

Competing in complex cross-cultural world

Philosophical insights from Yin-Yang

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386

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Abstract

Purpose – The purpose this paper is to comment on the “Global Implications of the Indigenous Epistemological System from the East: How to Apply Yin-Yang Balancing to Paradox Management” (Li, 2016), which is a timely and important piece. Li (2016) offers epistemological insights into what Yin-Yang is, why Yin-Yang can serve as a guiding frame of thinking and how to apply this frame of thinking to paradoxical issues to organizations that compete in a complex cross-cultural world. Western management philosophies and perspectives have dominated the mainstream theories in organization and management around the world over the past five decades, paying very limited attention and appreciation to Eastern philosophies that exist already for over 2,500 years (e.g. 551-479 BC’s Confucianism). In this commentary, the authors added more explanations, suggesting that given intensified complex and competing needs to fulfill for today’s businesses, the indigenous Eastern epistemological wisdom of Yin-Yang balancing is an important guide to understand paradoxes and tensions. Yin-Yang balancing provides a holistic comprehension concerning the complex reality. It treats two opposite elements of any paradox as partial trade-off as well as partial synergy within a spectrum of holistic and dynamic balancing. The authors reinforce that the duality perspective has good potential to help them better understand the process of a multitude of conflictual and competing needs organizations must simultaneously accomplish. This potential is deemed to work not merely for firms competing in the East or other developing countries but can extend to organizations, large or small, in the West or developed countries as well.

Design/methodology/approach – This commentary echoes Li’s (2016) point that Yin-Yang balancing has significant and extensive applications when a growing number of organizations, local and foreign, are compelled to become ambidextrous when facing complex new business realities and having to deal with intensified competing needs they have to simultaneously, interactively and dynamically satisfy. This commentary discusses some distinctive characteristics of Eastern philosophies, followed by articulation of some critical lacuna, the authors think, concerning the Yin-Yang duality that should be answered. In this commentary, the authors amplify Li’s main points, along with the suggested agenda for future research that can further develop Yin-Yang balancing to a theory of managing paradox.

Findings – Eastern philosophies have long been dominated by five pillars or five schools of mastery thoughts originating mainly from China – Confucianism (*Ru Jia*), Taoism (*Tao Jia*), Legalism (*Fa Jia*), Militarism (*Bing Jia*) and Buddhism (*Fu Jia*). The Yin-Yang philosophy is one of the central notions of Taoism which teaches us how to act in accordance with nature. Founded by Laozi and Zhuangzhi, Taoism is rooted in an understanding of the “way” (i.e. Tao), which is the shapeless force that brings all things into existence and then nurtures them. That is, Tao means the natural course, which is spontaneous, eternal, nameless and indescribable. Unlike Confucianism, Taoism favors philosophical anarchism and pluralism. Tao manifests itself through natural principles or philosophies, including Yin-Yang duality, circular nature of changes, *wu-wei* (natural course of action), and harmony with internal and external environments.

Research limitations/implications – The authors endorse Li’s (2016) view that Western and Eastern management philosophies have their respective strengths and weaknesses, neither one alone is sufficient to manage all types of problems. Thus, a better solution is the one that can integrate Eastern and Western epistemological systems into a geocentric meta-system. The world is entering into a



globally interconnected era, requiring both the organic complexity and ambiguity and the mechanistic simplicity and clarity. Increased global interconnectivity accentuates complexity and interdependence while increased competition fortifies dynamism and uncertainty. This will cause more, not less, paradoxes than before. To this end, Yin-Yang balancing is an audacious and judicious frame of thinking toward paradoxes because this philosophy embodies a unique ability to address the key challenges of ambiguity, complexity, and uncertainty and embraces multiplicity, diversity and inter-penetrability.

Practical implications – After centuries of Western economic dominance, China, India and the rest of the East, alongside emerging economies more broadly, are beginning to challenge the West for positions of global industry leadership. At a deeper level, the transformation from “West Leads East” to “West Meets East” heralds the need for ambidextrous or ambicultural thinking: making simultaneous use of opposites, or simultaneously balancing seemingly contradictory forces and needs, such as efficiency and flexibility, competition and cooperation, stability and adaptation, exploitation and exploration, global and local, privatization and state-ownership, market-based and relationship-based strategies, individualism and collectivism, and long term and short term.

