinforced by their environmental forces.

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