STRATEGIC THINKING AMONG MALAY AND CHINESE ENTREPRENEURS IN MALAYSIA

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ABSTRACT

Previous researches on Malaysian managers and entrepreneurs have shown significant differences in their management styles and practices. This study sought to determine if there are any significant differences in the strategic thinking abilities of Malay and Chinese entrepreneurs. A total of 213 entrepreneurs comprising 106 Malays and 97 Chinese were surveyed using Pisapia's strategic thinking measuring instrument. The instrument measures strategic thinking using three dimensions, reframing, reflection and systems thinking. The Malaysian entrepreneurs scored quite high on all three dimensions except for reframing. The scores on reframing of the Malays were found to be significantly lower than the Chinese entrepreneurs. This might explain why Chinese entrepreneurs are controlling the businesses in Malaysia. It is suggested that the government focus their training modules on this aspect of strategic thinking to further strengthen the competitiveness of our Malaysian entrepreneurs.

Keywords: Strategic thinking, entrepreneurs, Malay, Chinese.

Introduction:

Entrepreneurship has been fundamental to the economic development of any nation (Schumpeter, 1934). The entrepreneur helps to improve and transform the social and education environment and the country as a whole. These entrepreneurs are frequently associated with certain individual characteristics. Scholars around the world have been encouraged to understand not just the business format that can lead to sustainable success but also the entrepreneur's themselves as to what makes them successful. One of the importance of these studies has revealed the connection and the contribution of culture and strategic thinking (Liedtka, 1998) in empowering the success of entrepreneurs.

Literature Review:

In business perspective, strategic thinking is the starting point as it provides the basis for recognizing priorities and taking directions, rather like a compass bearing. It involves many aspects such as profit maximization, or future cash flow streams or even deals with shareholders as to gain the foundation for the enterprise. Thus, strategic management primarily needs to deal with variables that lay the foundation, predetermined, or directly determine future profits or streams of future cash flows (Oelkers & Elsey, 2004). Besides, Fink, Marr, Siebe and Kuhle (2005) said that it is important to implement strategic thinking in order to survive and grow in continuous change.

The study by Pisapia and Reyes-Guerra (2005), on strategic thinking, defined the variable strategic thinking as having the dimensions of reframing, reflection and systems thinking. They defined framing as *"a conscious effort by leaders to switch attention across multiple perspectives in order to generate new insights and options for actions"* (Pisapia, Pang, Hee, Lin, and Morris, 2008). Reflective thinking is seen as a 'cognitive skill' and that leaders who reflect on their past experiences are able to understand the conjectures and principles that rules work and everyday life. It will lead individuals to make sense of the situations even though without all the information needed by offering the possible options for action and prediction. System thinking, on the other hand, is seen as the understanding the changes and the interrelatedness between factors that determines how a system works (Senge, 1990). In their study, Pisapia et al. refer systems thinking as the ability to see systems holistically by understanding the properties, forces, patterns, and interrelationships that shape the behaviors of the systems which provide options for actions (Pisapia et al., 2008).

Another prominent version of attributes to strategic thinking is proposed by Liedtka (1998). He identified five elements of strategic thinking; systems perspective, intelligent opportunism, hypothesis driven, intent focus and thinking in time. The collective outcome of all these meets what Day (1994) refers to as, the three essential tests for a strategic competence:

1. They create superior value for customers.
2. They are hard for competitors to imitate.
3. They make the organization more adaptable to change.

Several studies have shown that there is a relationship exists between culture and strategic thinking. A study by Lara Jelenc (2008) that explored the impact of school of management and strategic thinking implementation had proved to lead to different performance of entrepreneurs in Croatia. Another study by Pisapia et al., (2008) on the level of strategic thinking implementation among aspiring school leaders in Hong Kong, Malaysia, Shanghai, and United States revealed that school leaders of USA show the greater level of strategic thinking skills instead of other countries. An empirical study was conducted in Malaysia by Mohd Khairuddin and Mustafa, (2007) in order to explore the extent of strategic thinking practices among Malaysian SMEs. It revealed that the strategic thinking benefitted the Malaysian SMEs in emphasizing more on insight which are as follows; search and evaluate new market, opportunities, keep track on demand trends and changes in the industry, monitor changes in customers' need, keep track on technological changes in the industry and monitor changes of competitor's actions and strategies.

Previous studies have found differences between the management styles of Malay and Chinese managers in Malaysia (Syed, Karim, Wajiran, 2004). It is hoped this study will be able to understand the level of strategic thinking as well as their differences among Malaysian entrepreneurs.

Methodology:

Pisapia's measure for strategic thinking was used in this study to measure Malay and Chinese entrepreneurs in Malaysia. A total of 194 Malays and 106 Chinese entrepreneurs' usable data managed to be collected by this study through convenient sampling. The mean age for the Malay entrepreneur's is 43 years while the Chinese is also 43 years. The Cronbach alpha's for all measuring instrument was above 0.70.

Results:

The mean scores for the three strategic thinking i.e components, reframing thinking, systematic thinking and reflective thinking are about equal for the Malays and Chinese. The only component in which they seem to differ is on reframing thinking with the Malays holding a higher mean of 2.9104 while the Chinese have a mean of 2.654. The t-test conducted on all three components of strategic thinking shows a significant difference only on the reframing thinking component between the Malays and the Chinese. The results show that both Malay and Chinese entrepreneurs have quite high systematic thinking and reflective thinking abilities with means of close to 4. However, both groups have slightly above average scores for reframing thinking showing the Malaysian entrepreneurs' ability to switch attention across multiple perspectives in order to generate new insights and options for actions in their decision making process is average. Even though both groups are average in ability, the results do show that the Chinese entrepreneurs have significantly higher scores than the Malay entrepreneurs.

Table 1: Means and Standard Deviations on Strategic Thinking

Group Statistics					
	ethnicity	**N**	**Mean**	**Std. Deviation**	**Std. Error Mean**
Reframing	Malay	193	2.9067	.6976	.08044
	Chinese	106	2.6887	.9192	.09480
Systematic	Malay	193	2.2745	.2536	.04885
	Chinese	105	2.2823	.2936	.05365
Reflective	Malay	192	4.0521	.4411	.04751
	Chinese	106	3.9113	.5624	.05747

Discussion and Conclusion:

Barnett, William, and Berland (1999) indicated that strategic thinking ability can aid organisations determine methods towards the development of reliable forecasting of the environment and as such reduce the problems associated with uncertainty of organisational decisions. Graetz (2002) suggested that strategic thinking can be considered asan essential core towards the development and the sustaining of competitive advantage among organisations. The results of this study do indicate that Chinese entrepreneurs were found to have significantly higher scores in reframing thinking. This might explain the well-known fact that Chinese entrepreneurs in Malaysia are doing much better than Malay entrepreneurs. The control of the Malaysian business economy by its Chinese citizens has been recognized by the Malaysian government, and efforts have been made by the government to improve the entrepreneurship skills and interest among the Malays. Liedtka, (1998), Sternberg, (1994), and Jaques & Clement, (1991) have suggested that strategic thinking is an inherent capability and conversely, that it can be developed. According to Jelenc (2008), and several other strategy theorist and practitioners, strategic thinking can be learned as a skill and become a habit from their continuous practices (Hanford, 1995; Liedtka, 1998; and Ohmae, 1982). It is hoped that by uncovering the abilities regarding strategic thinking, focus can be pushed towards emphasizing this ability in training programs on entrepreneurship in Malaysia which might help Malay entrepreneurs close the gap with their Chinese counterparts and in end increase the competitive advantage of all entrepreneurs in Malaysia.

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