Social implications – Epistemological system in the West, including Aristotle’s formal logic and Hegel’s dialectical logic, are insufficient for effectively managing high complexity and high ambiguity. While Yin-Yang balancing suits well to confront today’s new challenges. The authors must acknowledge that Yin-Yang balancing is not a guiding solution solving all problems nor is it the only managerial philosophy that should prevail or dominate in the East and the West. But still, as firms, with a global scope, are compelled to be more organizationally ambidextrous, Yin-Yang balancing or a duality view becomes a more important underpinning frame of thinking.

Originality/value – Enlightened by Yin-Yang balancing, there is a great potential of co-evolution, convergence and co-reinforcement of different philosophies. It will not be easy for any single study to reveal a roadmap for this, but it is feasible for the management research community to finally make the trip with the continuous and collective efforts. Some Western management theories, such as organizational ambidexterity, loose coupling, collaborative competitive advantage, co-opetition, transnational solution (integrated global integration and local responsiveness), to name a few, share some core values of Yin-Yang balancing, even though such sharing has never been articulated explicitly. Similar to the same difficulty facing any other philosophies to be transformed into actionable theories, the authors have a long journey to navigate in quest for extending Yin-Yang balancing to a universally accepted theory of managing paradoxes. Li’s (2016) article sheds much light for the authors to forge ahead to this direction.

Keywords Eastern philosophy, Paradox management, Yin-Yang

Paper type Viewpoint

Introduction

The “Global Implications of the Indigenous Epistemological System from the East: How to Apply Yin-Yang Balancing to Paradox Management” (Li, 2016) is an excellent piece to read and comment on. It offers epistemological insights into what Yin-Yang is, why Yin-Yang can serve as a guiding frame of thinking and how to apply this frame of thinking to paradoxical issues to organizations that compete in a complex and yet interdependent business world. Western management philosophies and perspectives have dominated the mainstream theories in organization and management around the world over the past five decades, paying very limited attention and appreciation to Eastern philosophies that exist already for about 2,500 years (e.g. Confucianism, Taoism and Legalism, approximately 500-300 BC). Recent studies have called for serious inquiries about limitations of Western management theories and growing needs for recognizing Eastern philosophies (e.g. Barkema *et al.*, 2015; Chen and Miller, 2011; Li, 2012; Luo, 2014).

Li’s (2016) study, on the ground of Yin-Yang philosophy, provides an insightful view toward paradox management. Given intensified complex and competing needs to fulfill for today’s businesses, the indigenous Eastern epistemological wisdom of Yin-Yang balancing is an important guide to understand paradoxes and tensions. Yin-Yang balancing provides a holistic comprehension concerning our complex reality (Li, 2012). It treats two opposite elements of any paradox as partial trade-off as well as partial synergy within a spectrum of

holistic and dynamic balancing (Li, 2016). Li's duality perspective has good potential to help us better understand the process of a multitude of conflictual and competing needs organizations must simultaneously accomplish. This potential is deemed to work not merely for firms competing in the East or other developing countries but can extend to organizations, large or small, in the West or developed countries as well.

This commentary echoes Li's (2016) point that Yin-Yang balancing has significant and extensive applications when a growing number of organizations, local and foreign, are compelled to become ambidextrous when facing complex new business realities and having to deal with intensified competing needs they have to simultaneously, interactively and dynamically satisfy. This commentary will discuss some distinctive characteristics of Eastern philosophies as a reinforcement of and supplement to what has been covered by Li (2016), followed by articulation of some critical lacuna, we think, concerning the Yin-Yang duality that should be answered. Our intent in this commentary is to amplify Li's main points, along with our suggested agenda for future research that can further develop Yin-Yang balancing to a theory of managing paradox.

Eastern philosophies

After centuries of Western economic dominance, China, India and the rest of the East, alongside emerging economies more broadly, are beginning to challenge the West for positions of global industry leadership. At a deeper level, the transformation from "West Leads East" to "West Meets East" heralds the need for ambidextrous or ambicultural thinking: making simultaneous use of opposites, or simultaneously balancing seemingly contradictory forces and needs, such as efficiency and flexibility, competition and cooperation, stability and adaptation, exploitation and exploration, global and local, privatization and state-ownership, market-based and relationship-based strategies, individualism and collectivism, and long term and short term (Chen and Miller, 2011; Luo and Rui, 2009).

