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A Theory of Strategy – Learning From China

From walking to sailing

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Abstract

The field of Strategic Management has matured in the West over the past 50 years but there is still no widely accepted, coherent and pragmatic theory of strategy. As the world struggles to achieve ecological, social and economic sustainability, “strategy”, as a concept and as a practice, is becoming even more vital for our collective success. In this paper, we address the gap surrounding sustainable strategies, by drawing from traditional Chinese thought on strategy. Using the work of the French sinologist philosopher, Francois Jullien, we distill Chinese notions of strategy. We use empirical examples from China related to sustainability – its Daoist and Confucian value traditions, its population control strategy, and its economic growth strategy – to illustrate the indigenous Chinese notion of strategy. We end the paper by proposing a new “wateristic” conception of strategy that emphasizes action, flexibility and change, and embraces contradictions. We use the metaphor of sailing to understand strategy as doing nothing while leaving nothing undone.

Key words: China, François Jullien, philosophy, strategy, Strategic Management, theory, sustainability, sustainable development

INTRODUCTION

“Chinese strategy thought stands as a perfect example of how one can manage reality, and provide us with a general theory of efficacy”
(Jullien, 1999: 25)

Over the past half century, Strategic Management research has evolved into a coherent field of study. There are research studies, conferences, journals, and Ph.D. programs devoted to “strategy”. The Academy of Management alone has over 8000 members who research and teach strategy, and the Strategic Management Society has about 3000 members. Yet, there is no widely accepted, coherent and pragmatic theory of strategy. Competitiveness and domain choice have been the two most theorized topics in Strategic Management. Even for a central concept such as “competition”, however, past theories remain woefully inadequate. As Delacour and Liarte (2012) point out, the “Red Queen Effect” in competition keeps firms grid-locked and unable to progress. Moreover, competitiveness and domain definition are insufficient to deal with the most pressing strategic challenge facing the world and its corporations: the challenge of “sustainability” in the face of global climate change, ecosystem degradation, and financial crises.

If the field of strategy is to contribute significantly to creating sustainable enterprises and a sustainable global economy, it will need theoretical innovations based on rethinking basic assumptions, concepts and frameworks (Ansoff, 1991; Landrum, 2007; Pitts & Wood, 1985; Priem & Butler, 2001; Shrivastava, 1986). We propose looking outside the field of strategy for inspiration and for examples of strategic innovation. In light of the recent economic shift towards China and East Asia, there is potential to learn from the East (Chen & Miller, 2010, 2011). Our research examines what strategic concepts are offered by traditional Chinese thought and philosophy. We use Chinese strategies for the creation of meaning to propose theoretical and empirical extensions to Strategic Management.

It may seem strange that we turn to China for lessons on strategy, especially in relation to sustainability. Chinese firm strategies have come to prominence relatively recently, and its environmental pollution record in the industrial sector is not something to be emulated. We justify our choice of China on the grounds that in the “bigger picture”, encompassing all of history, China can offer deep lessons in strategic thinking. China has been a dominant player in the global economy for the past thousand years (excepting the three centuries 1700-2000). It has also, over time, to some extent succeeded in dealing with the sustainability challenge of providing for its enormous population, now over 1.35 billion people. Its sustainability strategies are shaped by a sustainability worldview of “harmony with nature”, which is ingrained in Daoism and Confucianism. This has influenced not only China, but also a wider Eastern mindset/culture of humanistic development. In contrast to today’s materialist culture, this humanist-naturalist alternative offers valuable lessons in sustainable strategic thinking. So, while China is not perfectly sustainable, it serves our limited purpose here of animating a very different vision of strategy, from the West at least (Jullien, 1999).

Western Strategic Management literature is rooted in military doctrines. The concept of “strategy” traces its roots to Sun Tzu’s book *The Art of Warfare*, Machiavellian theories of power as proposed in *The Art of War* (Machiavelli, 2007), and the realist approach of military historian Clausewitz in his book *On War* (Year, REF). We begin with a warning that any translation, especially from Chinese, is prone to conceptual and semantic difficulties. Languages represent different mental structures, and translations interpret texts in a manner that fits the conceptual syntax of the translator. They tend to lean towards the familiar and can fail to preserve the strangeness or singular character of the original text. This is especially true of Sun Tzu’s work.

