

# *Formal strategic planning: the Malaysian Chinese business perspective*

Article

Accepted Version

Ho, S. (2017) Formal strategic planning: the Malaysian Chinese business perspective. *Malaysian Management Review*, 52 (1). pp. 11-24. ISSN 0025-1348 Available at <https://centaur.reading.ac.uk/75784/>

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Published version at: <http://www.mim.org.my/publications/management-review/>

Publisher: Malaysian Institute of Management

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# **Formal Strategic Planning: The Malaysian Chinese Business Perspective**

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## **ABSTRACT**

Let us begin with a quote from *Through the Looking-Glass* by Lewis Carroll (1872):

*Alice: "Which way should I go?"*

*Cat: "That depends on where you are going."*

*Alice: "I don't know where I'm going!"*

*Cat: "Then it doesn't matter which way you go!"*

Findings from various academic reports and teachings by renowned management gurus have advocated formal strategic planning as crucial for any organizations' success. However, is that management in practice when it comes to real organization settings, and how effective have it been in the Malaysian context?

This research study explores the usage of formalized strategic plan by Chinese business leaders in Malaysia. The research also looks into key strategic planning principles that have contributed to Chinese business success and sustainability.

The exploratory qualitative research centered around 28 Chinese businesses in Malaysia. The study was carried over a year using case study research design. Raw data was collected from series of semi structured interviews. The findings conclude that conventional approach to strategic planning is not widely adopted and practiced by the participating organizations. The respondents see serious pitfalls in being too formal in planning which stifle flexibility and creativity that are critical for business success today. Business success, instead, is guided by strategic planning principles that are greatly influenced by Chinese cultural practices.

This paper offers insights into strategic planning practices by the Chinese business community in Malaysia which are grounded solidly on overseas Chinese cultural values. These traditional Asian thought could bring about important adaptation to existing strategic planning models and developing new theories.

## **INTRODUCTION**

The term 'strategic planning' originated in the 1950s and was very popular between the mid-1960s and the mid-1970s. During these years, strategic planning was widely believed to be the answer for all problems. At the time, much of corporate America was 'obsessed' with strategic planning. Following that 'boom', however, strategic planning was cast aside during the 1980s as various planning models did not yield higher returns. The 1990s brought the revival of strategic planning, and the process is reported to be widely practiced today in the business world.

Many researchers and texts have recorded strategic planning as essential to an organization's long term success. A strategic plan, in essence, is an organization's game plan. Just as a football team needs a good game plan to have a chance for success, management gurus have advocated an organization must similarly have a good strategic plan to be able to compete successfully (David 2005). Strategic planning sets an organization on a clearly articulated route to growth. It improves and boosts morale among the organization. Without it, the organization will face risks to failure (Hooey 2003). Benjamin Franklin, a founder of the United States, said "By failing to prepare, you are preparing to fail." Literatures have also suggested a need for business in various sizes and operating industries to adopt formal strategic planning to ensure that they are achieving goals and objectives in an effective and efficient manner. Formalized strategic plans are designed blueprints to move organizations from the present to the future with a set of desired results.

Unlike Alice in the quote above, business organizations do know where they wish to go; often to ultimately make money and lots of it. Most do some kind of long-range planning to find their way there. However, the author and her many associates' experience as business consultants in diverse organization settings in the ASEAN region have convinced them that most strategic planning processes are first poorly conceptualized and then poorly executed.

In the standard evaluation of the adequacy of an organization's strategic planning process, it should provide the criteria for making day-to-day organizational decisions and should be a template against which all such decisions can be evaluated. Unfortunately, the so-called strategic plan in most organization settings rarely impacts the day-to-day decisions made in the organization. The process is often tactical rather than strategic in nature. When managers are asked about their organization's strategic plan, they frequently look embarrassed and begin to search through a vast array of folders on their computer, their desk drawers or filing cabinets to find the plan, which is obviously nonfunctional. All too often, strategic planning is seen as a top-management ritual exercise that has little or nothing to do with the actual running of the organization.

Henry Mintzberg (1994), a pioneer critic, has always challenged whether strategic planning is really strategic. He wrote that strategic planning has long since fallen from its pedestal because few people fully understand that *strategic planning* is not *strategic thinking*. Indeed, according to Mintzberg, 'strategic planning often spoils strategic thinking, causing managers to confuse real vision with the manipulation of numbers'.

