

**AN EXAMINATION OF THE INFLUENCE OF STRATEGIC MANAGEMENT AND POLICY  
MAKING ON BUSINESS OUTCOMES IN CHINA**

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**ABSTRACT**

Researchers assess Chinese enterprises based on their strategic management, policies, as well as performance in this quantitative study. This research was trying to examine several performance metrics, such as profitability, market share, innovation, as well as overall firm performance in China, in relation to the outcomes of strategic planning and government rules. Researchers polled a wide range of Chinese businesses to find out how they handle strategic management tasks including planning for the future, determining where they are in the market, allocating resources, and dealing with the effects of local restrictions. An analysis of regression was carried out. strong strategic management is substantially associated with strong firm performance, according to the data. Businesses that regularly use strategic management frameworks might benefit from them in terms of operational efficiency, market share, and profitability. Government incentives, trade policy, and regulatory help all contribute to firm performance, as the report clearly shows. To achieve organisational success, the study stresses, corporate strategies must be coordinated with national policy objectives. Businesses succeed where their competitors fail because their methods adapt to changing local markets and laws. According to the paper, Chinese businesses may improve their competitiveness in both domestic and global markets by coordinating their strategic planning with official government initiatives. These findings are helpful for foreign companies attempting to understand China's business landscape because they provide light on the effects of managerial and strategic policy decisions on Chinese company performance.

**Keywords:** Strategic management, Policy making, Chinese business, Strategic planning.

## **INTRODUCTION**

In dynamic economies like that in China, where policymaking and strategic management spearhead the role of change, these dynamics have such a heavy-weight impact upon the business environment. A one-of-its-type environment is witnessed by business enterprises through such an experience, molded equally by factors local to a country and other global one with China constituting the second-largest economy in the globe. China's economic power has also been facilitated so rapidly in recent years mainly due to efforts from government-level policies. It is crucial that local and international firms are aware of the impact of strategic leadership and policy decisions on business performance in China, so that they can easily operate within this complex setting (Chege & Wang, 2020).

A company needs to make cross-functional decisions to achieve its goals, and strategic management entails making, executing, and evaluating such decisions. The companies in China must also customize their strategy according to the Chinese market specifics, be it in terms of regulatory conditions, economic conditions, or the competitive landscape. Inversely, policy influences the firm's performance, for policies create a business environment through the articulation of incentives, support mechanisms, and laws. It is already difficult to make long-term strategic decisions in China because of the government's involvement in the private sector and state-owned firms (Nguyen et al., 2021).

The purpose of this research is to look at how policy choices and strategic management methods in China affect company results. This study goes on to explain what characterizes the business climate in China as dynamic by investigating into how firms exploit government regulation and how they adjust strategies to counter the changing times of the market. Moreover, it also highlights the struggle that companies face, among which is dealing with governmental interference, adjusting to changed economic times, and cooperating with national initiatives for innovations and sustainable development. Companies aiming to maximise their strategic methods in a globally significant economy might learn a lot from the results (Richards et al., 2019).

## **RESEARCH BACKGROUND**

China has become one of the world's most influential corporations thanks to its spectacular economic rise in the last few decades. Fast industrialisation, urbanisation, and growth in international commerce have all been hallmarks of China since the late 1970s, when Deng Xiaoping instituted market-oriented reforms. Companies, whether large and small, face new challenges in adapting to changing market circumstances brought about by policy choices and strategic management as a result of these changes. To succeed in China's dynamic economy, one must use strategic management practices such as planning, decision-making, and initiative execution. Companies doing business

in China need to devise plans to deal with the ever-changing needs of Chinese consumers, as well as new technical developments, fierce competition, and changing market trends. Businesses, in particular, need to know how to combine international norms with regional preferences if they want to succeed in this extraordinary setting (Farazmand, 2023).

In the meantime, business results in China are heavily influenced by government policy. For many years, the Chinese government has relied on policy to direct economic growth, accelerate industrialisation, and exert control over vital economic sectors. Investment promotion, regulatory frameworks, and tax incentives are all forms of policy, as are direct interventions in sectors like industry, technology, and infrastructure. To achieve its goal of becoming a world leader in advanced industries, the government has recently prioritised innovation, sustainability, as well as high-tech sectors. Market entrance tactics, growth plans, and product offers are just a few areas where these regulations may have a significant impact on businesses (Bogers et al., 2019).

