Global Conference on Business & Social Science-2014, GCBSS-2014, 15th December, Kuala Lumpur

The Challenge of Ratification and Application of Specific Regional Based Declaration for Railway Industry in ASEAN Mainland: The National Culture Perspective

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Abstract

The ratification and application of regional based declarations and agreements in ASEAN is a challenging task. Protocol 6 of ASEAN Framework Agreement on Facilitation of Goods in Transit (AFAFGIT), which specified on railways border and interchange stations, is an example of regional specific declaration, which had neither been ratified nor applied. The non-ratification and application of the said protocol is very much influenced by various surrounding factors. National culture factors, particularly the power distance, uncertainty avoidance and individualism or collectivism, had contributed quite obvious towards the non-ratification and application of the Protocol 6 of AFAFGIT.

Keywords: ASEAN railway; Protocol 6; AFAFGIT; national culture; power distance; uncertainty avoidance; collectivism

1. Introduction

Protocol 6 of AFAFGIT had been made in order to assist the cross border railway movements in ASEAN. Even so, the said protocol has yet to make its first appearance in the ASEAN railway industry officially, let alone monitoring and controlling the railway industry collectively. The decision made by the members on the ratification and application of this declaration has yet to benefit the railway industry, specifically for the cross border movements.

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2. **ASEAN Railway**

Railway industry in Southeast Asia is an industry, which is still struggling with difficulties in balancing between the economic and social duties. As far as the carriage of freight crossing the international borders between members of Association of Southeast Asia or ASEAN is concerns, the involvements of railway is very minimal to the point that it has not been consider as among the important mode of transportation for the job. The usage of railway in ASEAN so far involved mostly internal movements rather than international movements. As for the time being, there is only one cross border carriage of freight by train is ASEAN, which is between Malaysia and Thailand. The amount of cargo carried so far is very low as compared to the other mean of land transportation, which is the road transport. Being known as among the active regional based working group, ASEAN had translated their concerns and intentions over issues hitting the sub-region into the making of sub-regional based regimes to assist the issues. Being among the important industry in ASEAN, the transportation and logistics industry do get the attention of the members. ASEAN had translated the importance of such industry in the making of a few regimes specifically for the said industry. ASEAN Framework Agreements on Facilitation of Goods in Transit (AFAFGIT), ASEAN Framework Agreement on Facilitation of Inter-State Transport (AFAFIT) and ASEAN Framework Agreement on Multimodal Transport (AFAMT) are among the regime that had been made to assist the logistics and transportation industry in ASEAN. Even so, the regimes made between the members eventually have yet to be made specific for railway industry, let alone for the freight carriage branch. Even so, under AFAFGIT, there is a Protocol made touching on the railway, which is Protocol 6. The said protocol touches on the Railways Border and Interchange Stations. Under the said protocol, there are 3 important elements that had been highlighted as the core of the protocol. The first one is over the facilities necessary for the transportation of goods in transit. The second one is the element of the harmonization of documentations and lastly the need to provide the workforce and facilities for the inspections at the interchange border. Overall, the protocol invites the members to have a collective working environment for the stations at the border of the members. On surface, this protocol could be used as the starting point for the developments of other railway related regimes for ASEAN. Eventually, even though the said protocol has already been made available for the members, but the eagerness of the members on ratifying and using the agreement has yet to be shown.

2.1. **ASEAN Approach**

In ASEAN, there are various ways where a regime made could come into forces. Ruth Banomyong had mentioned on the process as follow:

“This is how it works. ASEAN traditionally uses the consensus approach. That means everyone has to agree... So, now ASEAN has this what they call ASEAN minus X. So that’s mean the majority of the members agree, and then some of the other, while they can negotiate until they happy with it. And now you have even a newer one, which is 2, plus X. So that’s basically means 2 ASEAN countries agree on something and then try to invite, because the template is already there, and invite the other country to come in. This is what Singapore and Brunei have done for liberalization of air services.”

