A complexity-based approach to understanding strategic management in the Chinese Organizations

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The last decade has witnessed a rapid advancement of technology innovation, considerable changes in the demographics, rapid shifts in consumer behaviors, fast-paced development in international business, and significant economic growth in the developing countries and newly industrialized countries. Consequently, the macro-environment for business organizations has increasingly become competitive, turbulent and vibrant. At the organizational and individual levels, the rapid development of information and communications technology (ICT), such as the Internet and mobile phones, has significantly broaden and strengthen the connections among organizations and individuals, thereby making organizations more complex than ever before from the viewpoint of a complex adaptive system. All these developments, at both macro- and micro-levels, have combined to produce new challenges and opportunities for business managers.

China’s GDP has been growing at about eight per cents over the past consecutive eight years and first time reached to one trillion RMB (approximate US$121 billion) in 2002. The rapid economic growth, coupled with the huge market potential due to its population and its recent accession to the WTO, has made China become the biggest FDI destination country in 2002. Although much research effort has been devoted to the research on the management and organizational research of Chinese organizations [Peng, 2001 #13], most of them has focused on how, rather than why, Chinese managers strategically manage their organization. Little theoretical development in the area of strategic management has been advanced so far to understand the Chinese approach to the strategic management of their organizations. Managers of foreign firms in China or multinational corporations still struggles in competing with the Chinese businesses, particularly in the Chinese markets, partly due to the lack of such a understanding.

The recent development in complexity research has shed much light into the strategic management and organization research. Although complexity research has been conducted primarily in the areas of biology and computing sciences, many management and organizational researchers, consultants, and managers believe that it can provide important metaphors and analogies for enhancing our understanding of how organizations and industries behavior, change and evolve, hence of strategic management of organizations.

This paper takes a new approach to examining the strategic management in the Chinese organizations. It aims to explain why Chinese managers or entrepreneurs behavior strategically as such identified by extant publications. In doing so, the literature on the strategic management of the Chinese organizations are firstly reviewed and synthesized, then several relevant major research findings from complex research are summarized and
present. Finally, metaphors are used and analogies are applied to explain the Chinese approaches to strategic management. Future research areas in studying strategic management of the Chinese organizations are also suggested.