

Shiming Zhang

*Belarusian State Economic University, Minsk, the Republic of Belarus,
markzhang221@gmail.com*

EXPONENTIAL ORGANIZATIONS AS NEW HIGH-TECH BUSINESS MODELS IN CHINA

The article analyzes the socio-psychological factors that ensure the competitive success of fast-growing (exponential) organizations. Examples of China's experience in this direction are given, the situation with the perception in practice of the implementation of exponential development in one of China's organizations is examined, "problem points" and prospects for training specialists are identified.

Key words: exponential organization; exponential development; socio-psychological factors; management.

Шиминь Чжан

Учреждение образования «Белорусский государственный экономический университет», Минск, Республика Беларусь, markzhang221@gmail.com

ЭКСПОНЕНЦИАЛЬНЫЕ ОРГАНИЗАЦИИ КАК НОВЫЕ ВЫСОКОТЕХНОЛОГИЧНЫЕ БИЗНЕС-МОДЕЛИ В КИТАЕ

В статье анализируются социально-психологические факторы, обеспечивающие конкурентный успех быстрорастущих (экспоненциальных) организаций. Приведены примеры опыта Китая в этом направлении, рассмотрена ситуация с восприятием на практике реализации экспоненциального развития в одной из организаций Китая, выявлены «проблемные точки» и перспективы подготовки специалистов.

Ключевые слова: экспоненциальная организация; экспоненциальное развитие; социально-психологические факторы; менеджмент.

Introduction. In an era of intense disputes about the quality, originality and measurability of innovations, business attention to the existence and development of Exponential Organizations (ExO) is becoming increasingly obvious. Such organizations choose an ambitious but

specific focus of development, in other words, ExO can present to the world clear, convincing and impressive data of achievements and success. The quantitative criterion for the identification of ExO is at least a 10-fold excess of performance indicators compared to the industry average for 4—5 years [1]. ExO focus on scale and in a short time turn into powerful companies. The best-known examples at the moment are companies like Netflix, Tesla, WhatsApp, Uber and Bitcoin as well as a number of start-ups. In China, there are many similar organizations and products. Organizations include Huawei, Alibaba, Tencent, Toutiao, Meituan, Xiaomi, etc.

The secret of ExO's success lies in rapidly developing breakthrough technologies that can provide exponential growth and exponential cost reduction in accordance with G. Moore's law. But it's not just about technical aspects. P. Diamandis, the developer of the ideas of ExO, argues that survival in the face of rapid changes requires organizations of a radically new type with "the highest level of technological competence, adaptability and involvement" [1, p. 15]. An example is the experience of the Brazilian company Semco, which introduced the model of concentric circles into its organizational structure as a new vision of active participation of all personnel. As R. Semler notes, such a system allowed to increase productivity seven times and profit five times, "maximize the capabilities of each employee and minimize supervision" [2, p. 20]. Thus, participation and involvement as the key foundations of exponential development primarily speak of the psychological saturation of the economic policy of rapidly developing and productive organizations.

At the same time the issues of psychological support for successful breakthrough growth are located in the field of a number of contradictions of theory and practice. Among them, the most obvious is the contradiction between the active attention of science to the technical aspects of breakthrough growth and the insufficient development in modern research of the conceptual ideas of the developers of the ExO on the interaction of socio-psychological factors of competitive success at the macro- and microeconomic level. This contradiction particularly acutely affects the problem of adapting the widely popularized ideas of Western Europe and America on the intensification of "breakthrough growth" to the economic realities of the countries of Eastern Europe and Asia, including China and Belarus. And even though Belarus, and

China today demonstrates significant success in economic development, the high dynamics of social, political and industrial processes in the world directs to a constant search for reserves in the direction of success.

