Competitive dynamics: Eastern roots, Western growth

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Abstract

Purpose – The purpose of this paper is to bridge the understanding of apparent dichotomies such as East and West, philosophy and social sciences, and antiquity and modernity, and to continue the vibrant expansion of competitive dynamics study into the realm of East-West theoretical fusion.

Design/methodology/approach – The author looks to classical Chinese philosophy to discover the origins and nature of competitive dynamics. The paper develops the premise that the foundational thrusts of this contemporary Western management topic spring from ancient Eastern conceptions of duality, relativity, and time.

Findings – Research inroads are made along two paths. First, the paper traces the theoretical and philosophical underpinnings of competitive dynamics to Eastern thinking. Then by bridging what have customarily been perceived as fundamentally different paradigms, it reveals, in a new light, empirical findings in this strategy subfield.

Research limitations/implications – Linking Western management science, and specifically the study of competitive dynamics, to classical Eastern philosophy raises new research questions in the areas of international management and management education as well as competitive dynamics. In the latter, the paper suggests opportunities for exploring connections between traditional Chinese concepts and contemporary organizational and competition research issues, including competitive and cooperative relationships at the industry level. Future research may also investigate the fundamental differences and similarities between Eastern and Western philosophies, and their implications for competitive strategies.

Originality/value – From a relatively obscure corner of business academia, competitive dynamics now occupies a distinct place in strategic management research and is a topic of intense interest to scholars in a variety of disciplines. The usual view is that competitive dynamics fits squarely in the spectrum of social sciences, an organically home-grown area of Western study. This paper examines the topic from a distinctly different angle – through the lens of ancient Eastern philosophy – to discern deeper a deeper meaning and wider application.

Keywords Strategic management, Confucianism, Duality, Competitive dynamics, Daoism, Relativity

Paper type Conceptual paper

Competitive dynamics is a major line of research that has emerged in the strategic management field (Hambrick and Chen, 2008). Interest in competitive dynamics continues to grow, due to theoretical and empirical advancements such as extension into micro-psychological investigation (Kilduff *et al.*, 2010; Livengood and Reger, 2010), expanded study of rivalry among upstream and downstream players (Markman *et al.*, 2009), progression from a focal-firm perspective to a rival-view of competitor analysis (Tsai *et al.*, 2011), linking product-market engagement to financial-market performance (Zhang and Gimeno, 2010), and taking a process view to examine interfirm rivalry over time (Lamberg *et al.*, 2009). Recently, Chen and Miller (2015), following Chen (2008), reconceptualized competitive dynamics by constructing a multidimensional framework that takes into account all stakeholders and expands the research domain into cooperative and relational modes of interfirm engagement. Through these efforts, competitive dynamics has evolved from a phenomenon (MacMillan *et al.*, 1985) to a theoretical perspective (Chen, 1996) and a vibrant research area in strategy (Chen and Miller, 2012).

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Witnessing the progression of the study of competitive dynamics into a viable research domain in strategic management has been extraordinarily rewarding[1]. Not once in my work during this period of growth did I refer to Sun Tzu or Confucius, or any other Chinese thinker for that matter, until I suddenly realized the profound influence that the notion of "self-other-integration" – the very foundation of classical Chinese philosophy – had exerted on my research. Almost out of the blue, the intellectual connection and parallelism between these seemingly disparate lines of inquiries became clear[2]. Establishing the link between Eastern philosophy and Western social sciences triggered recognition of the fundamental contribution of classical Chinese thinking to management research. As important to me, the exploration of East-West integration opened up new dimensions of intellectual and professional discovery and growth. Lessons that may be derived or generalized from this individual experience of self-discovery and personal growth suggest broad implications for researchers and scholars, particularly for those working in a cross-cultural context (Barkema *et al.*, 2015; Berry, 2015; Hofstede, 2015).

The current paper both converges with and extends that research to trace the Chinese philosophical roots of competitive dynamics, with an eye toward bridging East and West, philosophy and social sciences, and classics and modernity. The paper will show that some of the basic premises, theoretical thrusts, and empirical findings of competitive dynamics, a research domain that has largely been developed and tested in modern Western academia, have their intellectual origins in ancient Chinese philosophy. In addition to expanding the competitive dynamics realm, such a realization may provide promising new directions for scholars in cross-culture management and indigenous research.

The paper will begin with a review of competitive dynamics research, its significance, theoretical underpinnings, a few key recent findings and advancements, and how competitive dynamics has evolved from a phenomenon to a formidable research topic and management subfield. Attempts will also be made to connect the research to the core ideas of classical Chinese philosophy, a few of which will be highlighted in the paper. Based on the reviews of these two lines of work, the paper will put forward a framework that shows how competitive dynamics embraces some key tenets of ancient Chinese thinking, particularly certain threads of the Confucius thought tradition. It will also show how competitive dynamics, taking a "West-Meets-East" approach (Barkema *et al.*, 2015; Chen, 2014), integrates the strengths of Eastern and Western thinking, and will conclude with implications for various groups of scholars.

The paper first contributes to competitive dynamics researchers seeking to expand their investigative boundaries and theoretical repertoires. Equally important, it seeks to enlarge the research of Chinese and/or international management scholars who strive to connect their cultural heritage with extant mainstream management literature, which developed mainly in the West. In so doing, the paper suggests the promise of East-West interaction and how researchers can apply this idea to explore a range of other issues and domains. Finally, linking Chinese philosophy and Western social sciences within the context of competitive dynamics will contribute to scholarly efforts to create a constructive, mutually beneficial dialogue among different, if not conflicting or opposing, paradigms.

Theoretical foundation

Competitive dynamics: from competition to competition-cooperation and beyond

Several essential features characterize the body of work we call competitive dynamics. Most notably, competition is viewed as "dynamic," or interactive, and action/response

dyads constitute the foundation of competition (Smith *et al.*, 2001). The firm-dyad focus, a central contribution of competitive dynamics, contrasts with analytical levels commonly used in previous management and strategy literatures: individual (Deci *et al.*, 1981; Deutsch, 1949), team (or group) (Janssens and Nuttin, 1976), firm (Miles and Snow, 1978), strategic group (Fiegenbaum and Thomas, 1990), industry (Porter, 1980), population or community (Barnett and Carroll, 1987). The interest is in actions exchanged by firms, such as new-product introductions, entry into new markets, and strategic alliances with other firms. This interaction between firms, or fundamentally, the action/response duality, not only lies at the heart of strategy but lends itself to concise empirical examination. Researchers have originated new concepts and variables, such as action (and response) speed and visibility, at this firm-dyad level of investigation.