Opportunities and threats for Chinese enterprises lie at the crossroads of strategic management and official policy. Although supportive policies aim to encourage development and innovation, overcoming bureaucratic red tape, shifting regulations, and government-mandated priorities calls for adaptability and meticulous preparation. If companies want to take advantage of China's development while avoiding the pitfalls of the country's complicated political and economic climate, they must understand this interaction (Abbas et al., 2019).

## **PURPOSE OF THE RESEARCH**

Examining the effects of Chinese government policies and strategic management methods on business success is the goal of this research. In the end, it will investigate the inner workings of Chinese corporations by looking at the interplay between corporate strategy and government policy. Businesses may improve their chances of longevity in both domestic and global markets by modifying their strategies to comply with changing rules, according to this study.

## **LITERATURE REVIEW**

To keep up with the ever-changing Chinese economy, researchers have been studying how policies and strategic management affect business outcomes more often. The growing importance of these two areas coming together reflects China's persistent ascent to economic supremacy on a global scale. How organisational decisions may result in a competitive advantage has been the primary focus of academic research in the field of strategic management. The laws and regulations that affect business operations in China are complex and interconnected. For instance, the "Made in China

2025" program and other government initiatives have encouraged Chinese businesses to prioritise technical innovation and development (Lasserre & Monteiro, 2022). Government interests are intertwined with industry, and measures like these affect business strategies.

According to another study, the Chinese government's impact on business results has been a point of contention in policy discussions. This is largely due to the literature's focus on the necessity of firms striking a balance between market-driven goals and government expectations across various domains, such as the ever-evolving regulatory frameworks. Researchers are considering researching the effects of state-initiated policies on company growth and decision-making, such as subsidies, trade rules, and financial assistance (Abubakar et al., 2019). China is one of the nations with a lot of resources and little regulations, thus the government there has a lot of stipulations for the different Chinese companies. There is evidence to suggest that policy changes in sectors like technology, manufacturing, and service industry might potentially drive growth within such sectors, which in turn impacts strategic decision-making. The government's backing of infrastructure development and greater access to funding has allowed Chinese enterprises to grow abroad (Li et al., 2020).

Recent studies have shown that China's strategic management as well as policymaking are linked, despite the fact that they split apart all the time. Both the long-term course of a company's strategy and the direction and policies of the government are subject to change. However, future studies may examine the feasibility of implementation in certain Chinese industries or areas (Elmagrhi et al., 2019).

## RESEARCH QUESTION

How do strategic management practices and government policies influence business outcomes in China?

## RESEARCH METHODOLOGY

### THE RESEARCHER USED A CONVENIENT SAMPLING TECHNIQUE IN THIS RESEARCH

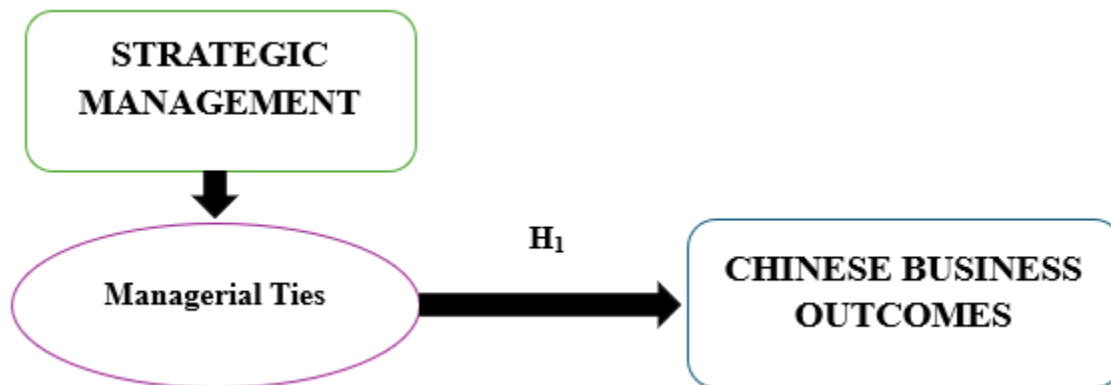
**Research Design:** In order to analyse quantitative data, the statistical tool SPSS version 25 was used. Using the odds ratio with the 95% confidence interval could help us understand the nature and course of this statistical connection. The p-value was determined to be less than 0.05, which is the threshold of statistical significance. Descriptive analysis of the data allowed for a comprehensive understanding of its key characteristics. A quantitative approach depends on computing skills for data processing and employs mathematical, statistical, and arithmetic analysis to objectively analyse survey, poll, and questionnaire replies.