In the past, the field of strategy was taught using case studies and was seen as the function of top management: the work of the general manager or CEO. The Harvard Business School popularized the SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis as a generic framework for understanding firms’ strategic behavior. The Harvard Case method was enshrined in Christensen, Andrews and Guth’s 1965 book, *Business Policy: Text and Cases*. Case studies were a pedagogical device for describing corporate strategic behavior, analyzing and controlling reality, and reproducing it with marginal improvements. For nearly 60 years, case studies have remained a mainstay of corporate and business strategy narratives.

Chandler (1962) was among the first scholars to provide a systematic account of corporate strategy and described the strategic and structural development of organizations, noting that “structure follows strategy”. Ansoff (1965) described corporate strategic planning systems in large organizations. Andrews (1971) examined the design of organizational strategies by investigating their internal strengths and weaknesses, their environmental opportunities, and their threats.

In the 1970s, the conceptualization of strategy emerged around the formulation of policies, strategic planning, and the adaption of organizations to their business environments. A core assumption was that it is possible to predict trends. Hofer and Schendel (1978) and Schendel and Hofer (1979) described the strategic elements of a firm in terms of goal formulation, environmental analysis, strategy formulation, strategy implementation, strategy evaluation, monitoring and control. The notion of strategy emerged as a method for organizations to achieve their goals and objectives (Mintzberg, 2008). It involved the commitment of resources to achieve future expectations (Drucker, 1999). The purpose of Strategic Management is to decide on organizational goals and the means to achieve them. Furthermore, strategies provide a base for managerial decision-making.

During the 1980s, researchers used economic and organizational theories – Industry-Structure Economics, the Resource-Based View of the Firm, and Institutional Theory. Porter (1980) proposed a framework for understanding the competitive dynamics of industries and of nations (Porter, 1990). His model of five competitive forces (rivalry among competitors, the threat of new entrants, the bargaining power of suppliers, the bargaining power of customers, and the threat of substitute products) was used to assess the attractiveness of the market and establish the competitive position of a firm. The Resource-Based View of the Firm suggested that the set of valuable resources available to a firm determine its competitive advantage and its ability to extract above average returns (Barney, 1991; Wernerfelt, 1984; Rumelt, 1984). Short-term

1. See special issues on the subject: Journal of Management Studies (2003), Vol. 40, Human Relations (2007) Vol. 60, Revue Française de Gestion (2007), Vol. 33

competitive advantage can become sustained competitive advantage if these resources are heterogeneous in nature, not easily imitable, and not easily substituted (Peteraf, 1993).

Since the late 1990s, researchers have been exploring strategy less as a theory and more as a practice (“strategy as practice” or “S-as-P”)¹ in order to humanize the organizational research (Jarzabkowski, Balogun, & Seidl, 2007; Johnson et al., 2007). Whittington (2006) proposes three elements of a theory of practice: praxis (the whole of human action), practices (routinized types of behaviors) and practitioners (the actors). A conceptual framework for analyzing strategy as practice is the nexus between these three elements (Jarzabkowski, et al, 2007). Embedded in the “practice turn” in contemporary social theory and philosophy, strategy as practice involves a reformulation of the intractable problem of agency and structure (Chia & MacKay, 2007). This new approach to theorizing strategy provides an alternative basis, through a “post-processual” approach. Scholars in strategy as practice have reprised and extended Mintzberg’s (1973) research into strategic processes to examine strategy-as-practice as a real-world phenomenon. Strategy has become *what strategists do* rather than *what organizations plan*. In fact, this post-processual approach enables the bypassing of the “micro-macro” distinction by offering “a ‘trans-individual’ explanation which is not restricted to the mere ‘activities’ of strategy actors nor to the traditional emphasis on macro-structures and processes” (Chia & MacKay, 2007: 217). International business scholars have extended the idea of strategy to managing global businesses (Luo, 2006). This approach offers companies quick and innovative answers through local decision-making and has revived the role of management training in strategy. Key elements of strategy, as they have emerged in Strategic Management literature, include:

- a) efficacy (effectiveness) over efficiency
- b) adaptation to environmental changes
- c) competitive advantage
- d) planning and dynamic responsiveness (as in Game theory)

All these concepts help to explain organizational “action” in changing environmental conditions through a scientific lens. We begin by acknowledging the limitations of this Western scientific approach. First, Aristotle recognized that science can rigorously examine things by understanding their necessary aspects; it offers technical efficiency. In contrast, human, organizational actions are performed in circumstances that are indeterminate, uncertain, contingent, and continuously changing. Our actions “cannot eliminate their contingency and their particularities” (Jullien, 2004: 4), nor can they be covered by any general laws that are akin to natural laws. We still do not have accurate, predictable and replicable explanations of effective human and organizational strategic actions. Action is not simply an extension of science. There is an ontological gap between thought and action (in the West), which translates as the gap between strategic planning and what we actually practice.

