

Assess the balance of planned and emergent approaches to strategic management in Hangzhou Fuxing Chemical Fiber Co., LTD

Introduction:

With the world becoming more complex and uncertain, firms have to adopt more flexible strategies in their strategic management in order to achieve the competitive advantage. Some argue that the strategies should be deliberately planned and executed, so the organization will have a direction and therefore act rationally (De Wit and Meyer, 2004). However, some argue that new strategies largely emerge over time, as managers proactively piece together a viable course of action or reactively adapt to unfolding circumstances. Making strategy involves sense-making, reflecting, learning, envisioning, experimenting and changing the organization, which can't be neatly organized and programmed (De Wit and Meyer, 2004). In reality, planning and emergency approaches both are useful. Indeed it is likely that they could both be seen within organizations at the same time, or at different times to different degrees, they should not be seen as independent or mutually exclusive (Johnson et al, 2005). In general, planning is valuable for routine activities that require to be efficiently organized. While planning is less suitable for non-routine activities, it will require the emergency strategy to do new things. But both approaches are needed to be able to apply in practice. Therefore, some advocate that 'we shall get nowhere without emergent learning alongside deliberate planning' (Harrison, 2005). In the view of Mintzberg and Waters, strategy is a combination of deliberate plans and emergent adjustments over time (De Wit and Meyer, 2004). That is, both approaches are necessary if an organization is to succeed. In this essay, I will assess the balance of planned and emergent approaches to strategic management in Hangzhou Fuxing Chemical Fiber Co.,LTD. Due to the company proper utilization of both planned and emergent approaches in response to the dynamic and complex business environment, it achieved its targets and further development.

Main body:

Strategic management is characterized by its complexity, so it is necessary to make decisions and judgments based on the conceptualization of difficult issues (Johnson et al, 2005). Indeed there are many approaches related to the management of strategy. One key argument is about the planned and emergent approaches to strategic management. On the one hand, the orthodox view is that strategy is deliberate and should be deliberately planned and executed, therefore, managers would like to forecast the future and to orchestrate plans to pursue an intended strategic course (De Wit and Meyer, 2004 & Harrison, 2005). On the other hand, it is evident that in some cases strategy simply emerges from a stream of decisions, which Mintzberg and Waters (1985) labeled 'emergent strategy'. According to this perspective, managers learn what will work through a process of trial and error. Making strategy involves sense-making, reflecting, learning, envisioning, experimenting and changing the

organization (De Wit and Meyer, 2004). However, in practice, as we already realized that both deliberate strategizing and strategy emergence seem to have advantageous characteristics. For example, deliberateness creates commitment, while emergence allows for flexibility; deliberateness gives direction, while emergence allows for opportunism; deliberateness facilitates fixed programming, emergence allows for ongoing learning (De Wit and Meyer, 2004). This places managers in a paradoxical position. In fact, a firm can't be fully committed to detailed and coordinated long-term plans, while simultaneously adapting itself flexibly and opportunistically to unfolding circumstances, ongoing learning and unpredictable political and cultural processes. In Mintzberg and Waters' view, few strategies were purely deliberate or emergent, but usually a mix between the two (De Wit and Meyer, 2004). That is, both planned and emergent approaches are necessary if an organization is to succeed, managers need to try to strike the best possible balance between them.

Over the last 6 years, Hangzhou Fuxing Chemical Fiber Co.,LTD has grown steadily, increasing its revenues and successfully expanding its business to Turkey. More important, the company has established its brand name 'Fuxing' in the plastic industry, especially in China, Europe and Turkey. At the start of the year 2000, Hangzhou Fuxing Chemical Fiber Co., LTD had only a washing line to wash the recycled PET bottle, pure and simple. After 6 years, the company successfully established its own fiber production line and also invested 4 staple fiber production lines in Turkey.

