THEORETICAL FOUNDATIONS OF STRATEGIC MANAGEMENT IN THE CONTEXT OF CHINESE BUSINESS

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In modern economic conditions, the formation of an effective strategy is based on a detailed situational analysis. Choosing a strategy that would meet the needs of the enterprise and its capabilities depends on the conditions, as well as factors of the external and internal environment.

The specificity of strategic management of Chinese companies has its own characteristics. State policy plays a decisive role in shaping the strategies of Chinese companies. Unlike most Western market economies, China exhibits a much higher level of government intervention and business regulation. The Chinese government considers companies as tools for realizing national strategic interests and proactively creates conditions for their development. The key mechanism of state influence on corporate strategies is the system of five-year plans for socio-economic development. They identify priority industries and areas that receive preferential access to resources such as financing, land, infrastructure, subsidies, tax breaks, etc. [1].

Companies that align their strategies with the government's plans enjoy the support of the authorities. In contrast, businesses in areas identified as obsolete or harmful face restrictions and are forced out of the market. Another lever of state influence is the dominance of state ownership in the economy.

The Chinese government exercises direct control over state-owned enterprises, which account for about 40% of GDP [2]. At the same time, priority technologies (artificial intelligence, 5G, robotics, cosmonautics, etc.), investment in research and development and subsidies to innovative companies are determined [3]. State and private firms are encouraged to cooperate with research institutions, form innovation clusters and commercialize research results.

The strategic decision–making process in Chinese companies has a number of specific features stemming from the peculiarities of the national culture and institutional environment. Understanding these features is important for effective cooperation with Chinese partners and predicting their behavior. Firstly, Chinese firms are dominated by a centralized style of strategic decision–making with the concentration of power in the hands of top management or owners, which is associated with Confucian ethics, which provides for a clear hierarchy and subordination of lower to higher [4]. Top executives are seen as carriers of strategic vision, experience, and wisdom. Their decisions are usually not questioned by subordinates. At the same time, subordinates expect paternalistic care, concern, and charity from their managers.

Thirdly, the Chinese prefer collective forms of decision–making that allow them to reach consensus and maintain harmony in relations. Therefore, it is common practice in Chinese firms to hold thorough meetings and discussions before making major decisions [5]. Managers try to secure at least formal agreement from all parties, avoiding open conflicts. However, the final decision is usually made by the most senior person on the basis of his or her authority, and the discussion process is designed to legitimize it.

Thus, strategic decision–making in Chinese companies is the product of a complex interplay of cultural, institutional, and political factors. Understanding this specificity allows us to better interpret the logic and predict the actions of Chinese partners and competitors in international business. Chinese business traditionally relies on informal rules and relationships both within companies and with external counterparties [6].

Contracts are perceived as a general framework for cooperation rather than strict obligations; verbal agreements and post–contractual negotiations are common. Firms spend a lot of time establishing trusting relationships with partners and conduct transactions mainly within trusted networks. This minimizes opportunism in the face of legal loopholes and high transaction costs.

Finally, the strategic planning of Chinese companies combines elements of formal analysis in the style of Western corporations with the intuitionism inherent in Chinese philosophy [7]. Firms use classical models and matrices, but fill them with qualitative assessments and subjective judgments of management. Strategy development is perceived as an iterative process of incremental decisions with constant adjustments.

The technology sector is a strategic priority, it is a driver of economic growth, industrial modernization and the strengthening of China's global influence. This policy covers a wide range of regulatory, financial and infrastructural support instruments.

Strategic management is a modern approach that ensures stable functioning and systemic development of the enterprise. At the same time, external and internal opportunities and threats are taken into account.

Chinese technology companies follow a strategy of ultra-fast innovation [8]. Engineers work closely with sales and customer service departments. This approach allows us to quickly respond to the dynamics of demand and technology, ahead of competitors.

They do not seek to create one-size-fits-all products for the mass consumer, but rather deeply segment their customer base by geographic, demographic and behavioral characteristics. For each niche, separate modifications of products or services are developed, taking into account specific needs, purchasing power and cultural characteristics. The micro-segmentation approach is implemented through collaboration with local partners, the collection and analysis of big data, and digital customization technologies.

Thus, the formation of strategies and the system of strategic management in modern conditions is the basis of the stable functioning and development of the enterprise. The choice of strategy depends on the management and the goals of the company.

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