The field of Strategic Management and the ideas of strategy and efficacy are all premised on goal-seeking (teleological) organizations operating in teleological environments. A teleological worldview is a precondition for finding both efficacy and strategy meaningful. Within this context, strategy is the deliberate pursuit of goals, and efficacy is a measure of how accurately they are achieved. At an organizational level, strategies define what goals and

objectives are pursued; the technological and business domains of operation, and the bases for competitive advantage, as well as plans of action and resource commitments. Efficacy is a quality of strategy that characterizes its links with contextual or environmental elements. While goal-seeking systems play a very important role in the human and natural world, the teleological worldview is not the only one, as we will see with the traditional Chinese perspective discussed later.

The “theory-practice” divide is a false dichotomy that has kept strategy researchers distracted from building a robust theory of strategy. A renewed strategy theory could come from a shift towards practice (as has happened in sociology and anthropology) and the use of methods such as ethnomethodology and symbolic interactionism (Chanal, 2008). This is exemplified in the works of Michel Foucault, Michel de Certeau, Pierre Bourdieu, Anthony Giddens, and others. Generally speaking, theories of practice in the social sciences take into account the following to address actor-organizational-institutional gaps: micro-local practices, actors’ resistance or acts of freedom, social structuring and the emergence of institutional rules.

The trend towards strategy as practice could open new avenues for research. However, a holistic, transdisciplinary, unified theoretical foundation is still missing (Jarzabkowski & Spee, 2009). Here we explore strategy theory that takes into account sustainability (both global and corporate) as an opportunity and a challenge.

To develop a coherent theory of strategy we propose a radical reinterpretation of the main concepts of strategy, in line with a Chinese perspective. This requires a journey outside our traditional theoretical categories, to avoid ethnocentric reading (from the West), uniform thinking and standardization (Jullien, 2008). This is of particular interest at a time where the efficacy and sustainability of Western management models are being questioned (Chen, 2011).

METHOD - DECONSTRUCTING TO RECONSTRUCT A THEORY OF STRATEGY (OR EFFICACY?)

This paper offers one approach to creating a theory of strategy. We employ a deconstructive method (Kilduff, 1995) on traditional strategy theory using traditional Chinese thought. For thirty years, the French scholar François Jullien has been leading a dialogue between Europe and China with two original and distinct sources of “Logos” (meaning a mix of logic and discourse).

Deconstructing to reconstruct a theory of strategy

Deconstructing foundational texts is a valid way of considering what is not visible, thought or taken into account in management science (Rappin, 2008). In this paper we deconstruct Western concepts of strategy. This relies heavily on François Jullien’s work based on traditional Chinese thinking (Jullien, 1999, 2000, 2004). Jullien examines untranslated Greek and Chinese texts to highlight the countries’ respective underlying strategies for creating meaning from the amorphous material of life. He examines relations between language and thought in a non-ethnocentric way (Abram, 1996; Jullien, 2006). This approach is fundamentally different from the usual international comparisons

commonly used in business studies and anchored in Western assumptions (Tsui, 2007). We use Jullien's original deconstructive work to establish our own reflection on strategy.

The paper questions our perceived notions of strategy from the outside (Jullien, 2000). We go beyond the dominant Western ideas including both mainstream and also critical management studies. "Western philosophy never questions itself except from within", Jullien, 371). We believe that, to generate new knowledge, our very basic philosophical assumptions must be challenged (Kilduff, Mehra, & Dunn, 2011) by using a pragmatic Chinese "heterotopia" rather than the traditional "utopia" from the West (Foucault, 2001).

Knowledge production efforts in organizational studies feature a variety of theories of action in combination (Kilduff, et al., 2011). Unfortunately, they underemphasize the silent, invisible transformations that occur beyond or below organizational and institutional actions and challenge them (Jullien, 2011). This concept of transformation is more natural in the East, and it enriches the dominant Western logic of action (Chen, 2003). Transformation enables additional interpretations of the sustainability issues linked to Strategic Management.

