

## **A COMPARATIVE STUDY ON THE LEVEL OF STRATEGIC THINKING AMONG ETHNIC ENTREPRENEURS IN SABAH**

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### **Abstract**

The success of entrepreneurs depends strongly on the ability of entrepreneurs to strategize their business against other competitors. This research compares the strategic thinking capabilities between the Bajaus, Bugis and Dusuns in Sabah, Malaysia. Pisapia's measure for strategic thinking was used in this study to measure the strategic thinking levels among the Bajaus, Dusun, and Bugis entrepreneurs in Malaysia. A total of 92 Bajau, 41 Dusun and 64 Bugis entrepreneurs' usable data managed to be collected by this study through convenience sampling. An interesting finding for this study is that the systematic thinking means of all the three groups of entrepreneurs are all on the low side with means of slightly above 2. One significant difference was found on reflective thinking between the Bajaus and the Dusuns with the Bajaus having the significantly lower scores. The results found in this study regarding strategic thinking can help the government plan training programs in entrepreneurship in Malaysia which can help bumiputera entrepreneurs especially those in Sabah close the gap with their Chinese counterparts and in the end increase the competitive advantage of all entrepreneurs in Malaysia.

**Keywords:** Strategic thinking, Reframing thinking, Systematic thinking, Reflective thinking

### **Introduction**

Strategic thinking ability is an important ingredient that entrepreneurs must have that has been proven by previous researchers to determine business success. The success of these entrepreneurs and entrepreneurship can be linked towards the economic development of any nation (Schumpeter, 1934). As such it is critical for researchers to help improve the performance of businesses to ensure national economic development. This study will focus on determining the level of strategic thinking of entrepreneurs in Sabah among the three ethnic groups of Bajaus, Dusun, and Bugis. The determination of whether differences in strategic thinking exist between these three groups will also be looked at. With the understanding of the strategic thinking capabilities of these three ethnic groups, a more systematic training and development program for the improvement and development of these

entrepreneurs can be planned and put into action towards ensuring the and enhancing the competitive capabilities of Malaysian entrepreneurs.

### **Literature Review**

There are many interchangeable definition of strategic thinking [2]. Strategic thinking is one's ability to generate the action that can achieve particular objective [3][4] [5] [6] [2] [7] [8] [9]. Tavakoli and Lawton [10] also believes that strategic thinking is an individual experience and argue that it takes place informally and without any decision or action necessarily following.

The real driving force and the roots of strategic thinking is coming from an individual themselves [2] [11]. They are the one that brings into practices the approach of strategic thinking that then it comes into action in fabricating the strategy. Since strategic thinking process is originally come through the work of individuals it will only take place when the person has the motivation and the ability to take part in the strategic thinking process [12]. The features of strategic thinking presented in the text exist in each of the individual no matter of the level of education, experience, and years of age [12]. Thus, it can occur in everybody and anybody.

According to [13] since strategic thinking is considered as an individual activity supported by organizational contexts and conversations [12]opposing arguments have been made that strategic thinking is an inherent capability [7] and conversely, that it can be developed [14]. According to Jelenc [12], several strategy theorist and practitioners have indicated that strategic thinking can be learned as a skill and become a habit [15] [2] [16] [17]. He said that the everyday training will turn an individual into action, then, it will become habit. De Bono [18] and Hayes [19] view thinking as the process in the state of the brain that involves movement of knowledge. What happens in the brain is information, and the way it happens is thinking [20] and we can recognize thinking as strategic when it is conceptual, systems-oriented, directional, and opportunistic [15] [2] [21].

According to Raymond [22], strategic thinking is interactive and strategist must think far and wide. He adds that they need to analyze multiple factors simultaneously, weighing their relative importance and how they may interact in nonlinear ways. Effective strategic thinking thus involves more than adhering to a checklist; it requires good judgment (Raymond, 2008). Again, he said, whereas strategists strive to attain cherished values, they face a world of uncertainty and difficult trade-offs where success is rarely total. According to few authors [9] [21] [23] [24] strategic thinking is defined as the way of solving problems that combines the rational and convergent approaches with creative and divergent processes and is intertwined with ongoing action processes.

Dhliwayo and Van Vuuren [25] argue that strategic thinking is just like the entrepreneurial thinking, which is the mindset that encapsulates thinking, state of mind and way of behavior. According to them, strategic thinking is usually associated with the competitiveness of the organization, while entrepreneurial thinking is associated with innovation and creativity to capture opportunities. They add that strategic thinking is usually isolated as the 'thinking' part of the strategic planning process which this wrongly implies the removal of the behavioral or action component of strategic thinking from the construct.

According to Bouchard [26], entrepreneurship is exposed to the liabilities of the new and to failure because the entrepreneurial process is complex and uncertain, thus, the entrepreneur need strategic thinking. Since the entrepreneurial thinking and strategic thinking is very close related, Dhliwayo and Van Vuuren [25] provide that an entrepreneurial mind-set denotes a way of thinking and action about business and its opportunities that captures the benefits of uncertainty. Therefore, entrepreneurs should implement strategic thinking especially to capture better market attention. Meanwhile, theory built by the earlier work of Argyris/Schon and Senge's work, Pisapia and Reyes-Guerra [27] [28] identified three cognitive skills that enable individuals to think strategically; systems thinking, reframing and reflection. It is potentially can distinguish persons whom is success and less success. According to them, it can be learnt and teach as to become aspiring leaders.

