Formal Strategic Planning: The Malaysian Chinese Business Perspective

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ABSTRACT

Let us begin with a quote from Through the Looking-Glass and What Alice Found There 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!"

Various academic research findings and teachings by renowned management gurus advocate formal strategic planning as crucial for any organization's success. However, is that actual management in practice when it comes to real organization settings, and how effective has it been in the Malaysian context?

This empirical research explores the usage of formal strategic planning 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 qualitative study has centered around 28 Chinese businesses in Malaysia. The study was carried over a period of twelve months using case study research design. Raw data was collected from a series of semi-structured interviews. The findings conclude that a 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; it stifles the flexibility and creativity that are crucial for business survival today. Business success, instead, is guided by strategic planning practices that are solidly grounded in overseas Chinese cultural values. These traditional Chinese cultural practices could bring about important adaptations to current strategic planning models and contribute to the development of new theories.

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INTRODUCTION

The term 'strategic planning' originated in the 1950s and was very popular between the mid-1960s and the mid-1970s in the USA. During this period, much of corporate America was 'obsessed' with strategic planning. Strategic planning was widely believed to be the answer for all problems (David, 2005). However, strategic planning was cast aside during the 1980s as various planning models did not yield higher returns. The 1990s brought a revival of strategic planning, and the process is reported to be widely practiced today in the business world.

Literature reviews have recorded strategic planning as essential to an organization's long-term success. A strategic plan, in essence, is an organization's game plan. David (2005) suggests that just as a football team needs a good game plan to have a chance for success, an organization must similarly have a good strategic plan to be able to compete successfully. Hooey (2003) points out that strategic planning set an organization on a clearly articulated route to growth. It improves and boosts morale within an organization. Without it, an organization will face risks of failure. Benjamin Franklin, a founder of the United States, said "By failing to prepare, you are preparing to fail." Indeed, literature has generally 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. Formal strategic plans are argued to be the designed blueprints to move organizations from the present to the future with a set of desired results.

Unlike Alice in the beginning quote, organizations do know where they wish to go; for businesses, often to ultimately make money. Most of them have some kind of long-range planning to find their way there. However, the author's and her associates' decades of business consultancy experience in diverse organization settings in Asia have informed them that most strategic planning processes are first poorly conceptualized and then poorly executed.

David and David (2015) describe strategic planning as an involved, intricate and complex process that takes an organizaiton into uncharted territory. It takes the organization through a journey and offers a framework for addressing questions and solving problems. Unfortunately, in practice, the so-called strategic plan in most organization settings rarely impacts the day-to-day decisions made in the organization. When managers were asked about their organization's strategic plan, they frequently looked embarrassed and began searching through a vast array of folders on their computer, their desk drawers or filing cabinets to find the plan, which was 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 experiences, 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 Malaysian context?

THE CHINESE DIASPORA

To understand Chinese businesses in Asia, it is imperative to understand the origins of the overseas Chinese.

Chinese can be broadly generalized into 2 principal groups: the mainland Chinese in China and the overseas Chinese. The second group includes the global community of Chinese emigrants and their descendents throughout Asia, and also in nearly every other parts of the world. Most of the overseas Chinese are now citizens of their adopted countries. Though institutional, linguistic and socioeconomic differences have a strong impact on Chinese business practices in the countries in which they operate, the Chinese diaspora is still connected by a common cultural and philosophical heritage. While globalization is pervasive, Chinese cultural values and their corresponding business practices, having developed over centuries are not easily changed. As Richard Whitley points out that 'once a particular business system has become established and certain rules of the game are institutionalized, major changes in firm type andpatterns ofbehavior are unlikely to occur in theabsence of substantial institutional changes…this is especially so where these institutions are relatively homogenous and mutually reinforcing, so that the business systemis highly cohesive" (Whitley, 1992: 247)

Majority of Asia's overseas Chinese are economic migrants and their departure from China has 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, then safely distant from imperial authority, have prospered unhindered. It is reported that 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 remains 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 China before the 1949 revolution – and those who left because of it – were not exposed to communist attacks on traditional Chinese values. So while the 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. Kao (1993) describes the overseas Chinese entrepreneurs having 'life-raft values', stemming from the uncertainty of their minority status. Entrepreneurial spirit and wealth creation became essential for their survival.