From years of business consulting experience, the author and her associates have seen two kinds of important decisions that successful organizations make: strategic decisions and strategically driven decisions. An organization's senior management needs to be intimately involved with the first of these, because that is clearly an executive function, perhaps the most important executive function. The senior management then needs to make certain that the second - strategically driven decisions - are properly made and implemented. This is strategic management in action: the execution of the strategic plan.

However, do strategic decisions and strategically driven decisions need to be formally written up as blueprints for business success? What are the pros and cons of such formalized documentation as seen from the perspectives of Chinese business leaders in the local context?

## **THE CHINESE DIASPORA**

To understand Chinese businesses in the region, it is imperative to understand the origins of the Overseas Chinese.

Chinese can be broadly generalized into 2 principle groups: the Mainland Chinese and the Overseas Chinese which include the global community of Chinese emigrants and their descendents throughout most Southeast Asian countries, and in nearly every other part of the world. Most of these people are now citizens of their adopted countries. Though institutional, linguistic and socioeconomic differences have a strong impact on Chinese business practices in those countries in which they operate, the Chinese Diaspora is still connected by a common cultural and philosophical heritage.

Majority of Asia's Overseas Chinese are economic migrants and their departure from China often coincides with famines or civil strikes. In the tenth century, Chinese merchants began to explore the commercial possibilities of the Indian Ocean coast. Chinese communities grew rapidly in such places as the Malay Peninsula and the Strait of Malacca, although the imperial government of the Sung dynasty then never looked favorably on sea trade and emigration. These expatriate communities, safely distant from imperial authority, prospered unhindered. Wherever they established themselves, these emigrants managed to occupy a merchant-gentry status in between the European colonial administrators and the indigenous people (Fairbank and Goldman 1998)

Political events have also been a driving force behind emigration. During the civil war that culminated in the 1949 communist revolution and the relocation of the nationalists in Taiwan, thousands of China's elite families fled the country to protect their lives and wealth. However, the emotional attachment of Overseas Chinese to their motherland is powerful. Despite their citizenship in their adopted countries, they generally conform to Chinese cultural norms and identify themselves as Chinese. This identification with ancestral roots continues even after the passage of many generations. Those who left the China before the 1949 revolution – and those who left because of it – were not exposed to communist attacks on traditional Chinese values. So while Mainland Chinese were struggling to adopt new social and political values during the revolution, the emigrants were working equally hard to maintain traditional Chinese values in countries where they found themselves isolated ethnic minorities. Faced with often hostile environment of insecurity, mistrust, discrimination, displacement and violence, the Overseas Chinese' mentality was to ensure survival and fuel success. John Kao (1993) in his Harvard Business Review's article, *The World Web of Chinese Business*, described the Overseas Chinese entrepreneurs having 'life-raft values' stemming from the uncertainty of their minority status. Entrepreneurial spirit and wealth creation became essential.

The period following World War II was a turning point in the development of Overseas Chinese business. As the colonial period in Asia drew to a close, the European left their Southeast Asian holdings behind or sold them off for whatever they could get, and the Overseas Chinese were able to buy up these former colonial assets. These businesses –in agriculture, rubber and sugar – became the basis for growing Chinese empires (Seagrave 1995).

## **CHINESE ENTREPRENEURS IN MALAYSIA**

Malaysia is a multi-racial country and according to the Department of Statistics, Malaysia, the Chinese community makes up 22% of the nation population of over 28.6 million in 2010. Malaysia is the home to the second largest community of Overseas Chinese in the world, after Thailand. The Overseas Chinese community represent the second largest ethnic group in Malaysia after the ethnic Malay majority.

Malaysian Chinese are sometimes described as ‘hua chiao’ or Overseas Chinese. It is a term commonly used for Chinese in Southeast Asia, referring to all Chinese who departed from mainland China soil for the purpose of living and working abroad (Wah 2001).