Chinese thought and language of strategy

In 2011 China became the second-largest economy in the world. Its evolution calls for an understanding of its indigenous philosophical and cultural concepts (Chen & Lee, 2008; Chen, 2011). Western thought tends to explain China in its own narrowly construed economic terms of cheap labor, government plans and subsidies, large local markets, and lax pollution controls. Such explanations are founded in "means to ends" or "cause and effect" theories which are simplistic and incomplete (Jullien, 1999: 17).

By examining the cultural assumptions, strategies and practices that have allowed Chinese civilization to grow globally, we can gain a deeper understanding of what "strategy" means, or rather how strategy "matters" (Barad, 2003; Tsui, 2007). Management literature underestimates the ethnocentric biases of language. It ignores the very roots of the Greek words *Mythos and Logos*, or 'myth' and 'discourse'. The concept of "Logos" emerged from the narratives of ancient poets but was eventually asserted against them, becoming "at once reason and definition" (Jullien, 2000: 372). Logos is reasoned discourse. Two points deserve focus.

First, in Indo-European languages, reasoned discourse is anchored in phonetic writing which is very different from the hieroglyphic, ideographic or logographic writing of China (Abram, 1996). There is a fundamental gap between phonetic and ideographic writing systems (Jullien, 2000). The phonetic writing developed in Greece lost pictorial ties with reality, which linger in ancient Semitic writing. Letters no longer operate as windows opening onto what Abram (1996) calls "a more-than-human world". On the contrary, they operate as mirrors reflecting the human form back upon itself. That is why Abram describes Western civilization and culture as an alphabetic or alphabetized civilization. This has an impact not only on our subjectivity but also on our experience of sensuous surroundings. Words and the things they represent do not have one-to-one correspondence. The words for things have existed longer than the things themselves. Things are in a constant state of flux and are forever changing

despite the impression given by the permanence of words.

Second, there is a gap between oral and written words. In the Greek foundations of Western thought, the movement from Socrates' oral language to Plato's written word is the lever by which to establish, through words, the "true" essence of things as superior to things themselves. For Plato ideas exist as pure forms in words, independent of the sensory world.

Given these characteristics of language, it is necessary to reflect on "interpretation", which is linked to the word "language" itself (Chinese and English) (Jullien, 2000: 7). As a foundational example, the Chinese word for writing or language, wen, illustrates the interpenetration of human and non-human scripts. "The word wen signifies a conglomeration of marks, the simple symbol in writing. It applies to the veins in stones and wood, to constellations, represented by the strokes connecting the stars, to the tracks of birds and quadrupeds on the ground" (J. Gernet, quoted in Derrida, 1976: 123 and in Abram, 1996: 96).

Many of Jullien's books have been translated into English and Chinese, especially those dedicated to "efficacy" and "strategy" (Jullien, 1999, 2000, 2004). Efficacy and strategy are twin themes that are central to Western ways of thinking, but Jullien uses them to look beyond Western approaches. "The starting point of Jullien's exploration is precisely the ongoing and obstinate Western quest for a theory of strategy" quotes Aligica (2007: 326).

Table 1 lists the Chinese and English meanings of key words related to strategy. For the first of them (*shi*) Jullien (1999: 16) underlines: "one characteristic of the word *shi*, [...] is its tendency in translation to fall between the static and the dynamic". The polysemy of the word appears as a sign of imprecision to uncaring translators. For Jullien, it is the term's ambivalence that is so attractive.