The period following World War II was a turning point in the development of overseas Chinese business in the region. As the colonial period in Asia drew to a close, the Europeans 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 –agriculture, rubber and sugar – became the basis for growing Chinese empires (Seagrave, 1995).

CHINESE ENTREPRENEURS IN MALAYSIA

In the Asian context, cultures are not readily identified with national boundaries. Indeed, every Asian nation is a composite of several cultures. Malaysia is a multi-racial country. According to the Department of Statistics, Malaysia, the Chinese community recorded 23.4% of over 28.4 million Malaysian citizens in 2016. Malaysia is the home to the second largest community of overseas Chinese in the world, after Thailand. The overseas Chinese community represents the second largest ethnic group in Malaysia after the ethnic Malay majority.

Malaysian Chinese are sometimes described as 'hua chiao' (translated as 'overseas Chinese'). It is a term commonly referred 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 arrived on Malaysia soil as migrant laborers were allowed to become shopkeepers and petty traders in towns. They were mostly from the coastal regions of southeastern China, principally Guangdong, Fujian and Hainan. Immigration was not random but occurred in chains whereby relatives and neighbors from villages in China tend to follow one another to particular locations. This is the origin of strong community networks in the adopted countries based on family values and trust.

From their trading activities, these Chinese entrepreneurs quickly diversified into resource-based economic activities including rice milling, tin dredging and rubber processing. With accumulated savings, established business networks and in depth market knowledge, they gradually advanced into other economic sectors including construction and property development, financial and banking services and manufacturing. The departure of the British after World War II created further opportunities for the Chinese entrepreneurs. Wah (2001) has said that the overseas Chinese have colonized the towns and dominated economic activities after the end of the British colonization.

The overseas Chinese's family networks have developed under economic necessity as well as the need for social and economic welfare. The communities formed temple committees, welfare associations and chambers of commerce. From the business perspective, the most significant contribution to the advancement of overseas Chinese business has been the formation of Chinese business associations, traditionally formed along the lines of kinship, locality of origin in China, crafts and dialect. This support framework for social and commercial organization has allowed the overseas Chinese to bring order to their communities as well as support for commercial growth. Traditionally, the overseas Chinese have kept a low profile in the adopted countries and regulate their own systems of law based mostly on community opinion and condemnation. A main strength of the communities is their ability to adapt and transport their culture, by way of social structure and cohesion, into new and often hostile environments. Furthermore, historically, the propensity of these overseas Chinese communities indulging in cross-border trade to advance their economic opportunities brings significant commercial advantages that have led much of Asian business success in today's business environment.

In Malaysia, the overseas Chinese communities today are a socioeconomically well-established middle-class ethnic group. They control an estimated 70% of the Malaysian economy (Free

Malaysia Today, 2016). They make up a highly disproportionate percentage of nation's upper middle class, with a record of high educational achievement, and one of the highest household incomes among minority demographic groups in the nation. 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 adopted nation and the nation's economic interactions with other nations (Xinhua News Agency 2003).

So, what are the secret success recipes for such economic achievements with the overseas Chinese entrepreneurs in Malaysia? 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 empirical study focuses on answering the following research questions:

1. Is the usage of formal strategic planning a critical success factor for overseas Chinese businesses in Malaysia?

2. What are the key strategic planning principles for overseas Chinese business success in the Malaysian context?

The study will also explore relevance and influences of the cultural practices of 'bingfa', 'guanxi and 'yin-yang' in strategic planning for business success with overseas Chinese business leaders. A brief summary of the three popular Chinese cultural concepts is provided in the following section.

CHINESE CULTURAL CONCEPTS

• The Guidance of 'Bingfa'

The Chinese word 'bing' is translated as soldier, and 'fa' as skill or law. While this translation means 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). Sun Tzu advocates that 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 five constant factors governing the art of war, which must be taken into account in one's deliberations, when seeking to determine the conditions obtained in the battlefield for success. These are the moral law; heaven; earth; command and discipline (Sawyer, 1994):

o 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.

o HEAVEN signifies night and day, cold and heat, times and seasons.

o EARTH comprises distances, great and small; danger and security; open ground and narrow passes; the chances of life and death.

o COMMAND stands for the virtues of wisdom, sincerely, benevolence, courage and strictness.

o 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 key form of social capital, owned by business people and associated with the organizations they run. In Chinese businesses, relationships are the most important intangible assets and a key to sustainability.

