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FOREIGN EXPERIENCE IN MANAGING THE ECONOMIC POTENTIAL OF SERVICE ENTERPRISES AND CRITERIA FOR ITS ADAPTATION

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Abstract

The article compares five foreign models of managing the economic potential of service enterprises - the experience of Japan, Germany, Singapore, Türkiye and Malaysia. Each model is assessed by its principal instrument, the target block of potential and the institutional precondition required. The ineffectiveness of direct copying is substantiated and a three-stage adaptation filter is proposed. Of twelve instruments assessed, four are directly applicable, six are applicable in adapted form, and two are considered inapplicable. Taking into account that the majority of domestic service enterprises are small businesses, a set of priority instruments is identified for them.

Keywords: Foreign experience, economic potential, kaizen, dual education, productivity programme, cluster model, adaptation criteria, small business.

INTRODUCTION

International experience provides a broad range of instruments for increasing and managing the economic potential of service enterprises. However, the practical value of foreign experience depends not on the number of borrowed instruments but on the quality of their adaptation to domestic institutional, resource and scale conditions.



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Direct copying is particularly problematic in the services sector because business models are strongly affected by labour-market institutions, the structure of vocational education, the availability of finance, the maturity of business associations and the scale of enterprises. An instrument that works in a large corporation or in a highly coordinated institutional environment may be ineffective for a small service enterprise in another country.

The purpose of the study is to compare selected foreign models, identify the conditions that make them effective, and develop criteria for determining whether a particular instrument can be directly applied, adapted, or should not be transferred to the domestic context.

LITERATURE REVIEW

The Japanese model is associated with continuous improvement, elimination of losses and employee participation in operational improvement. The kaizen philosophy treats small, repeated improvements as a permanent management process rather than as isolated innovation projects.

The German model places strong emphasis on the quality of human capital and on the link between education and the workplace. Dual education combines theoretical learning with enterprise-based practical training and reduces the gap between qualifications and actual job requirements.

Singapore's approach is distinguished by national productivity programmes, digitalisation and coordinated support for enterprise upgrading. Productivity is treated as a system-wide objective supported by training, technology adoption and advisory infrastructure.

Türkiye's experience demonstrates the role of territorial clusters, sectoral cooperation and value-chain relationships in strengthening small and medium-



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sized enterprises. The cluster model allows firms to gain access to shared knowledge, suppliers, customers and specialised services.

Malaysia's model emphasises investment incentives, technology upgrading and targeted support for priority sectors. Financial instruments are effective when they are connected to measurable investment and productivity objectives rather than provided as general subsidies.

RESEARCH METHODOLOGY

The comparative analysis uses three dimensions: the principal management instrument of each model, the block of economic potential primarily affected by that instrument, and the institutional precondition required for its operation.

To prevent mechanical borrowing, a three-stage adaptation filter is proposed. The first stage is resource compatibility: does the enterprise possess, or can it realistically obtain, the resources required by the instrument? The second stage is institutional support: are the external institutions on which the instrument depends available and functional? The third stage is compatibility with enterprise scale: can the instrument be implemented by a small or medium-sized service enterprise without disproportionate costs?

On the basis of these criteria, twelve foreign instruments are classified into three groups: directly applicable, applicable after adaptation, and currently inapplicable.