Fink, Marr, Siebe and Kuhle [29] said that it is important to implement strategic thinking in order to survive and grow in an environment that is characterised with continuous change. A study by Liedtka [2], identified five elements of strategic thinking; systems perspective, intelligent opportunism, hypothesis driven, intent focus and thinking in time. The combined effects of these are the creation of a capacity for strategic thinking that meets what Day [30] refers to as the three fundamental tests for a strategically valuable capability:

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

Another study conducted by Pisapia and Reyes-Guerra [28], identified the needs for reframing, reflection and systems thinking as important in the capability to have strategic thinking capability. They defined the three elements as:

- Reframing is a conscious effort by leaders to switch attention across multiple perspectives in order to generate new insights and options for actions [31]. The goal is to produce usable knowledge by rotating through appropriate conceptual models for the activities and events observed [31].
- Reflection according to Pisapia et al. [31] is a cognitive skill that involves careful consideration of any belief or practice that promotes understanding of situations and then applies the newly gained knowledge to these situations. They said that by reflecting on both success and failures, leaders begin to unpack the assumptions and values that lie beneath rules, regulations and skills in 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.
- According to Pisapia et al. [31] systems thinking represent 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. The capability enables someone to understand how facts relate to each other and enable them to seek the cause of a demand for products or services that their organization produces before taking action to meet the demand and seek feedback to help individuals and the organization [31].

Previous studies have shown differences in cultural dimensions as well as management styles between ethnicity and culture. A study by Pisapia, Pang, FattHee and Morris [32] on the level of strategic thinking implementation among aspiring school leaders in Hong Kong, Malaysia,

Shanghai, and United States reveal that school leaders of USA show the greater level of strategic thinking skills instead of other countries. Another empirical study conducted in Malaysia by Mohd. Khairuddin and Mustafa [33] strategic thinking practices among Malaysian SMEs reveals that the strategic thinking benefited 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. Differences in leadership style between the Malays and Chinese, were found in the study by Roselina, Wafa, and Yusoff [34], and differences in decision making styles were also found between the Chinese and Malays in a study conducted by Wafa, Karim, and Wajiran [35]. By looking at the entrepreneurs in the three ethnic groups in Sabah, the Bajaus, Dusun, and Bugis, it is hoped that this study can discover information concerning the levels and differences in strategic thinking and use this information objectively towards the improvement of their competitive advantage.

**Methodology**

Pisapia's measure for strategic thinking was used in this study to measure the strategic thinking levels among the Bajaus, Dusun, and Bugis entrepreneurs in Malaysia. A total of 92 Bajau, 41 Dusun and 64 Bugis entrepreneurs usable data managed to be collected by this study through convenience sampling. The mean age for the Bajau entrepreneur's is 37 years, the Dusun 43, while the Bugis was 40 years. The Cronbachalpha's for all measuring instrument were above 0.70.

**RESULTS**

**Table 1:** T-test of means on reframing

Reframing	Ethnicity	N	Mean	Std. Deviation	T	Sig. (2-Tailed)
	Bajau	91	3.0000	.74907	.374	.709
	Bugis	62	2.9516	.83573		
	Bajau	91	3.0000	.74907	-1.006	.316
	Dusun	40	3.1500	.86566		
	Bugis	62	2.9516	.83573	1.154	.251
	Dusun	40	3.1500	.86566		

**Table 2:** T-test of means on systematic

Systematic	Ethnicity	N	Mean	Std. Deviation	T	Sig. (2-Tailed)
	Bajau	91	2.1698	.37707	-1.679	.095
	Bugis	63	2.2703	.34736		
	Bajau	91	2.1698	.37707	-1.852	.066
	Dusun	38	2.3015	.34634		
	Bugis	63	2.2703	.34736	.438	.662
	Dusun	38	2.3015	.34634		

**Table 3:** T-test of means on reflective

Reflective	Ethnicity	N	Mean	Std. Deviation	T	Sig. (2-Tailed)
	Bajau	91	3.6374	.62319	-1.809	.072
	Bugis	64	3.8188	.60234		
	Bajau	91	3.6374	.62319	-2.840	.005
	Dusun	41	3.9561	.53200		
	Bugis	64	3.8188	.60234	1.192	.236
	Dusun	41	3.9561	.53200		

### Discussion And Conclusion

Graetz [6] suggested that strategic thinking can be considered as an essential core towards the development and the sustaining of competitive advantage among organisations. Barnett, William, and Berland [36] 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. The results of this study do indicate that all three groups of Bajau, Bugis, and Dusun entrepreneurs were found to have about the same levels of strategic thinking. The only significant difference found was on reflective thinking between the Bajaus and the Dusuns with the Bajaus having the significantly lower scores.

Another interesting finding is that the systematic thinking means of all the three groups of entrepreneurs are all on the low side with means of slightly above 2. In a previous study done on Malays and Chinese by the authors, the mean scores obtained were 3.973 and 3.923 respectively. This shows a big difference between those in peninsular Malaysia and Sabah. The lower scores means that the strategic thinking capability on reflective thinking of the Sabah entrepreneurs are weak and as such needs to be improved to increase the strategic thinking ability.

Efforts have been made by the government to improve the entrepreneurship skills and interest among the bumiputeras in Malaysia. Liedtka [2], Sternberg [8], and Jaques & Clement [7] have suggested that strategic thinking is an inherent capability and conversely, that it can be developed. According to Jelenc [12], and several other strategy theorist and practitioners, strategic thinking can be learned as a skill and become a habit from their continuous practices [15] [2] [16]. 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 bumiputera entrepreneurs especially those in Sabah close the gap with their Chinese counterparts and in the end increase the competitive advantage of all entrepreneurs in Malaysia.

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