Table 1. Strategy words from Jullien's work

"Phonetic" Chinese	English	Indications for meaning from Jullien (1999, 2004)
<i>Shi</i> (chapter 5, Sunzi) 勢	position, circumstances, power, potential (Jullien, 1999: 12) force, position, power, momentum, (Sun, Chen, & Zhang, 2008 : 160)	"The kind of potential that originates not in human initiative but instead results from the very disposition of things" (Jullien, 1999: 13) " Potential born of disposition (in strategy) and the crucial nature of hierarchical position (in politics)" (Jullien, 1999: 14)
<i>Xing</i> (chapter 4, Sunzi) 形	Situation, configuration, relation of force	"The slope serves an image of the <i>propensity</i> that results from the relation of force that the general knows how to exploit to his advantage, by maneuvering his men" (Jullien, 2004: 18) "Circumstances are no longer conceived only (indeed, at all) as "that which surrounds" (<i>circum-stare</i>) [...] Instead, it is through those very circumstances that potential is released, the potential, precisely, <i>of the situation</i> . Conclusion: potential is circumstantial" (Jullien, 2004: 22)
<i>Xiao</i> 校	Evaluation, position	"If any operation is to be undertaken before engaging in battle (be it in the "ancestral temple" or, as for us, "in committee") it must be an operation not of planning but of " evaluation " (the concept of Xiao)..." (Jullien, 2004: 20)
<i>Ji</i> 計	Assessment Calculation	"... more precisely " assessment " (in the sense of preliminary evaluation on the basis of a calculation : the concept of Ji)" (Jullien, 2004: 20)

The core meaning of Table 1 can be summarized with the following phrase: “the potential of a situation”, a combination of *shi* and *xing* that the strategist has to evaluate and assess (*xiao* and *ji*). This potential can be elaborated as (Jullien, 2004: 19):

- a) moral potential
- b) topographical potential
- c) potential through adaptation

Xing and *shi* are two core ideas that anchor Chinese strategic thinking. In modern Chinese, *xing* and *shi* used together refer to a “situation of any shape, of any scope” (Sun, Chen, & Zhang, 2008: 160-161). *Xing* is the idea of a situation or configuration, “as it develops and takes shape before our eyes as a relation of forces” (Jullien, 2004: 17). The potential of the situation cannot be predicted in advance. It can only be detected, since it changes all the time. *Shi* is the concept of potential, which is implied by that situation. It can be made to work in one’s favor, or one can be positioned to be favored by it. The key to Chinese strategy is to rely on the inherent potential of the situation. This is known as “strategic situationalism” (Sun, et al., 2008). Strategy is about finding, adjusting to and going along with the flow of a situation as it evolves.

FOUNDATIONS OF STRATEGY IN TRADITIONAL CHINESE THOUGHT

For a long time, China has been a power in its own right, albeit a quiet one. Throughout most of its history it has focused inwards and remained closed to the West. It has developed deep philosophies, cultures and concepts in line with its own ways of thinking.

Applying the Western approach of linking prediction and science to the concepts of *xing* and *shi* leads to erroneous interpretation. The West overvalues predictions and our ability to make them. In contrast, the Chinese approach is to look at a configuration and its potential and make the most of its consequences as they unfold. This prevents a preoccupation with predicting the future while pursuing a goal. Prediction is replaced by continuous adaptation, “forecasting” is replaced by sense-making and alertness. In this approach, the strategist attempts to take advantage of an *unfolding* flowing situation by adapting to circumstances and opportunistically taking advantage of potential. The awareness and reading of circumstances and their potential is a process of ongoing transformation. It is not the strategist and their thinking or their personal investment in the situation that is critical, but rather how the potential emerging from the situation can be harnessed. Thus a decoupling of agency from action, which is foreign to Western ontology, is at the core of the *xing–shi* idea.

The Western way of “model making” involves a means-end relationship (Jullien, 2004: 32). For Clausewitz, “theory must endeavor to consider the nature of means and ends” (Clausewitz, On War II, 2, quoted by Jullien, 2004: 36). Today, those concerned with Strategic Management cannot do without this concept pair. Even if one considers the end to be fantasy, it is important to seek useful means (Jullien, 2004).

Efficacy in traditional Chinese culture

Efficacy, a central tenet of strategy, is the focus of Jullien's *The Propensity of Things* (1999). In it, he describes the history of efficacy in China based on the study of more than fifty writers from antiquity to the seventeenth century. Efficacy can be explained in three parts. The first is the logic of manipulation, without the reluctance or qualms observed in the West. Jullien highlights the analogies between strategic and political mechanisms. "In one case one sets out to destroy, not the enemy, but his power of resistance; in the other, one is prepared to exterminate any subject once he becomes an obstacle" (Jullien, 1999: 60). This does not mean that morality does not exist in Chinese values or that manipulation does not exist in the West. But within the context of shi, power relations are more important than human virtues, "courage and cowardice are a matter of shi" (Jullien, 1999:, 30). This is in contrast to our Western vision of leadership and morality.