Eastern philosophies, which are normative rather than descriptive theories, have long been dominated by five pillars or five schools of mastery thoughts originating mainly from China – Confucianism (*Ru Jia*), Taoism (*Tao Jia*), Legalism (*Fa Jia*), Militarism (*Bing Jia*) and Buddhism (*Fu Jia*). The Yin-Yang philosophy is one of the central notions of Taoism which teaches us how to act in accordance with nature. Founded by Laozi (his book, *Tao De Ching*) and Zhuangzhi, Taoism is rooted in an understanding of the "way" (i.e. Tao), which is the shapeless force that brings all things into existence and then nurtures them. That is, Tao means the natural course, which is spontaneous, eternal, nameless and indescribable. It is at once the beginning of all things and the way in which all things pursue their course. Unlike Confucianism, Taoism favors philosophical anarchism, pluralism and laissez-faire-government. According to Laozi, the best way to govern is not to effortlessly govern (i.e. *wu-wei*). *Wu-wei* is often associated with water and its yielding nature. In illustration, it can assume any form or shape it inhabits. This notion underscores the importance of natural way of behaving.

Tao manifests itself through natural principles or philosophies, including Yin-Yang duality, circular nature of changes, *wu-wei* (natural course of action) and harmony with internal and external environments. According to Laozi, Tao is embodied in the entire universe (the One), and the universe is all about yin-yang (the Two), and yin-yang nurtures heaven, earth and humans (the Three), and heaven, earth and humans together generate all things that should be harmonized (the All).

The Yin-Yang principle concerns complementary opposites – there is no life without death, no good without evil, no day without night. Normal operation of universe needs

all these elements to be in equilibrium. Opposite elements will mutually transform into each other in a process of balancing under various conditions. The Ying-Yang philosophy has deeply ingrained in East Asia. It holds that all universal phenomena are shaped by the integration of two opposite cosmic energies, namely Yin and Yang. As shown in the symbol of Yin-Yang as the white dot in the black area and the black dot in the white area, the spirit of this philosophy is coexistence and unity of the opposites to form the whole (Fang, 2012). The Yin-Yang philosophy thus embodies duality, paradox, unity in diversity, change, and harmony, offering a holistic and dialectical view to the world. Yin and Yang coexist in everything while everything embraces Yin-Yang. Yin and Yang also give rise to, complement and reinforce each other. Moreover, Yin and Yang exist within each other and interplay with each other to form a dynamic and paradoxical unity (Fang, 2012).

The Yin-Yang philosophy takes a holistic, system view on the universe and all other systems, treating universe as a whole, not as a collection of individual parts. This discourse of endless, circular and transformative movement of change continues to influence people's life, including businesses, in East Asia. This philosophy also proposes that the universe works harmoniously according to its own ways. When someone exerts their will against the world, they disrupt that harmony. Taoism does not identify one's will as the root problem. Rather, it asserts that one must place their will in harmony with the natural universe. Taoists believe that opposite polarities, as noted in the Yin-Yang principle, are actually balanced and work together through cycles, thus creating a harmonious world.

Eastern and Western philosophies are based on different assumptions. Western philosophy treats opposite elements and their contradiction as exogenous, whereas Yin-Yang balancing assumes them as endogenous (Li, 2016). Representing philosophical traditions in the East, Yin-Yang balancing considers the opposite elements as a unity form of contradiction and accept their coexistence. In this sense, Eastern epistemological systems are based on a collective view and focus mainly on the explanation and rationality of the "internal world." Yin-Yang balancing appreciates "what is" and respect the sustainability of the natural and social realities. Thus it emphasizes harmony and stability. Contrarily, Western philosophy is more self-centered and aggressive toward the "external world." Standing on the individual view, Western philosophy is interested in the judgement of opposite elements. Instead of appreciating "what is," it thinks more about "what ought to be." As a result, Western epistemological logic is more straightforward and simple to follow in a short term.