Magnetta (1998) has cited the example of Li & Fung group of companies, one of the world's largest suppliers of toys and clothes to retailers. This Hong Kong's giant trading firm has built a powerful business by maintaining strong relationships throughout generations. Victor Fung, the Group Chairman, likes to relate a story about his organization'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 organization'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."

The example provides an excellent illustration of 'guanxi'. 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 economists to describe 'guanxi' as the 'chief asset' of most Chinese organizations (The Economist, 1995).

• *'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" (Chen, 2002). The Chinese embrace the middle way philosophy and this view of self-other integration explains how Chinese traditionally seek to avoid simple polarizing of contradictions.

'Yin Yang' is a unique Chinese duality thinking bearing some resemblance to the dialectical thinking in the West. 'Dialectical thinking' consists of sophisticated approaches toward

seeming contradictions and inconsistencies (Peng and 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.

METHODOLOGY

Chinese businesses, for the purpose of this study, are those organizations owned and/or run by ethnic Chinese leaders. 28 Chinese business organizations from various industry sectors in Malaysia have volunteered to participate in the study. They are members of 3 associations of Chinese chamber of commerce in Malaysia. Their leaders have learnt about the empirical research from the author during presentations at the associations.

25 of the participating organizations are classified as small and medium enterprises (SME), having less than 200 full-time employees and an annual sales turnover of below RM50 million (SME Corporation, 2013). These 25 SMEs are in manufacturing, engineering, services, agricultural, IT and trading businesses. 3 of the participating organizations are categorized under large firms with over 200 full-time employees each. These 3 organizations are in the plantation and franchise businesses. All 28 participating organizations have achieved at least 100% economic growth both in turnover and profitability over the past 5 years.

Research strategy is intentionally qualitative as the study focuses on the participants' perceptions and interpretations of their social reality. The aim is to gather rich insights to the research questions. Research design is by case study to elucidate the unique circumstances of each participating organization and its leader. Multiple 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 each of the 28 business leaders were guided by a list of 30 open-ended questions. Interview time ranged from 2 hours to 4 hours for an organization, depending on the size and complexity of the organization. The number of interviews conducted for an organization depended on the time availability of the leader for each interview.

The semi-structured discussions explore issues related to the 2 research questions on the usage of formalized planning and strategic planning principles adopted for business success in the peculiar context of each of the participating organizations. 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. 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.

Analysis of the data collected from the interviews was guided by the grounded theory framework. The process of a constant state of revision and fluidity is deemed relevant and necessary to understand the complexity of business cultural practices in the participating organizations.

FINDINGS AND INTERPRETATIONS

Research Question 1

Is the usage of formal strategic planning a critical success factor for overseas Chinese businesses in Malaysia?

Participants were first categorized into their respective economic 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 formal 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

Sectors	Definition	Unnecessary <------------------------------------> Critical									
		1	2	3	4	5	6	7	8	9	10
Micro-Enterprise	Sales turnover of less than RM300,000 OR full time employees less than 5		1								
Small Enterprise	Sales turnover between RM300,000 and less than RM15 million OR full time employees between 5 and less than 75	1	1	2	1						
Medium Enterprise	Sales turnover between RM15 million and RM50 million OR full time employees between 75 and 200			1	2			1			
Large Enterprise	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	Unnecessary <------------------------------------> Critical									
		1	2	3	4	5	6	7	8	9	10
Micro-Enterprise	Sales turnover of less than RM300,000 OR full time employees less than 5	2	1								
Small Enterprise	Sales turnover between RM300,000 and less than RM3 million OR full time employees between 5 and less than 30		1	3		1					
Medium Enterprise	Sales turnover between RM3 million and RM20 million OR full time employees between 30 and 75			2	1	1	1				
Large Enterprise	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 formal strategic plans as not crucial and many smaller setups perceiving such formalized activity as even unnecessary.

The feedbacks also confirm that of the 23 participating SMEs, 18 of these organizations did not practice formal strategic planning. This deviates from what is reported by 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), the mean is just 3.15. Both means suggest that the usage of formal strategic plans is not perceived to be a key success factor by the business leaders in these SMEs.

The participants from the 5 large enterprises are general managers in charge of the operations of the franchise outlets, oil palm nurseries and plantations. All 5 organizations practiced formal strategic plans. However, although the results of the two categories are higher than those of the SMEs at 4.67 and 4.5, the findings still suggest that the managers did not perceive the usage of formal plans as having contributed significantly to the success of their operations.