The vast majority of the latest ExO research was conducted within the framework of economic or sociological science, where the principles of the psyche were not reflected with the necessary degree of correctness. This has given rise to many common cliches that are questionable from the point of view of economic psychology. For example, that the system of distributed leadership in [3]. Management is always uniquely interesting to managers for the effective management of ideas. At the same time, the problem of the affected ambitions of formal leaders who are personally responsible for the economic success of organizations has not always been taken into account and highlighted. In this regard, our research focuses not only on solving the problem of developing ExO ideas through the most productive disposal of the main resource — human. The scientific problem is connected with the development of forms of social investment relevant for the exponential growth of organizations in coordination of this process with the influence of psychological factors. Thus, we are talking about socio-psychological factors.

Main part. Human society has been pushed from one era to another due to the invention of new technologies. The hunter-gatherer era entered the agricultural age due to the discovery of seeds, entered the industrial age due to the invention of the steam engine, and entered the information age due to the invention of the computer. Many researchers note that during the change of two eras, labor productivity increased significantly. The change period has caused the output of some organizations to increase exponentially. These organizations have adopted new technologies and new organizational models in time to operate and become exponential organizations.

Exponential organizations all have one thing in common: they all have a lofty and aspirational goal. This goal is “Massive Transformative Purpose” (MTP). The most classic theory of exponential thinking is “Moore’s Law”, which is similar to the power curve of mathematics. An exponential organization refers to an organization that uses a new organizational method of high-speed development technology to allow a disproportionately large increase in influence or output (at least 10 times).

Analyzing the works of R. Dandan, P. Diamandis, S. Ismail, L. Guangdou, we have identified the following features of ExO:

1. MTP: They have a great vision and goal, solve a certain pain point of users or subvert a certain industry.

2. Market: Good market capacity and development potential, especially such a huge consumer group in China gives these products unlimited possibilities.

3. Change: They have used a lot of modern information technology, new business theories and marketing models, and changes in technology and thinking are prerequisites.

4. Users: Everything is user-centered, which is the core of business operations, plus appropriate algorithms for push or dissemination, replacing traditional means of communication, and can rapidly undergo fission and growth.

5. Creativity: Adding new elements, such as technology, social networking, culture, etc., combined with the needs of consumer groups in the new era, creating the ultimate product model.

6. Experience: Excellent user interface experience or product experience, smart cooperation between online and offline, and the marginal cost of software products is almost zero. These are the basis and prerequisites for acquiring users.

7. Sharing: The goal of these products is to build a large platform to promote and develop in a sharing mode, such as sharing technology, sharing economy, sharing cars, etc.

8. Ultimate: extremely high cost performance and efficiency, the ultimate supply chain, capital flow, and logistics chain guarantee the ultimate experience and supply of organizations and products.

9. Organization: Their organizational management is very flat, and they can communicate and act very efficiently. Everyone is self-organizing.

10. Social factors: the strong development of economy (including China), the continuous transfer of consumer groups, the development of Internet technology, various uncertain environments, changes in modern human nature, etc. These social background factors enable the existence and development of all organizations and products basis and premise.

In order to identify points of contact for the problems of exponential organization in China, we turned to the expert survey method,

modifying the previously identified characteristics (Table 1). As experts, we have identified Chinese specialists (n=75) working in the exponential organization Didi Taxi. We asked the experts to rate them in terms of “importance” and “satisfaction” with the implementation in practice. The data obtained were processed according to the methodology developed by L. Yu. Pomytkina, S. G. Sapagina, A. P. Tatarinov [4]. Based on the results of processing the received data, we determined the first 5 positions for improving the identified criteria (factors) in the management practice of this organization (Table 1).

T a b l e 1 — Results of a survey

FACTORS	Chinese specialists	
	Rating “importance” / Rating “satisfaction”	Improvement Rating
Explosive effect in the industry	9,01 / 8,39	5
Unlimited market opportunities	7,13 / 7,02	
Use of new technologies	8,16 / 8,09	
Orientation to the client	7,92 / 7,13	4
Creativity	8,34 / 7,20	2
Affordable product testing	7,91 / 6,15	1
Sharing	6,56 / 5,72	3
High efficiency	7,28 / 7,14	
Self-organization	7,19 / 7,07	
New social factors	8,72 / 8,64	

As can be seen from the table, the most “problematic” position is “affordable product testing”.