Similarly, competitor analysis, an integral part of the competitive dynamics research domain (Chen and Miller, 2012), takes a dyadic approach by considering how two firms compare along market and resource dimensions (Chen, 1996). Such pair-wise comparison gives rise to the notion of relativity: a firm's strategy and market position must be examined within the context of its competitors' strategies and positions. Relativity, along with the associated pair-wise comparison of firms' key market-resource attributes, is critical to advancing theoretical insights such as competitive asymmetry (Chen, 1996; DeSarbo *et al.*, 2006), competitor acumen (Tsai *et al.*, 2011), and a relational view of competition (Chen and Miller, 2015; Gnyawali and Madhavan, 2001). In sum, the notion, of duality provides both theoretical and empirical foundations for the action-response dyad, while relativity, considered as an analytical focus, allows for pairwise comparison between firms. As discussed later in the paper, the ancient Chinese philosophical notions of duality, relativity, and time (or timing) constitute the foundational theoretical thrusts of competitive dynamics.

Figure 1 delineates the distinctive intellectual domain of competitive dynamics, in comparison with other topics in the management field that focus on interfirm competition.

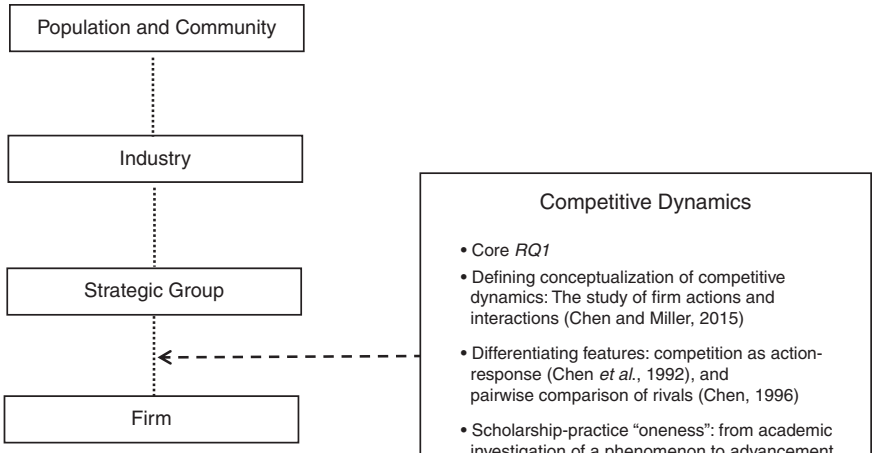

Figure 1.
Distinctive domain of competitive dynamics

Source: Chen *et al*. (1992)

While the focus of competitive dynamics has tended to be on rivalrous competition, progress over the years has led to a "transcendence" that incorporates cooperation into the competitive dynamics domain (Gnyawali and Madhavan, 2001; Tsai, 2002). Some research in this area is noteworthy. First, in contrast to the common conception that the two are independent opposites, competition and cooperation may be regarded as two sides of the same coin, a pair intrinsically joined in an interdependent relationship (Chen, 2008). Yet notwithstanding, for example, game-theory works on co-opetition (Brandenburger and Nalebuff, 1996), theorists have scarcely addressed the fundamental question of how the two "opposites" of competition and cooperation interplay (Lewis, 2000). Thus the prevailing conceptualization, even among co-opetition scholars, clings to the Western notion of dichotomies – that is, "either/or," with its foundation in the Aristotelian logic of mutually exclusive categories and propounded more recently in the Hegelian/Marxian dialectics (Lewis, 2000; Poole and Van de Ven, 1989). Chen (2008) takes a "transparadox" perspective to propose that competition and cooperation are interdependent in nature, together forming a totality of interfirm relationship. The concepts of transparadox – and paradox (Schad *et al.*, 2016) itself – as well as yin-yang (Li, 2016), ambiculturalism (Chen, 2014), and ambidexterity (Luo and Rui, 2009), are closely related; each addresses the nature of the relationship between two seemingly opposite entities and how the two interact. Similarities between these ideas and the notions of duality (a state in which two concepts or entities coexist in tension, despite asymmetry) and relativity (a state of interconnectedness or interdependence between two concepts or entities) will become apparent as we explore them further in the paper.

Chen and Miller (2015) stretched the intellectual boundaries further by putting forth a multidimensional framework in which to structure the field of competitive dynamics. This research tackled such concerns as globalization and the increasing power and diversity of stakeholders while expanding the traditional conceptualization of rivalry to include both the competition-cooperation domain and an "opposing" view, the idea of relational competition. The relational consideration is significant because it opens the way for theoretical dialogue between competitive dynamics and other research arenas such as transaction-cost economics (Williamson, 1975) and the stakeholder theory (Freeman *et al.*, 2010). Moreover, as viewed through a relational lens, the awareness-motivation-capability (AMC) and market commonality (MC)-resource similarity (RS) perspectives – both central to previous interfirm rivalry studies – prove to be equally useful for cooperative analyses and applications (Chen and Miller, 2015). As will be shown later in the paper, the origins of such expansive considerations of competitive dynamics may be found in the tenets of traditional Chinese philosophy.

Connecting the dots. Though the field of competitive dynamics has developed in the West, many of its premises and ideas can be traced to classical Eastern philosophy, or traditional Chinese thinking. The notion of "irreversibility" (Chen and MacMillan, 1992), to cite one example, is evident in a proverb about "sinking your boat to demonstrate absolute commitment before attacking your enemy" (破釜沉舟). Likewise, the Western idea of resource-diversion strategies (McGrath *et al.*, 1998) corresponds to the indirect-competition wisdom of "making noise in the East when attacking in the West" (聲東擊西); and stealth and selective attack (Chen and Hambrick, 1995) may be related to "a small, nimble fighter who challenges its giant opponent" (以小博大). In the well-known doctrine of Chinese military strategist and philosopher Sun Tzu, "If you know your opponent and know yourself, you will be in an upper-hand or undefeated

position in (100) wars" (知己知彼、百戰不殆), we glean the rival-centric perspective in competitor analysis and advance the idea of competitor acumen (Tsai *et al.*, 2011). Understood in this light, competitive dynamics bridges Chinese traditional thought and Western social sciences as a research topic embracing and integrating, equally, Eastern and Western ideas and practices. Differences notwithstanding, there are advantages in each, and opportunities for East-West integration (Barkema *et al.*, 2015) are abundant.