In the statement made above, it can be seen that in ASEAN, it is very important to have a collective interest and consent to move forward with any regime that want to be implemented inside the sub-region. Nevertheless, it is another set of challenge to ensure the members are on the same page regarding any concerns or issues put forward by other members. The railway related issues and concerns are a good example. Even though the railway industry in ASEAN is struggling to stay sustain, let alone to make profits, but the interest from the members could yet be used as among the factors of reviving the industry which is facing its sunset era.

The table below shows the status of ratification and application of some of the transportation and logistics related regime made by the members as on 2012.
Looking at the table above, it can be seen that as on 2012, the ratification of Protocol 6 is still not been materialised by any of the members concerns, which is the mainland members of ASEAN. The mainland members of ASEAN consist of nations, which are connected or reachable by land means of connections to each other. It consists of 7 nations namely Singapore, Malaysia, Thailand, Cambodia, Vietnam, Lao PDR and Myanmar. Most of the nations, except for Lao PDR, have already have the internal railway connectivity’s and some of them even own connectivity through rail with the neighbouring neighbours. Under Master Plan on ASEAN Connectivity, railway connectivity between members had been highlighted as among the priority connectivity under the physical connectivity. The Singapore-Kunming Railway Links had been made the core project on fulfilling the plan on railway connectivity. Looking at the current progress, most of the members had started improving the internal railway facilities in order to ensure the completion of the said connectivity indirectly. It is a positive move in materialising the project and establish railway connectivity between members of mainland, but the facilities alone would not ensure the success of the project if the lack of uniform working manual is still an issue that has not been sort out for answer. There are various factors contributed towards the non-ratification and non-application of railway specific type of regime in ASEAN, specifically to mention is Protocol 6 of AFAGIT. Even so, in this particular paper, the focus will be given to the factor of national culture.

3. National Culture

According to Hofstede et al., (2010), each humans have their very own forms or pattern of thinking, feeling and behave which is based on what they have gone through throughout the lifetime. This collective programming of mind is known as national culture. Based on view of Hofstede, he mentioned that national culture are unchangeable, but they can be learned, respected and treated as assets. Back in 1980 Hofstede has conducted a worldwide research on national culture. In the debut of Hofstede’s national culture theory, he presented 4 culture level dimensions of values namely individualism versus collectivism, power distance, uncertainty avoidance and masculinity versus femininity.
Hofstede stated that a culture is reflected in all sphere of social life, which includes family, system in education, structure of politic in a country and many other elements. 3 elements covered in this study are individualist versus collectivist dimension, high versus low power distance dimension and high versus low uncertainty avoidance. The theory put forward by Hofstede will be applied to the situation of ratification and application of Protocol 6 in ASEAN to see the influence of these national cultures factors over the issue. It is to see the influence of the 3 national culture factors over the ratification and application of railway related regime, namely Protocol 6 AFAFGIT.

3.1. Individualist / Collectivist Dimension

The first dimension is the individual versus collectivist dimension. This dimension describes relationship between the individual and a group. According to Hofstede individualist culture are loosely attached in a social group, and they value much more on non-social interest. The collectivist culture is the culture where individuals are close to their in-groups, they protect each other as an exchange of loyalty. The term personal interest dilute as group interest in a collectivist culture.

Thailand, Malaysia, Singapore and Vietnam are all collectivist country with the index score between 20 -26. Being collectivist society each countries are having the common collectivist criteria which includes having a close long-term commitment to the member 'group' like family, extended family, or extended relationships. The most important keyword here is to be loyalty to the in-group and it is beyond the societal rules and regulations. Collectivist society value on solid relationships where each members care for fellow members of their group. In collectivistic societies, offence leads to shame and loss of face. Employer and employee relationships are perceived in moral terms, just like a family link, hiring and promotion take account of the employee’s in-group.

Each countries possessed unique collectivistic cultural value for example in Thailand whereby in order to preserve the in-group, Thai are not confrontational and in their communication a “Yes” may not mean an acceptance or agreement. An offence leads to loss of face and Thai are very sensitive not to feel shamed in front of their group. Personal relationship is key to conducting business and it takes time to build such relations thus patience is necessary as well as not openly discuss business on first occasions.