**Sampling:** The research used an easy sampling approach. Questionnaires were used to collect data for the study. Through the use of the Rao-soft software, a total of 657 people were selected as the sample size. Only 823 of the 896 questionnaires that were sent back were returned with replies that were full. After that, 45 of the questionnaires were discarded because they had missing data. According to this, there were 778 individuals from China that participated in the study.

**Data and Measurement:** A questionnaire survey served as the main data collector for the study. There were two sections to the survey: (A) General demographic information and (B) Online & non-online channel factor replies on a 5-point Likert scale. Secondary data was gathered from a variety of sources, with an emphasis on online databases.

**Statistical Tools:** The essential nature of the data was understood via descriptive analysis. The data was analysed using ANOVA by the researcher.

### CONCEPTUAL FRAMEWORK



### RESULTS

#### Factor Analysis

To ensure that a collection of measurement items has a consistent component structure, Factor Analysis (FA) is often used. According to one view, the scores of the observable variables are affected by factors that are not readily apparent. Accuracy analysis (FA) methods rely on models. The primary focus of this research is to establish a connection between observable events, their underlying causes, and measurement errors.

The Kaiser-Meyer-Olkin (KMO) Method is one tool for assessing data suitability for factor analysis. We check the sample size for each model variable separately and for the overall model to make sure it's sufficient. Statistical methods allow one to quantify a great deal of the possible shared variability among several variables. Lower percentage data is more suited for factor analysis.

The KMO algorithm generates integers between 0 and 1 at random. Appropriateness of the sample is indicated by Kaiser-Meyer-Olkin (KMO) scores ranging from 0.8 to 1.

If the KMO is less than 0.6, it means that the sample was insufficient and corrective action is needed. Make an informed decision; 0.5 is used by certain writers for this purpose, hence the range is 0.5 to 0.6.

- If the KMO is close to 0, it means that the partial correlations are large compared to the overall correlations. Component analysis is severely hindered by large correlations, to restate.

Kaiser's cutoffs for acceptability are as follows:

A dismal 0.050 to 0.059.

- 0.60 - 0.69 below-average

Typical range for a middle grade: 0.70-0.79.

Having a quality point value between 0.80 and 0.89.

The range from 0.90 to 1.00 is stunning.

**Table 1: KMO and Bartlett's Test**

<b>KMO and Bartlett's Test<sup>a</sup></b>		
<b>Kaiser-Meyer-Olkin Measure of Sampling Adequacy.</b>		.957
<b>Bartlett's Test of Sphericity</b>	<b>Approx. Chi-Square</b>	6953.162
	<b>df</b>	190
	<b>Sig.</b>	.000
<b>a. Based on correlations</b>		

The overall significance of the correlation matrices was further confirmed by using Bartlett's Test of Sphericity. A value of 0.957 is the Kaiser-Meyer-Olkin sampling adequacy. By using Bartlett's sphericity test, researchers found a p-value of 0.00. A significant test result from Bartlett's sphericity test demonstrated that the correlation matrix is not a correlation matrix.

## **TEST FOR HYPOTHESIS**

### **DEPENDENT VARIABLE (CHINESE BUSINESS OUTCOMES)**

When companies deal with the Chinese market, economy, and business environment, they often talk about "Chinese business outcomes" to characterise a set of problems that arise. In light of the ever-changing Chinese economic scene, these business results might include a variety of characteristics, such as financial performance, operational efficiency, brand recognition, client base, and market share. Corporate strategy, consumer preferences (Richards et al., 2019), competitive pressures in the market, and legal and policy constraints are all external factors that could affect these variables. To succeed in China's economic sector, multinational enterprises must become experts in the country's regulatory environment, cultural norms, and the dynamics among local stakeholders. Foreign market diversification, new product creation, or substantial grabs of local market shares might be considered successes for Chinese enterprises operating from the nation. How well a company's objectives align with the opportunities and constraints presented by China's economic as well as cultural backdrop is the metric used to quantify Chinese Business Outcomes (Zhou et al., 2019).