Classical Chinese philosophy: the foundational thoughts of XiaXue

Many schools of thought, evolving over centuries, contributed to classical Chinese philosophy (Schwartz, 1989). Despite the complexity and diversity of Chinese thinking, the core ideas and tenets are eloquently simple for master thinkers such as Aixinjueluo Yu-Yun (愛新覺羅毓鋆), who devoutly followed and advocated the authentic Confucian – or, using his term, XiaXue (夏學) – tradition throughout his life (1906-2011)[3]. Before leaving Taiwan, I was fortunate to be able to study the Chinese classics with Master Yu-Yun, and under his tutelage I read the works of the most illustrious philosophers from the zenith of ancient Chinese civilization (772-222 BC). In the course of my studies I was immersed as well in the work of Sun Tzu and various interpretations of his writings, an undertaking that would deeply influence my competitive dynamics research.

This section aims to point readers directly to the origin or core (Yuan or 元) of ancient Chinese philosophy, which Confucius (551-479 BC) formalized into a thought system (Ku, 1920). It should be noted that Confucian philosophy continues to be influential in China (Osnos, 2014), the Pacific region, and Southeast Asia: an estimated 46 percent of total global foreign reserves is controlled by economies in countries with Confucian traditions[4] (Wiarda, 2013). Western historians (e.g. Davis, 1983) and sociologists (e.g. Cressey, 1945) have also noted the influence of Confucius on European civilization.

As Master Yu-Yun observed, some classical Confucian ideas have been misinterpreted or misapplied throughout Chinese history because of imperial influences, and their original intent must be (re)considered. For example, within Confucius' (or Yu-Yun's) school of thought, the word "Chinese" itself is often defined culturally, considered as a way of thinking rather than a term of ethnicity (Chen, 2001)[5]. In this tradition, "Chinese" refers to people who adhere to the "Zhong" (中) or balanced principle (see below) and is not the domain of ethnic Chinese only. Such an expansive and encompassing view of the world can be found in the *Great Learning* (Da Xue 大學) and ZhongYong (中庸), two of the works known as the *Four Books* (四書) that constituted the most basic required readings for Chinese intellectuals in imperial China. It is in this line of work that we find the philosophical foundation for competitive dynamics. At least three basic ideas are particularly relevant: first, JingYi (精一) or power of "one" (sharp or disciplined focus); second, the "oneness" (or integration) of knowledge and practice (知/學行合一); and third, Zhong Dao (中道) or self-other optimum (a dynamic process and a higher level of sustainable integration).

JingYi (精一) or power of "one". The *Analects*, a primary text of Confucian thought, espouses the importance of "oneness": "My doctrine is that of an all-pervading unity" ("參乎! 吾道一以貫之.") (Li Ren, Chapter 4.15). Simply put, Confucius' lifelong pursuit is for "one" single, fundamental truth or principle that brings everything together. One of his students explained later that despite the complexity and richness of Confucius' thought system, it can be crystalized (Jin or 精) or distilled into "one" (Yi or 一) idea, Zhong Shu (忠恕). He elaborated further that Zhong (忠) means sincerity or "to be true to the

principles of one's nature and to perform at one's very best" and Shu (恕) refers to reciprocity or forgiveness, or "not doing to others what you wouldn't want to be done to yourself" (analogous to the fundamental Western moral tenet, central to the Abrahamic religions, known as "the golden rule"). It should be noted that Confucianism is not a religion but rather is more properly described as a thought system. It does, however, share with the world's major religions some core principles, including the pursuit of truth and the idea of forgiveness[6].

Understanding the here-and-now nature of Confucian thinking sheds light on the idea of "one" as the essence at our inner core that manifests in our daily decisions and actions: our values, principles, even our competencies. As a lifelong student of Confucian philosophy, I have attempted to follow and execute the power of "one" over the years, and the "one" thing that I have resolutely strived to do is "make the world smaller." In my scholarly pursuits since my doctoral studies, I have been investigating in particular the following research question:

RQ1. What is competition?

Figure 1 explores this question via a graphical depiction of the distinctive domain of competitive dynamics. This deceptively naive yet strategic question had been studied extensively at least since the era of Adam Smith; still, I felt unsettled about the treatment of the topic in the strategy and management literature. From a simple conceptualization of competition as the exchange of rivalrous actions and responses, I first asked what, precisely, constituted a competitive action and/or response. This basic inquiry presented a number of fundamental methodological challenges. For example, how can we characterize an action and a response – and then, what is the relationship between the two? This line of questioning led to my doctoral dissertation (Chen, 1988) and a series of papers on "predicting competitive response" from the attributes of the attack (Chen and MacMillan, 1992), of the attacker (Chen and Miller, 1994), and of the defender (Smith *et al.*, 1991). The focus on one research problem allowed me later to pose another set of fundamental questions: Is competition an objective reality, an assumption that underlies most economics research? Or – the orientation that has been adopted by most behavioral scholars – is competition perceptual or subjective? Under what conditions will objective reality and perception converge (or diverge), and when will one view dominate the other in explaining the phenomenon of interest (Chen *et al.*, 2007)?

The "oneness" of knowledge and practice (知/學行合一). The idea of Dao (道) explains why traditional Chinese scholars stress integrating philosophy and practice. In this light, we understand the pro-behavioral orientation of classical Chinese thinking, which holds that knowledge is futile unless it can be practiced or applied to resolve real-world problems. This philosophical orientation produces a constant and simultaneous pursuit of both intellectual rigor and practical relevance. Later, we will consider the extension of this idea as paradoxical integration. Competitive dynamics inherited this philosophical tradition. Knowledge-practice oneness is evident in competitive dynamics' original focus on the general phenomenon of interfirm competition in the business world, as well as in the continuous effort to apply theories and empirical findings to resolve real-world problems. Figures 1 and 3 both reinforce this central idea and philosophy.