Second, efficacy in warfare does not necessarily mean direct confrontation (a point quoted by Mao Zedong to explain the appropriateness of tactics during the war of resistance against Japan). This point differs from Clausewitz's modern conception of warfare, in which direct confrontation is the central element of battle. Finally, efficacy does not depend on personality because political position operates as a power relation. The position of the sovereign can be defensive; it can also become an instrument of totalitarianism.

The Propensity of Things highlights the relationship between efficacy, strategy and art. It lists categories of strategic dispositions, or different kinds of shi, for calligraphy, painting, poetry and the theory of literature. Instead of mimesis – an inherited Aristotelian search for reproduction or imitation shaped by the ideal form or style – traditional Chinese art is conceived as the actualization of universal dynamism, intended "to capture and put to work all the efficacy possible through gesture and arrangement" (Jullien, 1999: 107). Meticulous technique and ecstasy are then linked within the sensuous surroundings (Abram, 1996). Jullien (1999: 93) talks of the lifelines of landscape: "space and hence landscape [...] as a perpetual setup which puts to work the original vitality of the nature". More important than form and style, vital breath circulates as an animating energy that sustains and exalts the propensity inherent to things. The "propensity for linking" (Jullien, 1999: 133-149) appears as the common underlying assumption for strategy but also for calligraphy, painting and poetry. "Aesthetics" is linked to strategy by the common ideas of efficacy and variability, and to politics where it stresses the spontaneous process of the effect of propensity and its inexhaustibility.

The propensity at work in reality is addressed by ideas of "situation" and "tendency". This point challenges the absolute validity of the Western understanding of causality. For Kant, "causality is a general law of understanding that must be established a priori" (Jullien, 1999: 220). This principle does not exist in Chinese thought except within the framework of immediate experience. In the Chinese interpretation of reality there is no extrapolation of a series of causes and effects. Reality is "the understanding of the disposition of things" (Jullien, 1999: 221). That is why Western scholars could have translated shi as "tendency" or "propensity". The meaning of natural propensity must be understood through the relationship between Heaven (above and round) and Earth (beneath and square), different from any religious interpretation of these

2. In Europe the Enlightenment corresponds to the end of the religious age (see the works of Marcel Gauchet)

terms. In China, a sense of universal regulation replaced religious feeling very early (during the second millennium B.C.)². For both the general person and the sage, “practical reason lies in adapting to the propensity at work so as to be carried along by it and exploit it” (Jullien, 1999: 263). The level of knowledge is not separated from that of action. Going along with change helps to create harmony, because change as transformation is forever regulation. Following Jullien (2004) through *A Treatise on Efficacy Between Western and Chinese Thinking* allows us to reflect on Western strategy thinking. “By forcing us to consider two different modes of efficacy resulting from two different logics, he compels us to rethink our deepest assumptions about human action and strategy” (Aligica, 2007: 334). The book treats efficacy as one of the most important values of modern societies (Lash, 2009). But it appears only in the eighth chapter, after Jullien (2004) has prepared the foundation. In fact, the essay is not a treatise *on* efficacy but rather a treatise *about* efficacy. We want to avoid an *a priori* implicit concession to the Western conception of cultural identities that we find often in the international management studies, which are inherently based on Western categories. Table 2 highlights the chapter titles or main expressions used by Jullien (and Janet Lloyd, his translator from French to English).

Table 2. Between Western and Chinese Thought (from *A Treatise on Efficacy*, Jullien, 2004)

Chapters	Western thinking on strategy	Chinese thinking on strategy
1-2	Fixing One's Eyes on a Model (1)	Relying on Propensity of Things (2)
3	Goal (3)	Consequence (3)
4	Action (4)	Transformation (4)
5-7	The Structure of Opportunity (5)	Do Nothing (with Nothing Left Undone) (6) Allow Effects to Come About (7)
8	Efficacy (8) as a logic of production	Efficiency (8) as a logic of coming about
9-10	Persuasion (10)	The Logic of Manipulation (9) upstream
11-12		Water Images (11) In Praise of Facility (12)

Distilling Chinese Thought on Strategy

We can now begin to relate Jullien's (2004) Treatise based on Sunzi and Laozi³ to the four key elements in Strategic Management literature identified in part one.