During the British colonial era in the nineteenth century, many Chinese who originally embarked on Malaysia soil as migrant laborers were allowed to become shopkeepers and petty traders in towns. From trading activities, these Chinese entrepreneurs quickly diversified into resource-based economic activities including rice milling, tin dredging and rubber processing. With accumulated savings and widen business networks and market knowledge, they gradually advanced into construction and property development, financial and banking services and various manufacturing activities. The departure of the British after World War II created further opportunities for the Chinese entrepreneurs. The Overseas Chinese were said to have ‘colonized the towns and dominated economic activities’ after the end of the British colonization (Wah 2001)

The Overseas Chinese community are a socioeconomically well-established middle-class ethnic group and make up a highly disproportionate percentage of Malaysia's upper middle class, with a record of high educational achievement, and one of the highest household incomes among minority demographic groups in the country. This community is dominant in both the business and commerce sectors, controlling an estimated 70% of the Malaysian economy.

According to Forbes, of the 10 richest persons in Malaysia 2015, eight of them are ethnic Chinese. As suggested by Huang Mengfu, vice-Chairman of the Chinese People’s Political Consultative Conference, overseas Chinese have benefited from their aggressive and relentless participation in the local economic development. At the same time, Overseas Chinese have also contributed significantly to the economic development of the

host country and the country's economic interactions with other countries (Xinhua News Agency 2003)

So, what are the secret success recipes for such economic achievements with the Chinese entrepreneurs in Malaysia? And more importantly in relation to the focus of this study, is formal strategic planning one of their key success recipes?

## **RESEARCH SCOPE AND OBJECTIVES**

This exploratory study focus on answering the following research questions:

1. Is the usage of formalized strategic plans a critical success factor for Chinese businesses in Malaysia? Why?
2. What are the key strategic planning principles for Chinese business success in the Malaysian context?

The study will also explore the relevance and influences of the cultural practices of 'bingfa', 'guanxi' and 'yin-yang' in strategic planning for business success with Chinese business leaders.

The following offers a brief summary of the concepts with these popular Chinese practices:

- ***The Guidance of 'Bingfa'***

The Chinese word 'bing' can be translated as soldier, and 'fa' as skill or law. While this can be translated as a term to mean military strategy or art of war, 'bingfa' is better understood as *strategic thinking* (Chu 1990) Chinese military strategy was mostly developed during the Warring States period in China between 500-220 BC and many 'bingfa' were written during that time.

The most complete treatise is Sun Tzu's Art of War, written in 400 BC – about 100 years after the birth of Confucius. The art of war remains as relevant today as it was during the Warring States period. The treatise's philosophical underpinnings have lent it the flexibility to be translated into successful strategic lessons for a whole array of disciplines ranging from modern military tactics and political psychology to the art of competition in business and in professional sports. It is perhaps this broad application of the 'Art of War' lessons to a range of non-militaristic fields that best illustrates Sun Tzu's famous theory of the bloodless battle; that warfare is an art form which, when perfected, allows one to achieve the pacifist ideal of winning without ever fighting. The tools he emphasizes are psychological: how to outwit and deceive opponents, how to turn weakness into strength, how to maintain the cohesion and loyalty of the group. The path to success that Sun Tzu recommends is indirect: it is

the path that is least predictable (intelligence and deception) and most adaptable to the ever-changing environment of the battlefield (surprise, speed and flexibility). In summary, militarists must maintain an invisible profile, knowing others without being known themselves. Many have alleged the Chinese being 'cunning' as they become vulnerable to this Chinese strategy of deception.

Sun Tzu teaches the five constant factors governing the art of war, to be taken into account in one's deliberations, when seeking to determine the conditions obtained in the field. These are the moral law; heaven; earth; command and discipline (Sawyer 1994):

- *The MORAL LAW* causes the people to be in complete accord with their ruler, so that they will follow him regardless of their lives, undismayed by any danger.
- HEAVEN signifies night and day, cold and heat, times and seasons.
- EARTH comprises distances, great and small; danger and security; open ground and narrow passes; the chances of life and death.
- COMMAND stands for the virtues of wisdom, sincerity, benevolence, courage and strictness.
- DISCIPLINE is the marshaling of the army in its proper subdivisions, the graduations of rank among the officers, the maintenance of roads by which supplies may reach the army, and the control of military expenditure.

- ***Guanxi***

In contrast to the Western transaction-based business culture, Chinese business society is relationship-based. Chinese devote a substantial amount of time and energy to establishing relationships with people they find respectable. In the Chinese business context, relationships are a form of social capital, owned by business people and associated with the companies they run. In Chinese business, relationships are one of the most important company asset.