Indeed, in Confucian tradition learning must be connected to practice (學行合一) and knowledge equates to action (知行合一). The *Analects* helps put into perspective this knowledge-practice view of Confucius philosophy. When asked which of his disciples is most knowledgeable, Confucius replied: "Among all my students, Hui Yen is

the one who loved to learn the most and was most knowledgeable. Hui never projected anger, envy, or any other negative emotion to another person, nor did he repeat the same mistake twice" (不遷怒, 不貳過). Note that in this case "knowledge" is not about how much one knows, but the degree to which one can translate the knowledge into practice and discipline himself in day-to-day behavior. Another Chinese philosopher of note, Yangming Wang (1472-1529), popularized this idea as the "knowledge-action oneness" (知行合一), which has had a profound influence not only in China but also in Japan and Korea. Applying this principle requires a scholar (or educator) to bridge pedagogy and practice, to the extent that an academic cannot be considered a scholar unless he can "practice what he preaches."

A contemporary anecdote illustrates one striking difference between Chinese and Western views of scholarship. A few years ago I mentioned to Andy Van de Ven, founding editor of *Academy of Management Discoveries* (among many other notable scholarly positions) that the title of his book *Engaged Scholarship* (2007) was redundant in the Chinese context. When Andy asked why, I replied that for the Chinese, a scholar by definition is engaged with the community and the society at large. In his typical gentlemanly, scholarly manner, he asked me for references. I told him it would be an impossible task to single out a handful of sample writings, since for thousands of years almost every Chinese text has incorporated this central idea. In contrast to the Western "ivory tower" notion of academia, for Chinese who adhere to the Confucian tradition a scholar must always be engaged beyond the borders of academia, caring for others and the community at large (Tsui, 2016). In this way, theory is translated into practice. Though not as engrained in Western culture, this is of course not an exclusively Eastern idea, and many Western academics have adopted a "broader and more expansive" conception of scholarship, as Andy puts it, citing Boyer (1990) – "[T]he work of the scholar also means stepping back from one's investigation, looking for connections, building bridges between theory and practice" – and Tsui's recent work on "socially responsible scholarship" (2013) offers further support.

Zhong Dao (中道) or self-other optimum. "Zhong Guo" (中國) comprises the Chinese characters for China and, translated literally, signifies "middle kingdom." This translation is commonly, but a bit erroneously, understood to mean that the Chinese see themselves at the center of the universe ("Zhong" means "middle" or "central" in Chinese), a privileged and superior people. However, in the authentic Confucian or Chinese sense, the idea of middle kingdom has a purely philosophical meaning. Traditionally it referred to the principle of occupying the middle or central ground – of maintaining a balanced and holistic worldview and life. Or in Master Yu-Yun's expression: "China is not made of the ethnic Chinese who live in this 9,600,000-square-kilometer land, it is made of those people who attempt to adhere to their Zhong ideal" (Hsu, 2012, p. 190).

Indeed, "Zhong" (中) encapsulates the essence of Confucius prescriptions for following the "middle way": avoiding extremes, holding a moderate but well considered and balanced position, and taking into account expectations of all parties. Zhong is not a passive compromise; rather, it's an active pursuit of an all-inclusive balance, requiring creativity, flexibility, and expansiveness. This idea (or ideal) is advanced in ZhongYong (中庸), which means putting Zhong (中) or Zhong Dao (中道) into practice and using it on a daily basis. The idea of Dao (道), itself a core concept in Chinese philosophy, illuminates the Zhong idea as well. Virtually all Chinese philosophers, including Confucius, Sun Tzu, and many others, explore and apply extensively the

concept of Dao in their work. Daoism, a well-known thought system based on the teachings of Lao Zi, is grounded in and developed around the idea of Dao, paradoxically one of the most complicated and simplest ideas in Chinese thinking. Dao exemplifies philosophically a "way of life," a "law of nature," a standard or pattern, or an overarching moral principle; in the most practical sense, it implies a method, a path or road, or a means.

From Daoism we logically proceed to Ren (仁) another central concept in Eastern philosophy. The character Ren (仁) meaning humanity (as well as core, or seed of a fruit), is composed of "two" (二)" and "person" (人): No person exists except in relation to another. In this vein, the idea of "self-other (harmonious) integration" (人-我-合) regards two opposites such as "self' and "other" as interdependent, together forming a totality (Chen, 2002) or "optimum."

In the view of Master Yu-Yun, regardless of how complex the world is, everything eventually boils down to "you" (or "other") and "I" (or "self") (Hsu, 2012, p. 297). Many Chinese words in the everyday lexicon comprise two characters that express the idea of "opposing" entities: "conflict" is formed by joining the characters for "spear" and "shield"; the characters "inside" and "outside" together constitute "everywhere"; and the often-cited *wei-ji* (or crisis) is composed of danger (*Wei*) and opportunity (*Ji*). Indeed, throughout the Chinese language, balancing opposites seen as interdependent creates a new whole. Perhaps the best known example is the familiar concept of yin-yang, or, broadly, the complementarity of opposites.

From a strategic viewpoint, a direct application of this line of thinking is that, in contrast to a polarized, either/or view of extremes ("self" vs "other"; "yes" vs "no"; "entry" vs "no entry"), a spectrum of options exists between the poles by combining, creatively and expansively, the two. Also, dynamic balance of any two "opposites" depends on time and context: from a Chinese philosophical perspective, balance is dynamic and conditional, subject to circumstantial and temporal considerations (Nadkarni and Chen, 2014; Nadkarni *et al.*, 2016).

This line of thinking leads naturally to another vital concept in Eastern philosophy, time (or timing), considered as the temporal relationship of sequential or simultaneous events to one another. The importance of timing is evident in the writings of Sun Tzu, the renowned military strategist who has been widely read and referenced in the West. Confucius has been called "master of Shi" (meaning "timing") (時) and his philosophy recognized as a school of Shi; tellingly, the expression "window of opportunity" in Chinese combines the words Shi (time) and Ji (opportunity). In the modern Western context, competitive dynamics originated fundamentally from the investigation of predicting competitive response time (or lag) (MacMillan *et al.*, 1985; Smith *et al.*, 1991), while various kinds of speed (e.g. action and response execution speed, and response announcement speed) (Chen and Hambrick, 1995) have been extensively examined in this research topic.