Difficulties are also caused by such positions as turning to creativity, orientation to the client. And although, in general, the analyzed factors have a “close relationship” between “importance” and “satisfaction”, the positions highlighted in the rating focus on the problem of further development of theoretical and methodological positions on the formation of exponential orgasm. This can be actively used, among

other things, in the training of specialists from China in Belarus, which has definitely become more and more popular in recent years.

Conclusion. So, exponential organizations have their own set of modern ideas, which are called “exponential thinking”. By applying “exponential thinking” any organization is able to reach a new level of development and increase its productivity.

Summarizing the above, we note that:

- an exponential organization refers to an organization that uses a new organizational method of high-speed development technology to allow a disproportionately large increase in influence or output (at least 10 times);

- organizational culture helps them achieve exponential growth. Their organizational management is very flat, they can communicate and act very efficiently, and everyone is self-organizing. In this structure, the key figure is a visionary leader who is fully supported by the board of directors and senior management;

- in a market economy, exponential organizations prove to be efficient and competitive, they have good market potential and development potential. This is especially important in China’s market conditions, where the consumer group is particularly large;

- exponential organizations play a big role in the development of the economy. The pace of change that society is experiencing today is significantly faster than ever before. Under these conditions, organizational agility and acceleration become key factors in competitiveness. Economic growth is no longer incremental, it is destructive and non-linear, and therefore organizations that adapt to these conditions show greater competitiveness than traditional organizations. Exponential organizations respectively ensure exponential growth of the economy.

The essence of ExO is to focus on accessible and operational methods of economic regulation based on business psychology as mastery of the art of effective management of productive forces and purposeful improvement of industrial relations. One of the most important features of ExO is the comprehensive and continuous development of the quality of the work teams involved in the production process. ExO — the flowering of unity of interested work and creative ideas. A high level of adaptability to the market economy is ensured in the ExO through the maximum use of its own resources and readiness to further increase the

value of its “human capital”; orientation to values such as individual freedom; a tendency to rely on its own activity as a necessary and natural condition for life success. The organizational culture of Eco is built on the principle of psychological competitiveness, which includes the factor of social responsibility of the business, the factor of equal participation in the release product of organization and the factor of mobility.

The vectors of “problem” positions of exponential development of one of the Chinese organizations identified in our study make it possible to determine the lines of contact in the cooperation of our countries in the training of joint specialists.

References

1. *Ismail, S.* Exponential organizations: why new organizations are ten times better, faster, cheaper than yours [Electronic resource] / S. Ismail, Yy. Van. Geest, M. Malone. — 2014. — 250 p. — Mode of access: https://books.google.by/books?id=OprNBAAAQBAJ&printsec=frontcover&dq=inauthor:%22Salim+Ismail%22&hl=ru&sa=X&redir_esc=y#v=onepage&q&f=false Kindle Edition. — Date of access: 18.02.2023.

2. *Semler, R.* Maverick: The success story behind the world’s most unusual workplace / R. Semler. — Grand Central Publishing, 2014. — 352 p.

3. *Островская, А. А.* Проектный менеджмент в учреждениях общего среднего образования: распределенное лидерство. Инструменты эффективного менеджмента идей / А. А. Островская // Нар. асвета. — 2020. — № 8. — С. 3—7.

4. *Помыткина, Л. Ю.* Сравнение различных подходов в оценке удовлетворенности клиентов / Л. Ю. Помыткина, С. Г. Сапегина, А. П. Татаринов // Вопросы экономики и управления. — 2017. — № 2. — С. 54—59.