Efficacy (effectiveness) over efficiency

Effect (in the West) is something deliberately aimed for, generally through a direct and visible action. Effectiveness, however, stems from process as a consequence (in Chinese thought) of transformation (ibid., chapter 8: “From Efficacy to Efficiency”). Whereas “efficacy” posits an obligation to produce the required results, “efficiency” involves working towards results with the minimum amount of expenditure (chapter 12: “In praise of facility”). There is a radical difference between the Western psychology of will (action goal orientation, and cause → effect) and invisible transformation through the central notion of the propensity which is naturally embedded in things. It does not mean that action does not exist for the Chinese strategist, but it takes place so upstream that it is unnoticed. The art is then “to win before having to fight”

3. For Jullien (2004: ix), Laozi (sixth or fourth century B. C.) is unclassifiable: beyond the mystic context in which Western scholars tend to place it, it covers multiple topics including warfare, power and speech. The best Western edition is produced by Robert G. Henricks, Lao tzu: Te-tao ching (1989)

(Sunzi, chapter 3: “Mou gong”, quoted by Jullien, 2004: 127) because efficacy diminishes as a course of things become more definite. That is why a “real strategist possesses the skill to see the seed even before it has grown” (Sunzi, chapter 4 “Xing”, quoted by Jullien, 2004: 127).

Adaptation to environmental changes

The core idea of contingency and the resource-based views of Western Strategic Management literature may appear similar to the Chinese conception, but this is not the case. Western concepts of strategy are still anchored in the ideas of human agency and mastery over available or desirable resources. This attitude of domination is a core reason for our failure to develop ecologically sustainable strategies. The desire of management to take ecosystem changes into account is only marginal in the West (although present in native or aboriginal cultures). In contrast, the natural environment is deeply integrated in situation and circumstance within the processive view of reality (Immanence) in China. Immanence is rooted within a basic fund of efficiency as natural transformation or maturation of the situation without needing the Western concept of action – as human, direct and rational behavior. The current direction of industrialization in China, and its efforts to be the “factory of the world” may seem in conflict with this processive view of reality. But in the global historical context, this phase of Chinese industrialization is temporal, and sensitive to both a naturalistic and humanistic concern for the global fund of people and natural resources.

There are two configurations of the situation for Sunzi (Chapter 6, “Xu shi”, quoted by Jullien, 2004: 128): “upstream”, which is determinant but imperceptible, and “downstream” which is patent and obvious. The most efficacious arrangement is the configuration, which antecedes the situation. Upstream intervention allows effect from a distance, instead of waiting for an effect from confrontation. In addition to the previous point (efficacy), anticipation is a key factor. Anticipation deserves to be differentiated from the closely related concept of forecasting. For example, weather forecasting deals with what the future weather will be, whereas anticipation concerns the advantage which can be drawn from the weather regardless of what it turns out to be. So, the essence of adaptation lies in anticipating future situations and positioning oneself within upstream conditions to be advantaged by the transformation.

Competitive advantage

Competitive advantage is a key notion in Western Strategic Management. It can emerge from a firm’s capabilities or resources, or from the environment as an opportunity. Alternately, it can be decided by top management as a goal to reach and to conserve. Competitive advantage cannot be easily sustained if it is linked to an environment that is always changing. Moreover, when competitive advantage is the result of a decision, it is generally taken as a corporate strength in its own right.

Planning and dynamic responsiveness (as in game theory)

Planning is born from the Western tradition of model making (“Fixing One’s Eyes on a Model”, Chapter 1, Jullien, 2004), anchored in the ancient Greek conceptual triptych of goals, ideals and will. The Western model of efficacy

seeks to attain a predetermined goal. It mobilizes voluntary, assertive and heroic action. The risk of this perfectly assimilated model is that we are unable to think and act outside of it. How then can a firm manage to have dynamic responsiveness? It can be costly or difficult to adapt if the propensity of things is not perceived or if it is perceived as acting out of the plan. Dynamic responsiveness creates a distance between the ideal model and reality. Clausewitz forged the concept of “friction” to explain the failure of the ideal model to be a guide for action (Jullien, 2004: 13).