Hong Kong's giant trading firm Li & Fung has built a powerful business by maintaining strong relationships throughout generations. Victor Fung, the Group Chairman of Li & Fung group of companies, the world's largest suppliers of toys and clothes to retailers, likes to relate a story about his company's creation of a database of its suppliers. One of his colleagues worried that if a competitor got into the system, they could steal 'one of the company's greatest assets.' Fung, however, was not worried. "Someone might steal our database, but when they call up a supplier, they don't have the relationship with the supplier that Li & Fung has. It makes a difference to suppliers when they know that you have been honoring your commitments of 90 years." (cited by Magnetta 1998)

Whereas in the West, a successful business person is spoken of as 'wealthy', in the Chinese context he or she is described as 'well-connected' This phenomenon leads many economist to describe 'guanxi' as the 'chief asset' of most Chinese companies (The Economist 23 December 1995 edition)

- *'Yin-Yang'*

The renowned Chinese philosopher, Confucius, says "the extreme of yin is yang, and the extreme of yang is yin; the combination of one yin and one yang is the way of nature and the seed of change'. Yin Yang is a unique Chinese duality thinking bearing some resemblance to the dialectical thinking in the West. 'Dialectical thinking is considered to consist of sophisticated approaches toward seeming contradictions and inconsistencies' (Peng & Nisbett, 1999). The Chinese have a long-standing reputation for being 'dialectical thinkers' whose reasoning differs from the formal logic dominating the Western philosophical tradition (Graham, 1986; Needham, 1956). Yin Yang captures the Chinese view of paradox as independent opposites compared with the Western view of paradox as exclusive opposites (Chen, 2002). Based on the indigenous Chinese philosophy of Yin Yang, the Chinese culture possesses inherently paradoxical value orientations, thereby enabling it to embrace opposite traits of any given cultural dimension.

Perhaps the most famous Chinese paradox can be found in the Mandarin word 'wei-ji' or crisis. Composed of the characters for 'danger' (wei) and 'opportunity' (ji), 'wi-ji' illustrates the profound connection the Chinese perceive between adversity and change. From the Chinese point of view, crisis appears not as an insurmountable problem but as an aspect of transformation, demonstrating how paradoxical thinking can lead to opportune action. This mindset has brought about numerous examples of Chinese businesses finding opportunities in the midst of economic challenges.

## **METHODOLOGY**

Chinese businesses, for the purpose of this study, are those organizations owned and/or run by ethnic Chinese leaders. 28 Chinese business leaders from various industrial sectors in Malaysia participated in the study. 25 of the organizations are classified as small and medium-sized enterprises (SME) in manufacturing, engineering, services, agricultural, IT and trading activities with less than 150 full-time employees and an annual sales turnover of below RM25 million. 3 of the organizations are categorized under large organizations in the plantation and franchise businesses with over 150 full-time employees each. All the participating organizations have achieved at least 100% economic growth both in turnover and profitability over the past 5 years.

Research strategy is qualitative to obtain rich in depth insights. Research design is by case study and various face-to-face one-on-one interviews were conducted with the business leaders by the author from December 2014 to September 2015. A series of

semi-structured interviews with the business leaders were guided by a list of 30 open-ended questions exploring issues related to the 2 research questions on usage of formalized planning and strategic planning principles adopted for business success in the context of the individual business leader’s organization. For the study, to ensure uniformity of understanding and interpretation of the notion by both the interviewer and interviewees, strategic planning in the business world is defined as “the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives” and formal strategic planning is the deliberate recording and documentation of the strategic planning process in writing as a ‘blueprint’ for all members in the organization to follow.

## **FINDINGS AND INTERPRETATIONS**

### **Research Question 1**

**Is the usage of formalized strategic plans a critical success factor for Chinese businesses in Malaysia?**

Participants were first categorized into their respective sectors based on the annual sales turnover or number of full-time employees following the common definitions endorsed by the National SME Development Council (NSDC) at SME Corporation Malaysia on July, 2013. Participants are then asked to rank the importance of the usage of formalized strategic plans for their business success from 1 (not necessary) to 10 (critical importance) as shown in Table 1 and Table 2.