Li (2016) argues that the epistemological system in the West, including Aristotle's formal logic and Hegel's dialectical logic, are insufficient for effectively managing high complexity and high ambiguity, while Yin-Yang balancing suits well to confront today's new challenges. We must acknowledge that Yin-Yang balancing is not a guiding solution solving all problems nor is it the only managerial philosophy that should prevail or dominate in the East and the West. But still, Li's (2016) is right that as firms, with a global scope, are compelled to be more organizationally ambidextrous (Gibson and Birkinshaw, 2004; O'Reilly and Tushman, 2004; Smith and Lewis, 2011), Yin-Yang balancing or a duality view becomes a more important underpinning frame of thinking to achieve this end. Li (2016) cautions that Yin-Yang is not necessarily about "both/and" but rather about integration of "both/and" and "either/or" into a duality (thus the "either/and" system) by reframing the systems as opposites-in-unity. This explanation is powerful and useful as ambidexterity may involve "either/and," with "either" indicating the existence of tension, trade-off and conflict, with "and"

showing the existence of harmony, synergy and complementarity. Asian firms thus tend to have some more organizational advantage in this regard than Western firms. Ambidexterity is particularly consistent with the Yin-Yang philosophy in that business and environment should co-evolve and co-adapt, aiming to achieve not merely short-term returns but long-term growth. Such traditions also suggest that business relationships with external stakeholders (e.g. rivals, suppliers, governments) are both competitive and collaborative, requiring an ambidextrous balance between the two.

Yin-Yang balancing: what we do not know or need to know more

A first lacuna we do not know is how to achieve synergy or complementarity in Yin-Yang balancing. As Li rightly stated (2016), Yin-Yang balancing accords with Niels Bohr's Principle of Complementarity. It has the ability to embrace the opposites-in-unity in a complementary way. To cope with complexity and uncertainty in paradox management, Yin-Yang balancing shows its advantage by endorsing, rather than separating, opposite elements within an integrated system. Yin-Yang philosophy thus reframes the paradox from a negative problem to a positive solution. A paradox exists because it has a common objective agreed and shared by paradoxical elements. As Li (2016) suggested, a paradox generally holds an overall function with opposite sub-types. The opposite elements are compatible with specific functions given their positive association. In this way, Eastern philosophy effectively accommodates paradoxes and achieves harmony and stability (Chen and Miller, 2011).

However, we believe this peaceful coexistence is still not the ultimate goal of paradox management. Since contradiction or inconsistency always exists in reality, it is still possible that the opposites-in-unity may produce more endogenous trade-off than synergy. Sometimes, those overlapping gray areas could even induce opportunism and rent seeking due to the lack of a clear-cut threshold. As a result, further progress and achievements derived from Yin-Yang integration remain unclear. From this point of view, its application to paradox management may still be problematic and inefficient.

Relatedly, it is a challenge to measure the complementarity as well. Yin-Yang implies asymmetrical, transitional, curvilinear and dynamic properties of an interactive move (Fang, 2012; Li, 2016). This is more a philosophy than a science. In fact, most Eastern philosophies are difficult to use a scientific approach to empirically verify and systematically operationalize. Statically, it may be plausible to measure the complementary benefits (e.g. from simultaneous competition and cooperation) by looking at possible synergetic economic gains. But evolutionarily and transitionally, this complementarity effect (antecedents, processes and consequences) is much more difficult to decipher. In the real business world, nevertheless, asymmetric, transitional and evolutionary natures of Yin-Yang philosophy remain useful in guiding decision-makers' problem solving of paradoxes. A dynamic and dialectical view carrying a long-term orientation will be more effective and less harmful in solving tensions and conflicts than a static, mechanist and short-term view. In the real business world, management is often an art, not a science. Therefore, managerial philosophies such as Yin-Yang are often viewed by executives and entrepreneurs as more powerful, relevant and valuable than scientific hypotheses and propositions.