Hangzhou Fuxing Chemical Fiber Co.,LTD is one of many private companies in China. As Johnson et al (2005) pointed out 'raising capital significantly affects the private company's ability'. Therefore, it is necessary for a private company to have planned approaches to achieve the target due to the finance factor. However, it is hard for a private company to adopt long-term planned approaches due to its limited finance too. Although the company sets its strategic targets in terms of sales, profit and costs, the planning horizon is usually only one year. Furthermore, the environment is very fast changing, the company has to adopt the emergency approach to cope with and frequently amend the targets over time. Therefore as Stonehouse and Pemberton (2002) found in SMEs the strategic planning is often undertaken flexibly in that plans are amended when circumstances dictate.

Since Hangzhou Fuxing Chemical Fibre Co.,LTD set up its own staple fiber line in 2002 based on its before 3 years' cumulative capital, the company mainly focused on the Europe staple fiber market. In 2004, the company planned to expand its scale of production. Since then, the company started to cumulate the capital again and recruit and train the staff in advance, and expected to achieve its target within 2005. However, in 2005, the Chinese staple fiber companies suffered the anti-dumping from the U.S.A, and Europe (Home Textiles Today, 2007). The company had to change its business to focus on the domestic market. But, within so pure competition in the China staple fiber market, it was hard for the companies to achieve any profit and thus many staple fiber companies had to close.

Under this situation, Hangzhou Fuxing started to think of investing fiber production in other foreign countries, so they could continue to supply the staple fiber to the Europe market. After conducting the market research, the manager decided to invest in Turkey. This decision was influenced by a combination of market opportunities, strength in existed production technologies and qualified staff and expectations about the company's continued financial success. The factory in Turkey could obtain the cheap raw source –waste plastics from Europe and cheap labor in local markets, thus reducing the cost of production. Furthermore, there are only a few staple fiber factories in Turkey, with the sales price of fiber in the Turkey market being very high. So the company also decided that if the company couldn't sell the products in Europe, the fiber could then be sold in the local market. In fact, due to the strong demand of fiber in the Turkey market, all the products were actually sold in the local market after the production line was put into produce. In addition, in order to explore and launch new business quickly and efficiently, meanwhile reducing the investment cost and risk, the company had to cooperate with the other local company. The partnership has provided the help to overcome the management problems due to the different culture and convention. This emergency strategy has been so successful that the company has invested in three other production lines with some kind of alliance in Turkey till 2006.

Based on the success in Turkey, the company now also plan to invest a staple fiber production line in Africa in 2007. As Johnson et al (2005) noted once the firms took the first acquisitive steps, each succeeding acquisition was justified on much the same grounds. As a private and small business company within so pure competition international market, Hangzhou Fuxing Chemical Fiber Co.,LTD has found opportunities that are well suited to the particular resources and competences of the firm. Therefore, planning to invest staple fiber production line in Africa is subject to the earlier experiment and company's resources and competence. However, different countries has it's different cultural and convention, during the process of new investment in Africa. Hangzhou Fuxing not only needs the planned approaches but also needs the emergency approaches to cope with complex issues in order to achieve the success in Africa, those approaches may fundamentally differ with China and Turkey. This will be justified again during the process of company's investment.

Conclusion:

The world in which organizations exist is highly complex and unpredictable. The organizations need to avoid seeking a one best way approach to change and instead seek to balance the two type of approaches they wish to undertake, according to the organization's context. From Hangzhou Fuxing Chemical Fiber company's strategy adoption and utility, the deliberate planned approaches are unworkable because the environment changes after the plan has been drawn up, therefore, the earlier planned strategy should not be put into effect. Since the company adopted the flexible emergent approach to try to invest in Turkey, the company succeeded. Although, the company achieved success in the Turkey market, the new market in Africa still brings the new challenge. The company still needs to strike to the balance planned and

emergent approaches to strategic management in a new market. Therefore, how to balance the planned and emergent approaches to strategic management in the company is crucial for the company's long term development.

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