**Table 1**  
**Category: Manufacturing, Manufacturing-Related Services and Agro-based industries**

<b>Sectors</b>	<b>Definition</b>	<i>Unnecessary &lt;-----&gt; Critical</i>									
		<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>
<b>Micro-Enterprise</b>	Sales turnover of less than RM300,000 OR full time employees less than 5		1								
<b>Small Enterprise</b>	Sales turnover between RM300,000 and less than RM15 million OR full time employees between 5 and less than 75	1	1	2	1						
<b>Medium Enterprise</b>	Sales turnover between RM15 million and RM50 million OR full time employees between 75 and 200			1	2			1			
<b>Large Enterprise</b>	Sales turnover exceeding RM50 million OR full time employees more than 200				1	2					

**Table 2**  
**Category: Services, Primary Agriculture and Information & Communication Technology (ICT)**

Sectors	Definition	<i>Unnecessary &lt;-----&gt; Critical</i>									
		1	2	3	4	5	6	7	8	9	10
<b>Micro-Enterprise</b>	Sales turnover of less than RM300,000 OR full time employees less than 5	2	1								
<b>Small Enterprise</b>	Sales turnover between RM300,000 and less than RM3 million OR full time employees between 5 and less than 30		1	3		1					
<b>Medium Enterprise</b>	Sales turnover between RM3 million and RM20 million OR full time employees between 30 and 75			2	1	1	1				
<b>Large Enterprise</b>	Sales turnover exceeding RM20 million OR full time employees more than 75				1	1					

A common trend is noted for both categories of enterprises viewing the usage of formalized strategic plans as not crucial and many smaller setups perceiving such formalized activity as even unnecessary.

Of the 23 SME enterprises where the business owners were interviewed, 18 of the organizations do not practice formal strategic planning. This deviates from what was reported by some researchers that strategic planning is widely practiced in the business world today. The mean finding for the Manufacturing, Manufacturing-Related Services and Agro-based industries is 3.3 whereas for the Services, Primary Agriculture and Information & Communication Technology (ICT) just 3.15. Both means suggest that of the SME operations surveyed in general, usage of formalized strategic plans is not perceived to be a key success factor by their business leaders.

The participants from the 5 large enterprises are general managers in charge of the operations of the chain outlets, oil palm nurseries and plantations. All 5 organizations have formal strategic plans formulated. However, though the survey results of the two categories are higher than those of the SME enterprises at 4.67 and 4.5, the results still suggest that the managers do not perceive that the usage of the plans as having contributed significantly to the success of their operations.

## Research Question 2

### What are the key strategic planning principles for Chinese business success in the Malaysian context?

All the participants agree that strategic planning is a high involvement process that provides a framework for addressing questions and considering realistic measures rather than being blind sighted to environmental changes and reacting in a reactive or impulsive manner. However, on the other hand, they also see various serious pitfalls in being too formal in planning which often stifle flexibility and creativity that are critical for business success today.

To the participants, the world today is much more complex and dynamic than it was not too long ago. The challenges and opportunities facing organizations of all sizes are greater than ever. Formality promotes rigidity. Formality is ‘caging-in’ and setting boundaries in a boundary-less global market. The participants shared many bad experiences with formal orchestrated strategic planning process that are done badly resulting in rigidity and ending up as a ritualistic self-perpetuating bureaucratic mechanism. There is just too much analysis – resulting in analysis paralysis – and too little ‘*holistic thinking*’ in strategies planning.

Many organizations spent an inordinate amount of time, money and effort on developing their formal strategic plans every year. However, with the speed of change in both the external and internal environment for most organizations today, these technically perfect and carefully-detailed strategic plans can very well become obsolete as soon as they are circulated. Change comes through implementation and evaluation, not through plan formulation. Many perfect plans never get off the paper on which they are typed. Then, there is the other common problem for many organizations; after having invested substantially on formalized planning process, these organizations rely heavily on the strategic plans as a formal system for decision-making and resource allocations. Clearly laid-down plans give a pseudo-certainty that things are under controlled and being done as they should be done. To many of the participating business leaders, this is where ‘dinosours are born’.

Unfortunately, uncertainties in the business environment seem to bring out the “turtle” in most people. In short, people tend to retreat and hide behind formalized systems and documentation to cope with the changes around them. These are disconcerting issues for the participants and in their opinions, attempts to formalize strategic management processes is more harmful to business than any good it can bring. The process would become stilted and predictable. That is not how a *learning* organization behaves.