Thus, we need to understand not only coexistence but also cooperating mechanisms and processes between opposite elements within a paradox. In the long-run, the sustainability of paradox management requires complementarity development and synergy achievement. It is true that the disagreement and conflicts are important

and enlightening for improvement and development in early stages of organizational development. However, it remains critical for paradox management to take a step forward at a higher system level to accomplish synergetic gains. By sharing common objectives and emphasizing values added by the system as a whole, opposite elements may find their unique fit and actively work together. Synergy thus empowers paradox management the ability to outperform its individual parts. To this end, it is highly warranted to unpack organizing processes, routines and mechanisms that nourish the actual realization of complementarity.

A second important void lies in a threshold of Yin-Yang balancing. The notion of threshold is a key feature of Yin-Yang balancing. It helps answer the question on how to deal with the trade-off and complementarity between opposite elements in paradox management. Li (2016) indicates that a point of threshold is very sensitive and volatile. Therefore, threshold (point or range) should be properly identified and measured so that opposite elements can be well balanced and aligned for a healthy tension. Meanwhile, internal and external complexity, dynamism and uncertainty necessitate us to think more than one threshold/standard to solve paradoxes. For example, in business ethics we may be disturbed by legal standards (legal or illegal) that are not always consistent with ethical standards (ethical or unethical). This case brings up a problem regarding which threshold is more important to abide by for paradox management. When paradoxes remain obscure and difficult to detect in the first place, it becomes more difficult to determine threshold points or range even with a thorough analysis.

Another major gap pertains to the evolutionary and dynamic property of Yin-Yang balancing. This property is the life blood of Yin-Yang, but we know little with regard to how evolution between opposites works. We are fortunate that Li (2016) provides some good direction to explore this understudied but important issue. In particular, Li's (2016) Duality Map unveils horizontal and vertical evolutions, with the former indicating the interdependency and interpenetration between opposites with partial trade-off and partial synergy, and latter indicating the interaction and inter-transformation between opposites from little/unhealthy tension to healthy tension. It is laudable too that Li's (2016) logic has included a holistic and dynamic complementarity between social value and economic value (profit) within a coherent system. What we need to know further is what firm-level capabilities, routines and managerial processes are needed as an organizational architect or infrastructure that supports the seamless and effective interpenetration and inter-transformation between opposites. Good balance or healthy tension can enhance organizational effectiveness, as Li (2016) noted. Causality is true in the sense that effective organizational practices, culture, leadership, routines and processes are needed if we want to build healthy tension and for achieving good balance. Future research needs to examine what and how micro-foundations (e.g. teams, culture, organizational structure, human resources management, information sharing, inter-unit collaboration, organizational justice) foster the execution of Yin-Yang balancing.

Perhaps the most important call by Li (2016), with which we agree fully, is the geocentric integration notion. Western and Eastern management philosophies have their respective strengths and weaknesses, neither one alone is sufficient to manage all types of problems. Thus, a better solution is the one that can integrate Eastern and Western epistemological systems into a geocentric meta-system (Li, 2016, p. 20). The world is entering into a globally interconnected era, requiring both the organic complexity and ambiguity and the mechanistic simplicity and clarity. Increased global interconnectivity accentuates complexity and interdependence while increased competition fortifies dynamism and uncertainty. This will cause more, not less,

paradoxes than before. To this end, Yin-Yang balancing is an audacious and judicious frame of thinking toward paradoxes because this philosophy embodies a unique ability to address the key challenges of ambiguity, complexity, and uncertainty and embraces multiplicity, diversity and inter-penetrability.

Much has to be delved toward the above integration. This integration itself may face some paradoxical changes for scholars. Enlightened by Yin-Yang balancing, there is a great potential of co-evolution, convergence and co-reinforcement of different philosophies. It will not be easy for any single study to reveal a roadmap for this, but it is feasible for the management research community to finally make the trip with our continuous and collective efforts. Some Western management theories, such as organizational ambidexterity, loose coupling, collaborative competitive advantage, co-opetition, transnational solution (integrated global integration and local responsiveness), to name a few, share some core values of Yin-Yang balancing, even though such sharing has never been articulated explicitly. Similar to the same difficulty facing any other philosophies to be transformed into actionable theories, we have a long journey to navigate in quest for extending Yin-Yang balancing to a universally accepted theory of managing paradoxes. Li's (2016) article sheds much light for us to forge ahead to this direction.

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