Making the intellectual connection of the self-other idea to competitive dynamics, "self" equates to a focal firm or an action the firm initiates, "other" corresponds to a competitor of interest or its response, and "integration" (or "optimum") implies the engagement between these two firms, as reflected in such variables as the likelihood and the timing of response (Chen and MacMillan, 1992). This conception of self-other integration or optimum also manifests in the pairwise comparison between competitors along market and resource dimensions (Chen, 1996), and notions such as "competitive relativity" (Chen and Hambrick, 1995) and "competitive asymmetry," or $d(a,b) \neq d(b,a)$, are outcroppings of this line of thinking (DeSarbo *et al.*, 2006).

Linking competitive dynamics to ancient Chinese philosophy

Eastern philosophy and Western social sciences have often been viewed (if not substantiated empirically) as unrelated or in conflict. This section considers the merits of each, presenting an integrated framework of competitive dynamics, tracing its intellectual roots to ancient Chinese (or Confucian) philosophy, and highlighting the foundational thrusts of duality, relativity, and time. It shows the field's promise for incorporating the relative advantages of these two seemingly contrasting paradigms and provides a new path toward East-West integration (Barkema *et al.*, 2015; Chen, 2014).

An integrated framework. The analytical foci of competitive dynamics are the action-response dyadic investigation, which marks the humble beginning of this now-bourgeoning field, and the pairwise comparison between firms along market and resource dimensions. The field is distinctive in that it examines not only the phenomenon of how firms engage with each other, but, from an analytical viewpoint, how they relate to one another from a market-resource viewpoint. Within this context, central concepts and variables of his topic include attributes of competitive actions (e.g. action execution speed and centrality of attack) and responses (e.g. likelihood and delay), AMC as the joint drivers of competitive actions and responses, and MC and RS to analyze interfirm relationship (Chen, 1996).

In contrast, ancient Chinese philosophy, which Confucius formalized almost 2,500 years ago, despite its complexity can be distilled into a few core concepts, including the power of one, knowledge-practice oneness, and self-other integration, if we use somewhat-less-distant expressions from a Western viewpoint. Our review of this line of thinking above highlights the centrality of the idea (or ideal) of Zhong and the continuous pursuit of "finding the optimum (or dynamic balance) within the bipolarity (or between the two extremes)." "Self" and "other" – like any other pair or bi-polarities – in this way of thinking are flip sides of the same coin: their relationship is relative and interdependent in nature. In fact, "oppositeness" constitutes the activation of Dao, according to the authentic Confucian line of thinking. That is, the two sides of the coin must be synchronized for any progress to be possible (such as action-response, as in the case of competitive dynamics).

Figure 2 presents an integrated framework linking competitive dynamics to its Chinese philosophical roots. It shows phenomena of competitive engagement as the center of the research by conceptualizing the action/response dyad as the basis of competition. Equally, the analytical foci of pair-wise comparison between opponents constitute the research domain's distinctive approach in competitor analysis. The intellectual origins of various attributes of competitive actions and responses (and awareness, motivation, and capability as drivers of response) can in turn be traced to the classical Chinese conceptions of duality, relativity and time. Here too may be found the roots of MC and RS in integrated competitor analysis. Following this line of thought, duality and relativity spring from the idea (or ideal) of ZhongYong, relating specifically to central notions such as "finding the optimum from the bipolarity" (執兩用中) and "the oppositeness in fact activates Dao (道)" or state differently, "activating Dao through the opposite" (反者道之動). In sum, Figure 2 depicts competitive dynamics as an ambicultural integration of Chinese philosophy and Western social science (Chen, 2014).

Toward an East-West integration. Interest in East-West synthesis has intensified in the management field (Barkema *et al.*, 2015; Leung, 2012). On the practical side, globalization and technology advancements are among the phenomena behind its rise, while on the academic side there has been an intellectual push for a more encompassing

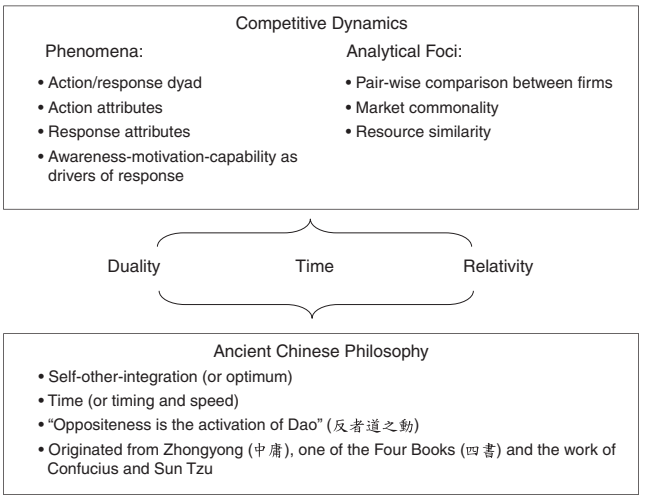

Figure 2.
Linking competitive dynamics to ancient Chinese philosophy

and expansive understanding of a research topic (Chen and Miller, 2010, 2011). In an article expanding his Academy of Management presidential speech, Chen (2014) explored how "becoming ambicultural" – bridging such dichotomies as global and local, research and teaching, micro and macro – enables individuals, groups, organizations, and societies to integrate the best qualities of seemingly irreconcilable opposites. Following the Chinese classical or philosophical notion of "wen" (文), "culture" in the ambicultural context encompasses not only business, social, and national philosophies and characteristics, it spans and embraces all human affairs. Ma and Tsui (2015), an exemplary study in this topic, integrates three lines of Chinese philosophical thought to empirically investigate contemporary leadership behaviors in China, while (in a slightly different vein) early efforts explored the philosophical foundation of the field of strategic management (Powell, 2001, 2002).