The participants believe that strategic plans today should move from ‘specifics to *directional*’ as objectives are constantly reconsidered, resources *reallocated* and *adjustments* are made. The direction of business operations should involve heavy reliance on directional plans, where *constant changes* are expected and *flexibility* is highly desired. Objectives are *tentative* and resources are uncertain. The strategizing

process needs to be ‘*fluid like water*’ as two participants put it. It is a work-in-process. Unfortunately, most strategic management models are often used as analytical tools to ‘frame and set boundaries’ to organizational situations so as uncertainties can be managed more systemically.

Most participating business leaders believe that the conventional approach to strategic planning and offering just operational effectiveness to customers are running out of steam in the intensely competitive business environment. Businesses need a *diverging multi-level analytical systemic* process with a *holistic view* that focuses on *creating stretch* and *interconnectedness* of thinking in time. The participants concur businesses can no longer just optimize for tomorrow the trends of today. Businesses need to exploit and create *new and different opportunities* for tomorrow. Hence, the process of formulating strategies got to be hypothesis driven and *intelligently opportunistic ‘to connect the dots’*. It can not be a convergent exercise runs by ‘technicians’ to create a technically perfect plan.

Unfortunately, in most organizational settings, it is almost an insurmountable challenge to capture such ‘*fluidity and complexity*’ on paper and cascade these ‘*purposeful-creative war plans*’ down the organization structure to *stimulate thinking* in organizational leaders at all levels. ‘Technicians’ co-opting the strategic planning process will not be comfortable working with so much *unpredictability*.

Table 3 summaries the key planning principles for business success as perceived by the participating business leaders.

**Table 3**  
**Strategic Planning Principles for Business Success**

1	Holistic	8	Diverging
2	Learning	9	Multi-level analysis
3	Directional	10	Systemic
4	Constant changes	11	Interconnectedness
5	Flexibility	12	Creating stretch
6	Tentative objectives	13	Create new and different
7	“Fluid like water”	14	Unpredictability

## **EVALUATIONS AND CONCLUSIONS**

Strategic positioning is often not obvious, and finding the ‘right positioning’ requires openness, introspection, creativity and insight. This is already a huge challenge for any business leaders today. Then, to translate the strategic positioning into a coherent form of a ‘plan’ that organization members can understand and follow is a bigger uphill struggle for most leaders.

The question remains: How then do the participating Chinese business leaders implement their strategies that have brought about sustainable profitability in their organizations if the usage of formalized strategic plan is not perceived to be crucial?

From the study, the author believes cultural practices have been the significant success factors for these operations. Chinese businesses are purposely designed to be unstructured and complex. The intricate relationship network of ‘guanxi’ has received a great deal of media attention in the world. There is no direct English translation for the word and the conventional translation as ‘connections’ touches on only one aspect of the meaning. ‘Guanxi’ does consist of connections, but more specifically of connections that are defined by reciprocity and mutual obligations. An important benefit of ‘guanxi’ networking for business is the protection it offers from threats and uncertainty. Even in instances where legal protections may exist, uniform enforcement of the law does not. As quoted by Kraar in Fortune on 31 October 1994, the late Singapore’s Senior Minister Lee Kuan Yew stated that “Overseas Chinese use ‘guanxi’ in China to make up for the lack of the rule of law and transparency in rules and regulations. In that hazy business environment, speaking the same language and sharing cultural bonds is a vital lubricant for any serious transaction.” The Western approach of conducting formal marketing research to collect and analyze data to ‘understand customer behaviors’, has long been recorded as a critical step in formulating an effective marketing plan. To the Chinese businesses, ‘guanxi’ network is a much more reliable and trusted alternative information channel, compared to the challenges and risks experienced by many with formal marketing research project, often poorly designed and executed.

The other characteristic of the Chinese business culture that has a pervasive impact on entrepreneurship is the philosophical ‘yin-yang’ mindset. The Chinese see opposites containing within them the seed of the other and together forming a dynamic unity. In the Chinese frame of mind, it is important to exchange an ‘either-or’ framework for a paradoxical “and-and” framework, in which opposites are interdependent rather than mutually exclusive (Ho, 2005). Chinese entrepreneurs see profound connection between adversity and change. From their point of view, crisis appears not as an insurmountable problem but as an aspect of transformation, demonstrating how paradoxical thinking can lead to opportune action. Coupled with the other cultural practices of patience to work for the future and not having the ‘immediatist’ need for return here and now, as found in some other societies, the Chinese has a traditional potent formula for business success respected by the world.