Meanwhile in Singapore the unique cultural value placed within the second key principle of the Confucian teaching: The family is the prototype of all social organizations. A person is not primarily an individual; rather, he or she is a member of a family. Children should learn to restrain themselves, to overcome their individuality so as to maintain the harmony in the family. Harmony is found when everybody saves face in the sense of dignity, self-respect, and prestige. Social relations should be conducted in such a way that everybody's face is saved. Paying respect to someone is called giving face.

Generally for collectivist society communication is indirect and the harmony of the group has to be maintained, open conflicts are avoided. A “yes” doesn’t necessarily mean, “yes”; politeness takes precedence over honest feedback. The relationship has a moral basis and this always has priority over task fulfilment. The face of others has to be respected and especially as a manager calmness and respectability is very important.

In an environment where involvement of various parties’ compulsory, individualism is something which could prohibit the movements of railway crossing the ASEAN borders between member countries. In a statement made by a stationmaster in Malaysia, he mentioned as follow:

“*In terms of rules and regulations, it is more on customs. As for KTMB, we do not face a lot of problem. As for the cargo and goods, it lean more towards the customs. We only provide the train for the journey. As for signalling, it is within the duty of the company and as for the release of goods, it is within the duty of the customs.*”

The statement made shows the behaviour of some of the stakeholders involved in the railway industry. Looking at the situation showed, the concern on the ratification and application of Protocol 6 of AFAFGIT could only come from a certain group of stakeholders and not collectively. Such situation might influence the decision made on making efforts to ratify and apply the protocol.

3.2. Power Distance
The next dimension is the level of power distance. This dimension provides the indicator of how different person or group of peoples mind set towards authority and control. It reflects the attitude of the culture towards distribution of power in different social institutions. In the cultures with a high power distance, power is considered to be the basis of society; while in the cultures with low power distance power is used only when it is legitimate and based on the rule of law. Along the Hofstede’s national culture study, there are interrelations between power distance levels and individual versus collectivist dimension, whereby society with high power distance is usually among collectivist society, while most individualistic society shows low power distance level.

Thailand and Vietnam scores 64 and 70 respectively on Power Distance index. It is a society in which inequalities are accepted; a strict chain of command and protocol are observed. Each rank has its privileges and employees show loyalty, respect and deference for their superiors in return for protection and guidance. This may lead to paternalistic management. Thus, the attitude towards managers are more formal, the information flow is hierarchical and controlled.

Malaysia score the highest for this dimension (100). The study indicated that hierarchical order are highly acceptable. For a high power distance country hierarchy in an organisation is seen as reflecting in-built inequalities, centralisation is common and employees expect instructions from superior. Contests to the higher ranks are not well-received.

Similarly Singapore scores high on this dimension with the score of 74. Based on their Confucian background, they normally have a syncretic approach to religion, which is also the dominant approach in Singapore. Stability of society is the fundamental of Confucian teaching, and it is based on the unequal connections among society. They have five basic relationships: ruler-subject; father-son; older brother-younger brother; husband-wife; and senior friend-junior friend and it is based on reciprocity and emphasis on harmonious life.

This element appears in the interview with the Malaysia KTM operators whereby, most decision was only known by the top managers. Lower ranked employees accept that they just need to do whatever being told. They just execute any task given. In an interview conducted earlier, the said officer mentioned as follow:

“For the movements inside Malaysia, the Thais need to deal with KTMB and for the movements in Thailand, we need to deal with SRT. We have joint conference and discussion between KTMB and SRT relating to collective problems and procedures...Normally the outcomes of the discussion are not revealed to the lower position persona but rather they are circulated for the top high management persona. Normally the outcome will touch on the policies but they did not reveal them to us. It just that after that if there are changes, then only they will inform us. The information would not be made public.”