Clear construct definition and replicability of research results are two features of Western social sciences. Methodologies and frameworks are integral to this thought system, and Western business practices are standardized and measurable; as a result, many tools have been developed to resolve practical problems. Porter's (1980) five-force industry analysis, Barney's (1991) resource-based view and the various tests of a firm's sustainable competitive advantage (Newbert, 2007), and the BCG and/or GE matrix (Hofer and Schendel, 1978) are a few noted ones among many examples. Within competitive dynamics, AMC and MC-RS are two such practical tools.

With its emphasis on duality and relativity, competitive dynamics is an ambicultural integration between Chinese philosophy and Western social sciences. Adapted from Chen (2014), Figure 3 illustrates how competitive dynamics optimally bridges East and West, philosophy and science, scholarship and practice, tradition and modernity, organizing this line of work along four domains (philosophy, systematic knowledge, case studies, and tools). These spheres differ by varying degrees of abstraction, from the highest degree of philosophy to the lowest of tools. Stated differently, the four differ in a reverse order by levels of practicality, at least from a

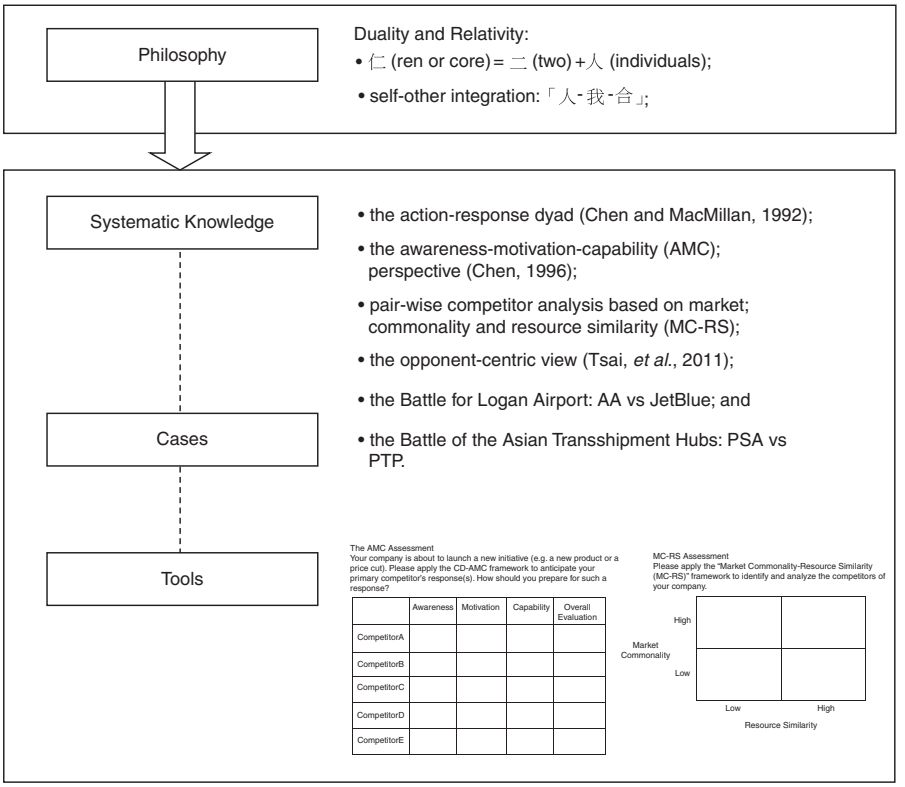

Figure 3.
Competitive dynamics: toward an ambicultural integration

Source: This diagram originally appeared in Chen (2014)

Western viewpoint. In the context of authentic Confucius thinking, however, all these domains are seamlessly interconnected, and there is a clear "oneness" that spans across, and integrates, the four.

Implications for research and scholarship

Among the various research domains that may benefit from the current work, the paper holds important implications in particular for competitive dynamics and international management. Equally, it raises vital questions around the basic concepts of management education, especially in a cross-cultural context.

Research implications

Competitive dynamics. For scholars in strategic management, particularly in competitive dynamics, this paper not only traces the intellectual roots of this research topic to ancient Chinese philosophy but puts forward two theoretical thrusts, duality and relativity. The paper shows that these core ideas in competitive dynamics have their intellectual origins in Chinese philosophy, specifically in the notion of Zhong, or self-other-integration. Competitive "action" and "response," from a Chinese philosophical viewpoint, are two "opposites" that together form a duality (or totality) that activates Dao, a way of life or a pattern of human affairs in which interfirm

competition is but one. Similarly, integrated competitor analysis (Chen and Miller, 2012), and the analytical focus of MC and RS, find Eastern philosophical grounding in relativity. In this understanding, a firm's market and resource position, and its strategy profile in general, is a relative concept that must be compared with a given opponent's.

Thus the paper expands the boundary and scope of competitive dynamics consistent with recent efforts to provide a basic structure for this promising subfield in strategic management (Chen and Miller, 2015). The identification of duality and relativity as philosophical touchstones of competitive dynamics helps establish foundational work and connects it to Chinese philosophy. This link is fertile with ideas for potential investigation. As one example, the idea of balancing power among three parties (or using the authentic Chinese expression, three legs form an unshakable balance (三足鼎立)) may promote the "tripartite" concept and identify "triad" as a promising new research domain of competitive dynamics (and by natural extension, a new level of analysis), as well as for strategy and management research in general. Many industries, for instance, are dominated by three leading rivals. One question we might investigate is which industrial and organizational antecedents (such as changes in industry growth and top management team (TMT), or the degree of market saturation outside of the three-party space) lead to the stability or instability of the balance in the marketplace in terms of competition among the three competitors.

Similarly, "the number two philosophy" (老二哲學) should be of interest to scholars in both macro- and micro-management arenas. This line of thinking suggests ample research issues and insights for adopting a "follower" or "second-as-the-best" strategy or principle in any form of competition, from vying for market leadership to competing for organizational leadership to interpersonal interactions. The notion, for example, of taking care not to "out-shine one's superior" (功高震主) or confront those in the dominant power position, either internally or externally, has long been a subject of interest and attention in Chinese literature and history. Ideas such as this may provide insights for the study of CEOs and their relationship with immediate subordinates, and how such a relationship affects the function of the TMT. In the study of interfirm competition in the marketplace, exploration of the conditions or antecedents that result in the stability (or instability) of the leader-follower relationship would constitute a fascinating research subject.