In addition to the ‘guanxi’ and ‘yin-yang’ mindset which are elusive and mind-boggling to many Western researchers, who originated most of the popular strategic management models, Chinese entrepreneurs adopt a generally different strategic approach to competitions. They often view competition as a process of interactive decision making by rival firms and inter-firm relations are not exclusively competitive in nature. The cornerstone lies in building ‘guanxi’ to obtain reliable market intelligences and interpreting the data with ‘yin-yang’ paradoxical thinking. Business competencies then depend on the business leaders’ capability to predict rival’s behaviors and reactions, and

manage competitive interactions. Chess is a widely promoted game amongst the Chinese community as it helps the players to develop the needed down-board thinking ability for strategies. This approach of understanding the dynamics of competition is unfortunately not a building block of the central theoretical foundation for Western strategic management models.

It is clear that a technically perfect plan would have served little strategic purpose in the participating organizations. What is common amongst and distinctive about these successful operations are strong leadership and clear strategic directions of where the organizations are heading and how everyone would benefit from the success. A 'vision 2020' is perhaps the driving force for these businesses and their sustained performances.

The next question would then be: How do the business leaders clarify the strategic directions to the organizational members without the use of formalized strategic plans? The keys are simplicity and sharp focus. Each of the 28 organizations has simple and focused mission statement and a short list of key success factors which the business leaders constantly review in alignment with environmental and market intelligences. Everyone has simple performance measurement criteria directly linked to the key success factors. The business leaders direct with an overall 'war plan' (mission statement and the key success factors) and the 'battle plans' are left to the individual divisions to strategize how they would support and contribute to the key success factors. There is direction and involvement. The critical observation is the alignment of purposes.

As mentioned earlier from the author's consulting experiences, there are two kinds of important decisions: strategic decisions and strategically driven decisions. In this case, the business leaders are intimately involved with the executive function of making strategic decisions – the 'war plans'. These decisions are not necessarily formally written up but often 'in the heads' of the business leaders, and constantly evolving in real-time as new information surfaces in the environment, from the leaders' network of 'guanxi'. The business leaders then make certain that strategically driven decisions – the 'battle plans' - are properly aligned with the 'war plans' and implemented effectively. Once again, the 'battle plans' evolve in tandem with the 'war plans' and most records are on actions taken and results achieved. Interestingly, quite the opposite of most formal strategic planning processes, documentation and recording in the participating organizations focuses on strategy implementation and not formulation.

The guidance of 'bingfa' has ALSO clearly shaped Chinese business management. The author has observed the five fundamental factors of moral law, heaven, earth, command and doctrine of Sun Tzu's Art of War put into practice with all the participating organizations. In driving change, the business leaders have offered their people the moral cause and brought these people in total accord with them. With their competencies of working with the environmental factors (Heaven and Earth) and leadership virtues (Command), their 'fluid war plans' have brought on greater victory than it would have been in implementing perhaps technically perfect strategic plans. And the victory gives momentum to the 'battle planners' who are in tow with the 'command and doctrine' of the 'war planners'.

Finally, what can we take away from this research study? Just like learning and unlearning, perhaps the best planning approach for today's business environment is not to plan but to 'float and steer' in the turbulences with a 'life-raft' mentality of readiness in white water rapids. As Henry Mintzberg (1994) wrote: 'the most successful strategies are visions, not plans'. And of course, we do need competent 'captains of industries' to be on board who can adapt like chameleons to steer the ship through today's challenging business environment.

### **LIMITATIONS OF THE STUDY AND SCOPE FOR FURTHER RESEARCH**

The paper has studied business leaders from just 28 Chinese organizations with successful business performance. Considering the business populations of the Chinese community in Malaysia, the sample size is small. However, the study still provides a rich picture of the adoption of formalized strategic planning in this business community and how cultural practices are still the guiding principles for business success.

Future studies on the research topic can cover a larger sample size of the Chinese business community in the country, investigations into other ethnic business community such as those of the 'Bumiputera' (the Malaysian term to describe the Malay race and other indigenous people in Malaysia), and perhaps be extended to other Asian countries. A comparative study of findings from different business communities on formal strategic planning will undoubtedly be a significant contribution to knowledge base.

*- End of Paper -*

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