Research Question 2

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

All 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. During the interviews, the participants shared many negative experiences with formal orchestrated strategic planning process that were done badly resulting in rigidity and ending up as a ritualistic self-perpetuating bureaucratic mechanism. Some of the comments include: "There is just too much analysis – resulting in analysis paralysis – and too little 'holistic thinking' in formal strategies planning." "Formality is 'caging-in' and setting boundaries in a boundary-less global market." "Formality promotes rigidity. That is counter-productive."

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 a formalized planning process, these organizations rely heavily on the strategic plans as a formal document 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 "dinosaurs are born".

Unfortunately, volutility and 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 optional. The strategizing process needs to be "fluid like water" as two participants put it. "It is a work-in-process, constantly on the lookout for opportunities." 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 in the words of a participant, "intelligently opportunistic to connect the dots". It can not be a convergent exercise taken 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 28 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 practice of formalized planning process and usage of formal strategic plan are not perceived to be crucial?

From the study, the author believes cultural practices and values have been the key drivers of success for these operations. Because of their family-centered organization, Chinese businesses function with a degree of flexibility and independence that is difficult to imagine in a Western business context. The self-reliant, self-contained character of overseas Chinese businesses developed partly in response to the historical uncertainties they faced as minorities in adopted countries. Their resilience makes them less vulnerable to political and economic upheaval, as observed in the recent climate of regional economic development. It has also enabled them to adapt and operate seamlessly across borders in Asia and beyond.

Chinese businesses are also 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 "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." For instance, 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 trustworthy 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 whole. In the Chinese's 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). Perhaps the most famous Chinese paradox can be found in the Mandarin word 'wei-ji' or crisis. The word is made up of the characters for danger ('wei') and opportunity ('ji'). 'Wi-ji' illustrates the profound connection the Chinese perceive of adversity and change. The ancient Chinese wisemen realized that the true nature of crisis is an opportunity in disguise. 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 actions. This mindset has brought about numerous examples of Chinese businesses in Asia finding opportunities in the midst of economic challenges. Coupled with the other Chinese cultural characteristics of perseverence, patience to work for the future and not having the 'immediatrist' need for return here and now, as found in some other societies, the overseas 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 businesses adopt a generally different strategic approach to competitions. They often view competitions 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 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.

To the participating Chinese business leaders, strategic planning is a 'war game'. Hence, strategies and tactics have to be always flexible to respond to changing opportunities and information; they should also be kept hidden from rivals. Indeed, 'bingfa' is perceived as vitally important to the survival of their businesses. Accordingly, no battle should be fought without careful consideration of strategies. However, unlike traditional strategic planning, the 'bingfa' is not tied to a process or rigid cycles. 'Binfa' is a way of thinking and negotiation in business, as it is in war. Goals are derived from an assessment of opportunities and rival actions. Strategies and tactics are then designed to serve these goals. Everything is subservient to reaching the goals while strategies are hidden by design and deception. It is for this reason that Westerners find it challenging to negotiate with Chinese businesses; nothing is made plain and plans may change with time and desire.

It is clear from the study that a technically perfect plan would have served little strategic purpose in the participating organizations. As McConkey argues "A technically imperfect plan that is implemented well will achieve more than the perfect plan that never gets off the paper on which it is typed" (McConkey, 1988:66). What is common 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 formal 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, 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 ensure that strategically driven decisions – the 'battle plans' from various divisions - are 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 formalized 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 in 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 the rationale for change. 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 empirical study? Strategic planning has traditionally required stable environments, or at least understandable and rational enviornments, in which to carry out analysis and make forecasts. But this linear approach of thinking and planning does not work well in a non-linear world. Changes in the global marketplace are revolutionary and radical. Hout says,"There is no continuity in the flow of competitive events (except perhaps in retrospect), and there is no way to predict which companies or products or companies will succeed" (Hout, 1999: 163). 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 Mitzberg (1994) suggests that 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 Chinese business leaders from just 28 organizations with successful business performance. Considering the business populations of the overseas Chinese communities in Malaysia, the sample size is small. However, the study still provides a rich picture of the practice of formalized strategic planning process and the usage of formal strategic plans by these business communities 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 overseas Chinese business communities in the country, investigations into other ethnic business communities 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 formalized strategic planning process and the usage of formal strategic plans will undoubtedly be a significant contribution to knowledge base.

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