



Focus On Southeast Asia: Cultural Nuances Factor Into Supply-Chain Success

Published on Alvarez & Marsal | Management Consulting | Professional Services

(<https://www.alvarezandmarsal.com>)

November 08, 2021

As an incumbent and major force within the supply chain and manufacturing industry, China has witnessed rapid change in growth as a result of its governmental push to boost its economy. As a result, the country has in recent times experienced a rise in the middle-income class, and inevitably, rising labor costs.

In the wake of the recent U.S.-China tariff war, there has inevitably been supply-chain disruptions and significant challenges within the manufacturing industry, leading companies to increasingly explore options to diversify their value chain and find ways to minimize the cost of bringing products to market.

The tariff war increasingly puts products made in China at a pricing disadvantage for many U.S. firms. Therefore, many have made the move or are now looking to establish or transfer operations elsewhere, whilst others simply want to spread their supply chain risk across geographies.

In a new thought piece, A&M leaders How Jit Lim and Calvin Ling explore opportunities and resources needed in countries of Southeast Asia for multinational manufacturers navigating on the ground capabilities that can add to an organization's value chain.

Download our article [Focus on Southeast Asia: Cultural Nuances Factor Into Supply-Chain Success](https://www.alvarezandmarsal.com/insights/focus-southeast-asia-cultural-nuances-factor-supply-chain-success)



Rapid industrial and major focus within the supply chain and manufacturing industry, China has witnessed rapid change in growth as a result of its governmental push to boost its economy. As a result, the country has in recent times experienced a rise in the middle-income class, and inevitably, rising labor costs.

In the wake of the recent U.S.-China tariff war, there has inevitably been supply-chain disruptions and significant challenges within the manufacturing industry, leading companies to increasingly explore options to diversify their value chain and find ways to minimize the cost of bringing products to market.

The tariff war increasingly puts products made in China at a pricing disadvantage for many U.S. firms. Therefore, many have made the move or are now looking to establish or transfer operations elsewhere, whilst others simply want to spread their supply chain risk across geographies.

A Glimpse into the Changing Southeast Asia Landscape

As a result of recent changes in the geographic landscape, many companies are looking to Southeast Asia as a strong alternative. Many manufacturers have targeted Vietnam, Malaysia and other countries in the region as the trade war and pandemic-related supply chain disruptions appear to be slowly becoming a thing of the past.

In the 1980s, it was Southeast Asia that represented the epicenter for manufacturing of electronics and apparel products, but that shifted to China over time. However, the pandemic appears to be bringing back Southeast Asia as a solid option for its improving capacity and performance.

With wider opportunities abound in the region, the diversity of cultures, working capabilities and diverse government of regions a nuanced approach of existing in any one country. Firms that take on-the-ground understanding of the complexities of each nation may find that repeated savings or benefits gained through relocation may be eroded as they navigate these moving targets.

While their leaders will make faster decisions and benefit from looking at the region's economic profile, the separation of some manufacturers who made the switch and the key steps needed to successfully move manufacturing operations into the region.

An Economic Snapshot of Southeast Asia

Manufacturers have gravitated to South Southeast Asia. The 11-country region has experienced substantial growth in local and foreign investment as well as an improvement in economic status over the past decade. This culturally diverse region, with a growing population of more than 600 million people, is the third most populous in the world and is fast becoming a bridge between the Asian continent and Asia.



ALVAREZ & MARSAL
CONCEPT ARCHITECTURE

Source URL: <https://www.alvarezandmarsal.com/insights/focus-southeast-asia-cultural-nuances-factor-supply-chain-success>

© 2025 Alvarez & Marsal Holdings, LLC. All rights reserved.

Note: Alvarez & Marsal employs CPAs but is not a licensed CPA firm.

ALVAREZ & MARSAL