3.3. Uncertainty Avoidance

Next dimension that will be touched is the uncertainty avoidance. It is the perspective of how a society behaves towards uncertainties. On one hand, there are cultures which have high tolerant on unknown or unpredictability. According to Hofstede (1991), uncertainty refers to the environment that the members of cultures in the society feel threatened by uncertain situation. The uncertainty avoidance in this paper is regarded to the legal system, rules, and regulations that set forth to allow local businesses to operate their business activities. Even though there are some obstacles on trade facilitation along the border area such as a long process at the custom checkpoint, according to interviews with major key informants in the industry. Therefore, the uncertainty avoidance at the national level influences the local businesses or entrepreneurs to collaborate with other businesses where they adopt better technological efforts to utilise them to benefit their business operations.

Thailand scores an intermediate score of 64 for this dimension, but it slightly indicating a preference for avoiding uncertainty. In order to minimize or reduce this level of uncertainty, strict rules, laws, policies, and regulations are adopted and implemented. The ultimate goal of this population is to control everything in order to eliminate or avoid the unexpected. As a result of this high Uncertainty Avoidance characteristic, the society does not readily accept change and is very risk adverse.

Malaysia and Vietnam both scores 36 and 30 respectively on this dimension and thus has a less inclination for avoiding uncertainty. Societies with low uncertainty Avoidance index are more lenient and tolerance to abnormalities. It is within this type of society where Hofstede remarked that the “people believe there should be no more rules than are necessary and if it does not go well, they will go for alternatives. Singapore scores 8 on this dimension and thus
scores very low on this dimension. In Singapore people abide too many rules not because they have need for structure but because of high PDI. Singaporeans call their society as “Fine country. You’ll get a fine for everything”.

Even before the idea of having railway movements between members of ASEAN takes shape, there is already a concern on the possibility of the said movements to be successful. As the agent who deals with cross border rail freight movements between Thailand and Malaysia, his view regarding the idea of railway connectivity seems to be avoiding the uncertainty of the industry’s future.

“As for now, even if Malaysia wants to pass to Thailand, there are already a lot bureaucracies involved. Malaysia customs has its own customs bureaucracies and Thailand has theirs. Once the train want to cross to Lao PDR from Thailand, there are other bureaucracies involved. And so on. If all the procedures are not standardised, how the train could reach Kunming. For this project, all the parties need to be on the same page on the regulations.”

In a bigger scale, on ASEAN level, the same situation does become another set of challenge. Mentioned by Ruth Banomyong:

“Between governments, at the end of the day, under the Asean Economic Community which supposed to become the single market, single production based and in the ASEAN Strategic Transport Action Plan, ASTAP which is the transport master plan 2011-2015, the only thing they say is they just want to have physical linkages. That’s it. That’s the best they can do. They not even talk about how to operate it. Because it’s very far in the future because you have so many missing links.”

Figure 1 presents on the summary of the 3 national culture elements of Thailand Malaysia and Singapore. From this table we can see that although all three countries are collectivist countries, but they have varied level of power distance and uncertainty avoidance.

4. Discussion and Conclusion

By understanding the method, which ASEAN members adapt in ratifying and applying the regional based regime, it is safe to say that the internal influences, such as national culture, plays important role in determining the fate of the regime made on ASEAN level. From the aspects of national culture discussed above, which emphasize on 3 elements, it can be seen that the culture of the countries, which data available, is different from one to another. As far as the need of uniformity and understanding for ratification and application or ASEAN level regime is concerns, based on the elements discussed above, it can be seen that ASEAN is having a different score, which indicates the different standing and approaches adapted, by the countries. Such situation indicates that the members might have different stands on the need of ratification and application of railway related regime, namely Protocol 6 of AFAFGIT. Until the differences could be made closer, the Protocol 6 might not be able to be ratified and apply yet. This study has pointed out on the emerging elements of culture in influencing the ratification of protocol 6.
The dimension highlighted has emerged as the reason causing the delay of the protocol 6 implementation process. Despite of having the protocol 6 agreements signed and documented among the top government member lining for implementation in 2014. However, key player such as the railway operators are not aware on the existence of such protocol. Thus, we strongly suggest further scientific study is needed to look further deeply into the scope of national culture.

Acknowledgement

Thank you Dr Irwin Ooi Ui Joo, Malaysia Institute of Transport (MITRANS), Universiti Teknologi MARA (UiTM)

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