The *I Ching* (*Book of Changes*), an important pre-Confucius philosophical work, offers the idea (or ideal) of "a group of dragons with no leader is a fortunate or ideal situation" (群龍無首吉), suggesting that sustainable peace may be reached through consensual sharing of power and benefits. Such ancient wisdom finds its modern application in ideas such as "all employees are CEOs" and "leaderless leadership" (Bennis, 1959), evidenced in companies such as Lincoln Electric, in the West, and Haier, in the East. These companies and others like them are suitable subjects for the study of the "culture-strategy-execution trio" and how managerial philosophy is translated into business strategies and managerial actions. Likewise, firms that compete and cooperate at the same time in order to raise the boat of all parties and stakeholders may be investigated to advance the study of relational competition (Chen and Miller, 2015).

Indeed, the list of issues and topics for research in this interface of competitive dynamics (and strategic management, in general) and Chinese philosophy is extensive and important. These ideas may also open up opportunities for the study of competitive and cooperative relationships at the industry level.

International management research. The field of management scholarship has become internationalized in many ways over the past few decades, although the speed

and scope of the process do not reflect fully the globalized world (Barkema *et al.*, 2015). Different types of international management research have emerged during this period and progress has been made on multiple fronts (Tsui, 2007), including the study of multinational corporations (Gupta and Govindarajan, 2000) and their activities (Hitt *et al.*, 1997; Yu and Cannella, 2007), comparative studies of different business enterprises and managerial practices in various countries (Luo *et al.*, 2012), collaboration and relationships between cross-border partners (e.g. Liu *et al.*, 2015), and research that pays direct attention to local-country contexts (such as institutional, philosophical, and cultural concerns) and the resulting differences of firm behaviors (Meyer *et al.*, 2009). The extension of this last category comprises what has been called indigenous research, although scholars working in this arena do not yet fully agree on the topic's focus or how research should be carried out (Li *et al.*, 2012).

In consideration of the global economic rise of Asian countries, notably China and India, and the contextual differences that exist between Eastern and Western management practices and philosophies, the *Academy of Management Journal* (*AMJ*) devoted a special issue recently to the topic of "West meets East" (Barkema *et al.*, 2015). Needless to say, neither East nor West is a homogenous concept, as noted in *AMJ*'s editorial introduction of the issue; nonetheless, the dichotomy is informative and constructive when used, as in this paper, to symbolize distinctions between the two groups of countries and to compare and contrast variations in their institutions and cultures, as well as strategic and managerial practices. China or Chinese business (both in mainland China and overseas) and the US or American business are often employed to represent the East and the Western paradigms, for reasons of simplicity and parsimony (Chen, 2014; Tsui, 2007). This paper is developed based on the same premise.

However, compared with the extant international or Chinese management studies, the paper also takes a somewhat different, and novel, approach. It links competitive dynamics research, with its foothold in Western social or organizational sciences, to ancient Chinese or Confucius philosophy. As such, it creates a direct dialogue between these two fundamentally different intellectual paradigms. Equally, it shows the promise of East-West integration for scholarly pursuits. By unraveling the philosophical foundations of strategy (Powell, 2001, 2002) and of co-opetition (Dagnino and Minà, 2015), this effort is consistent with recent work in the management literature.

Following the schools of thought embodied in the philosophy and teaching of Confucius and Master Yu-Yun, "Chinese" is defined here within a cultural context and as a borderless concept, and specifically as a way of thinking that stresses balance and integration. Adopting this expansive view suggests the potential for advancing international and/or cross-cultural management theories in today's fragmented world (Chen and Miller, 2011, 2012). This cultural conception of "Chinese" differs from the conventional demographic consideration of the term. The distinction between the two suggests at least one promising research direction: On the premise that the essence of Chinese culture is balance (Liang, 1987), is it possible to ascertain "Chinese-ness" by conceptualizing and developing a scale that combines a quantifiable measure of ethnicity with the soft metric of "balance," or one's endorsement of the cultural meaning of balance? Such study could yield two intriguing insights: a more fine-grained, or new, definition of "Chinese" (and a system of metrics for determining it), and further illumination of the complementarity and the distinctiveness of the two interpretations of the term.

The cultural conception certainly lends itself to broad application, including combining lenses in theory building (Okhuysen and Bonardi, 2011), while recognition of duality and relativity as two foundational theoretical thrusts of competitive dynamics should have broad implications for indigenous research or for building Chinese management theories (Barney and Zhang, 2009). The generic (vs Eastern-oriented) constructs of duality and relativity have been investigated extensively in philosophy (Block and Stalnaker, 1999) and recently in social (Sewell, 1992) and organizational (Farjoun, 2010) sciences. Further exploration along this line of inquiry promises significant theoretical advances in competitive dynamics research.

Future research may also investigate the fundamental differences and similarities between Eastern and Western philosophies, and their implications for business strategy and competition. Questions of potential interest include the following: What role, if any, does philosophy play in social science research? Philosophy, broadly defined, encompasses a wide range of schools of thought. As management scholars, we might orient our research along the lines of rationalism and positivism, for instance, two fundamentals of Western philosophy (Joullié, 2016), or investigate duality and relativity as elemental ideas in Eastern thought, which have been a focus of this paper. Is it possible to develop a research stream on the basis of Chinese philosophy (or on that of any other country) which has been developed and evolved over an extensive period of time? How can we transform Chinese (or any other country's) philosophy into systematic knowledge and testable hypotheses? How can we conceptualize and operationalize core Chinese philosophical ideas such as the power of "one" (精一) and/or "ambiculturalism" (執中)? Fundamentally, what are the implications of Chinese philosophy for our scholarly work, academic career, and life in general? How can we conduct practice-, culture-, and local-relevant research? How we can transfer the findings of our basic research to practical tools or managerial processes, as well as for the resolution of local and culturally relevant concerns? To what extent is our US-centric research connected with grassroots practices in different parts of the world? Lastly, what does research and scholarship mean in different cultural and institutional contexts?