### **INDEPENDENT VARIABLE (STRATEGIC MANAGEMENT)**

Through formulation, execution, and evaluation of choices and actions, strategic management aims to help organisations attain their long-term goals and gain a competitive advantage. Alignment of assets and talents with goals is achieved via analysis of both the internal and external surroundings. Leadership strategy planning include setting objectives and a course of action. Strategy execution is the process of putting that plan into action, and strategy evaluation is the process of monitoring success and making course corrections as needed (Cooke et al., 2019). Successfully navigating dynamic markets, foreseeing possible obstacles, and making the most of long-term possibilities all need strategic management. It makes sure the organization's actions are in line with its mission and the market conditions by integrating tactical decisions for the near term with vision for the long term. According to (Zhai et al., 2022), effective strategic planning is linked to capable leadership, the ability to adapt, and a complete dedication to creating value.

## MANAGERIAL TIES

A managerial tie is when executives and managers form and maintain connections with people and groups outside their own organization. Among those links might be a network of other companies, government representatives, influential members of the industry, or other important parties. Connections at the managerial level can bring forth numerous possibilities in terms of knowledge sharing, resource exchange, strategic alliances, and potential joint work or entering new markets. At times of decision-making, such ties are often quite critical, especially in contexts where trust and networks may make a significant difference for the outcome for businesses (Shamim et al., 2019).

## RELATIONSHIP BETWEEN MANAGERIAL TIES AND CHINESE BUSINESS OUTCOMES

Because of China's network-based business culture, management links are crucial to success in a company within the country. Benefits, such as unique knowledge, resources, and opportunities, can also be accessed by those who are well-connected professionally and personally with government officials, industry heavies, and other companies. The connections typically prove useful for clearing bureaucratic red tape, winning government contracts, and entering new markets. firms that have strong links to management in China are better placed to succeed in China's highly regulated and dynamic economic climate because such firms are better placed to navigate the obstacles of the country and, through their connections, to influence policy choices (Shad et al., 2019).

Based on the above discussion, the researcher formulated the following hypothesis, which was to analyse the relationship between Managerial Ties and Chinese Business Outcomes.

“H01: There is no significant relationship between Managerial Ties and Chinese Business Outcomes.”

“H1: There is a significant relationship between Managerial Ties and Chinese Business Outcomes.”

**Table 2: H1 ANOVA Test**

ANOVA					
Sum					
	Sum of Squares	df	Mean Square	F	Sig.
<b>Between Groups</b>	67785.480	319	6217.479	1924.943	.000
<b>Within Groups</b>	927.190	458	6.279		
<b>Total</b>	68712.670	777			



In this study, the result is significant. The value of F is 1924.943, which reaches significance with a p-value of .000 (which is less than the .05 alpha level). This means the “H1: There is a significant relationship between Managerial Ties and Chinese Business Outcomes” is accepted and the null hypothesis is rejected.

## **DISCUSSION**

Chinese firms' performance is heavily impacted by strategic management and policies, which determine the course and degree of success for companies. Businesses need to use strategic management practices to stay ahead of the competition and innovate in line with government initiatives like the "Made in China 2025" plan and current market trends. Chinese policymaking is critical because it controls business decisions via incentives, limits, and subsidies. Whether a company is staying put at home or expanding internationally, its long-term success depends on its ability to quickly adapt to the changing regulatory landscape and meet the goals of its shareholders.

## **CONCLUSION**

Success or failure for Chinese companies is ultimately determined by how well strategic management as well as policymaking work together. In order to thrive in the current regulatory climate, participate in state-driven initiatives, and keep ahead of the competition, companies need to align their strategies with government rules. The ever-changing relationship between corporate strategy as well as legislative measures impacts the development, adaptation, and worldwide expansion of Chinese enterprises. If they want to make it in China's complex and unique market, they need to understand this dynamic.

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