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ANALYSIS AND RESULTS

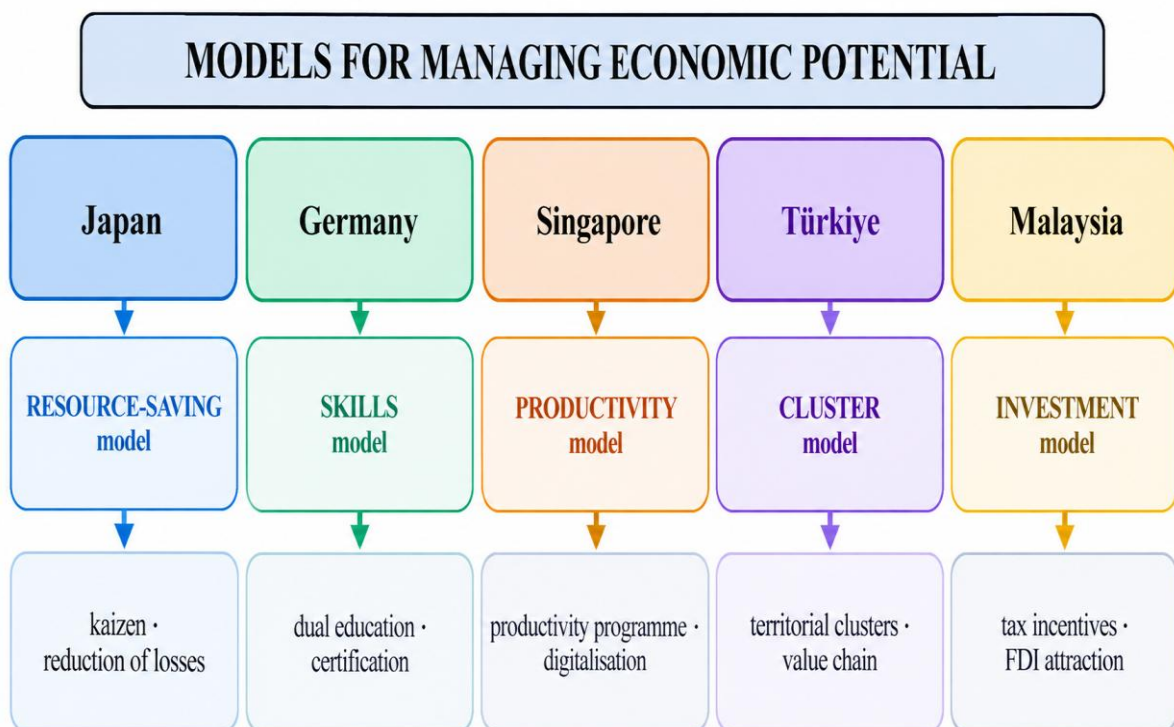


Figure 1. Foreign models of economic-potential management: Japan - resource-saving/kaizen model; Germany - skills and dual-education model; Singapore - productivity and digitalisation model; Türkiye - cluster model; Malaysia - investment-support model.



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Table 1. Comparative characteristics of selected foreign models

Country/model	Principal instrument	Primary target	Institutional precondition
Japan	Kaizen, standardisation, loss reduction	Material/technical and organisational efficiency	Stable internal processes and employee involvement
Germany	Dual education and certification	Labour potential	Cooperation between enterprises and vocational/educational institutions
Singapore	Productivity programmes and digitalisation	Overall productivity	Strong advisory and digital-support infrastructure
Türkiye	Territorial and sectoral clusters	External relations and cooperation	Business associations and cluster coordination
Malaysia	Investment incentives and upgrading programmes	Financial and technological potential	Targeted public support and investment institutions

The Japanese model is attractive for small service enterprises because many kaizen instruments require more discipline than capital. Standardisation of recurring operations, visual control, reduction of waiting time and employee suggestions can be introduced gradually. However, the organisational culture of continuous improvement cannot simply be copied; it requires management commitment and stable routines.

The German dual-education model is highly effective where employers, educational institutions and certification systems operate as a coordinated network. For domestic small enterprises, a full replication of the model would be institutionally demanding. A more realistic adaptation is short-term enterprise-based practice, joint training modules, mentoring and sector-specific certification.



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Singapore's productivity model shows the importance of combining technology adoption with skills development. Digital tools alone do not guarantee productivity growth. For small service firms, cloud services, electronic customer management, online booking, digital payments and basic analytics are more realistic than expensive proprietary systems.

The Turkish cluster model is relevant because many service firms are geographically concentrated and depend on complementary businesses. Tourism, accommodation, catering, transport, repair and trade services can obtain benefits from joint marketing, shared training, supplier networks and coordinated quality standards.

Malaysia's investment model demonstrates that financial incentives work best when linked to modernisation and measurable performance. For small service enterprises, adapted instruments may include co-financing of digital equipment, preferential leasing and targeted credit rather than broad tax privileges.

Table 2. Three-stage adaptation filter

Stage	Key question	Decision implication
1. Resource compatibility	Are the required financial, human and technological resources available?	If not, adaptation or rejection is required
2. Institutional support	Are the necessary external institutions and partners available?	If support is weak, the instrument must be simplified or localised
3. Scale compatibility	Can a small service enterprise implement the instrument at reasonable cost?	If not, collective or cluster-based implementation is preferable



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Table 3. Results of assessing twelve foreign instruments

Applicability	Number of instruments	Interpretation
Directly applicable	4	Can be introduced at enterprise level without major institutional change
Applicable after adaptation	6	Requires simplification, localisation or collective implementation
Currently inapplicable	2	Depends on institutional or financial conditions not yet sufficiently available

The results show that most foreign instruments are not rejected, but neither should they be copied unchanged. Six of the twelve instruments fall into the adaptation group, which confirms that institutional and scale differences are the central issue in transferring foreign experience.

For the majority of domestic service enterprises, which are small businesses, priority should be given to low-cost and scalable instruments: process standardisation, continuous improvement, short practical training, digital customer-management tools, joint cluster marketing and targeted investment in equipment and skills.

The adaptation filter also prevents the common methodological error of evaluating foreign experience only by its visible outcomes. The institutional conditions that produced those outcomes must be assessed together with the instrument itself.

CONCLUSIONS AND RECOMMENDATIONS

First, foreign models of economic-potential management differ not only in instruments but also in the institutional systems that support them. Their effectiveness therefore cannot be separated from those conditions.



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Second, Japan's kaizen model is the most accessible in terms of direct enterprise-level implementation, while the German dual model requires stronger institutional coordination. Singapore's productivity approach, Türkiye's cluster model and Malaysia's investment model are relevant primarily in adapted forms. Third, the proposed three-stage filter - resource compatibility, institutional support and scale compatibility - provides a practical basis for deciding whether an instrument should be transferred directly, adapted or rejected.

Fourth, for small service enterprises the most promising package combines continuous improvement, practical skills development, basic digitalisation, cooperative cluster instruments and targeted modernisation finance.

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