Within the realm of strategic management, and particularly in competitive dynamics, some long-held Chinese ideas on competition should be high on scholars' research agendas. Examples include "advancing secretly by an unknown path" (暗渡陳倉), "to stay clear of the opponent's stronghold and attack its weakest spot" (避實擊虛), "letting the opponent off in order to encircle or capture it," (欲擒故縱), "attack directly into the opponent's home base" (直搗黃龍), "to defy completely the opponent's advantage by extracting the firewood from under the cauldron" (釜底抽薪), "to wait at one's ease for the exhausted opponent" (以逸待勞), and "befriending a distant foe while attacking a nearby enemy" (遠交近攻).

Implications for management education

Although the substance of an academic field accumulates as a result of contributions by scholars from the around the world, the sociology of an academic field may differ considerably according to country and origin (Merton, 1973). European scholars, for instance, are generally thought to have taken a more qualitative, inductive, and philosophical approach than their American counterparts. Scholars' work is also multifaceted and constitutes an array of specific activities, including research/writing, teaching, professional services, and even involvement in governmental affairs and policy-making (Hambrick, 2004; Schuster and Finkelstein, 2006). Unfortunately,

relatively little attention has been paid to the paradigmatic differences in professional orientations and mindsets – and the resulting behaviors – among management scholars across different institutional and cultural contexts.

Accepting the idea that competitive dynamics is the philosophical progeny of scholarship-practice "oneness," this paper raises a fundamental question about the meaning of management "scholarship," or education, in the global context. China, as noted here, historically has had a different and more expansive conception of scholarship, and the roles that a scholar (an educator or a teacher) plays in academia and the broad society are far-reaching. From a Chinese viewpoint, because of the profound influence of Confucian philosophy on education and scholarship, a scholar-teacher/educator has three main responsibilities. In descending order of importance, they are "passing the baton of Dao, or wisdom (傳道), cultivating professional career (授業), and resolving intellectual puzzles (解惑)," according to Yu Han (韓愈) (pp. 768-824), a renowned Confucian scholar in the Tang dynasty. Such thinking is in direct opposition to the "publish or perish" mindset that has prevailed in the mainstream American scholarly community. Consequently, the tension created by this wide global-local disparity in fundamental views toward scholarship and education has created challenges for Chinese management academics in their "globalization" drive over the past three or four decades. The following questions should be of particular interest, then: Who are business academics' primary stakeholders? What is the relative importance of each stakeholder? How would these concerns vary across different countries and regions? Are teaching and research mutually exclusive or reinforcing, or are they two sides of the same coin, and interdependent? What are some conditions that make an ambicultural integration of the two possible and beneficiary?

Conclusion

The scholarly study of strategy has been enriched by the growth of competitive dynamics. This paper considers the progression of the research topic from its early, narrow focus on the nature of interfirm rivalry through its evolution into a multifaceted research subfield. The organic growth of competitive dynamics now seems inevitable – through the lens of hindsight we see how it furnished fertile ground not only for a flourishing subfield but for nurturing myriad lines of intellectual pursuit. Less certain until recently was what lay under the surface – to what depth and in which directions the roots extended.

In a quest to uncover the philosophical foundation of competitive dynamics, the current paper makes an effort to examine this vibrant research area from a new perspective. It reveals the link between a paradigmatically Western social science to classical Chinese philosophy, considering specifically the shared conceptual underpinnings of such ideas as duality (action and response) and relativity (pairwise comparison of two firms), or the concepts of relational management and self-other (focal firm-opponent) integration, to name but two recent research thrusts. Further, the paper reveals how the connections between Eastern thinking and Western academic disciplines may enhance not only strategy research but many aspects of the behavioral dynamics of competition as they relate to other fields of interest.

Lastly, the paper reaches beyond a consideration of the scope of competitive dynamics research. It poses questions about the nature of scholarship and education in today's global business academic context. The backdrop for this reflection is the author's three decades of work as an "ambicultural" academic, with one foot each in Western social sciences and Chinese philosophy. This vantage point supports the paper's central position, that competitive dynamics is a research topic optimally suited

for future exploration of human affairs, including business. It is hoped that the paper will generate a wide range of research issues for scholars who are interested in expanding the boundaries and scope of their work, as well as for researchers who are concerned with the global-local gap or who have cross-cultural backgrounds.

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Notes

1. As noted in Chen and Miller (2012), the rise of competitive dynamics is the result of a collective effort of many scholars. In this paper, I approach the topic from a personal vantage point; although a bit unconventional, I will inject anecdotes and other personal touches throughout the paper. One's work and life are inextricably bound, and in my case I have been fortunate that the path of each has been illuminated by the other. The East-West story of the growth of competitive dynamics in many ways reflects my personal-professional experience. It is my hope that the anecdotal nature of parts of this paper will contribute to an understanding of the substance and development of competitive dynamics, and of the work-life balance of the "humane scholarly" pursuit.
2. An account of the research odyssey leading ultimately to this revelatory discovery is provided in Chen (2010).
3. Master Yu-Yun, a nephew of the "Last Emperor" of China, accompanied the emperor to study with some of the most renowned Chinese scholars and philosophers in the early 1900s. Master Yu-Yun taught for more than 60 years in Taiwan, until the time of his death at the age of 106. In addition to teaching hundreds of scholars and other professionals in Taiwan, including a former premier, Master Yu-Yun also mentored many renowned sinologists in the USA, among them the late Frederic Wakeman, of UC-Berkeley, Nathan Sivin of University of Pennsylvania, Donald Munro of University of Chicago, and Peter K. Bol of Harvard.
4. The author calculated this figure using Wiarda's definition of "countries that were/are part of the Chinese/Confucian political tradition and heritage" and applying International Monetary Fund statistics on foreign-exchange reserves.
5. We will revisit this important point of departure from the conventional demographic consideration of the term in the discussion section due to its promising research implications.
6. A central dogmatic difference between Confucian philosophy and religious beliefs is that Confucianism focuses on the temporal, on mankind's earthly condition and existence, and does not espouse or incorporate concepts akin to the Abrahamic religions' various ideas of soul, rebirth and resurrection, or afterlife. Confucius was a pragmatic moralist. Because Confucian philosophy for centuries has profoundly influenced many societies and cultures, and is a major part of the Chinese DNA, it is often equated to a religion-like belief, and there is clearly moral overlap.

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