In warfare, more than anywhere else, an actor or an event can interfere with the game without following its rules. As quoted in Table 1, “circumstances” in Chinese strategy are not surrounding conditions. Instead, this role falls to the core available potential embedded in the situation itself because “potential is circumstantial” (Jullien, 2004: 22). “If one restrains oneself from taking action it is so as to allow things to happen” (Laozi, section 47, quoted p. 88). Therefore the strategist sometimes needs to anticipate by “non-action” rather than acting directly in order to assess and calculate (xiao/ji in Table 1). Far from destroying a plan, circumstances create potential. Instead, to stand apart from the situation (at whatever kind of distance, be it metaphysical, theoretical or mathematical), warfare should be understood “as something that lives and reacts” (Jullien, 2004: 22).

“EMPIRICAL” APPLICATION – THE STRATEGY OF SUSTAINABILITY

In this section we illustrate the above traditional Chinese approach to strategy with empirical experiences from China. We must caution that in the Chinese approach the whole idea of the “empirical” is different from how we understand it in Western science. The root word “empiric” derives from the 16th century Latin “empiricus” which refers to a physician “guided by experience”, from Greek empeirikos or “experienced”.

Chinese empirics turn on the experience of life: experience not of a single individual (doctor or author) but of the collective. From a traditional Chinese perspective, empirical understanding is not about quantifying words and running them through statistical methods to predict phenomena or arrive at certainties. It is more about becoming in touch with the subtleties of change experienced around us and making adjustments (large and small) to exploit the potential inherent in situations. In the spirit of learning from the Chinese methodology of meaning, we describe three historical empirical realities as they relate to strategies of sustainability.

While China may not be engaged in the “sustainability” discourse (particularly the academic one) emerging in Western terms (Starkey & Crane, 2003), it would be a mistake to assume that China is not concerned with the substance of sustainable life on earth. It is philosophically grounded in sustainability concerns about balancing human-nature relationships. It is keenly aware of the practical challenges posed by the sheer size of its population, and their aspirations to improve their standards of living. It is mindful of the scarcity of ecosystem resources and its exploding energy needs. This empirical part of our analysis presents three experienced strategies that are apparent in the evolution of China towards becoming ecologically, socially and economically

sustainable. First, we explore how Chinese cultural values, shaped by Daoism and Confucianism, offer a blend of “naturalistic” and “humanistic” approaches to building society. Second, we consider China’s population control strategy, including its one-child policy (1979), as a way of dealing with the core problem of sustainability. And third, we examine the economic development of modern China as a state-owned capitalist economy for shared social prosperity.

Pragmatics/Values of Daoism (Taoism) and Confucianism

To understand China, one must first understand its core value systems. Daoism and Confucianism are two primary sources of these values. Daoism is a philosophy and a religious tradition that emphasizes living in harmony with the Tao (道), the source and essence of nature. The key text containing teachings of Daoism, *Tao Te Ching*, is attributed to Laozi. Religious Daoism includes a number of widespread beliefs and practices that pre-dated the writings of the *Tao Te Ching*.

Taoist ethics emphasize three key values of compassion, moderation, and humility as manifested in nature and the relationship between humanity and the cosmos. They provide guidance on achieving harmony with the universe and its source (the Tao) through health and longevity and *wu wei* (action through inaction or “effortless effort”). They emphasize qualities of naturalness, vitality, peace, “non-action”, emptiness, human refinement, detachment, flexibility, receptiveness, spontaneity, the relativism of human ways of life, and ways of speaking and guiding behavior (Eliade, 1984). The People’s Republic of China recognizes Taoism as one of five national religions. The government regulates its activities through a state bureaucracy (the China Taoist Association) (LaFargue, 1994).

Confucianism originated in the works of the philosopher Confucius (K’ung-fu-tzu) as an ethical and philosophical system in 500 BC. At its core it is humanistic and non-theistic in the belief that human beings are teachable and perfectible through personal and communal effort. It focuses on self-creation through cultivating the self with virtue and the ethics of *ren*, *yi*, and *li*. “Ren” is an obligation of altruism and humaneness for others, *yi* is the upholding of righteousness and moral good, and “li” is a system of community action norms.

Confucianism became and remained the official state ideology of China until modern times. It was only replaced as the state ideology with the establishment of the Republic of China (1912-1949) and its adoption of the “Three Principles of the People” (Nationalism, Democracy and Welfare). These principles also enshrined the humanist ethos of Confucianism. The Maoist Communism that founded the People’s Republic of China in Mainland China further cemented humanist values in a state ideology that gave the people the ownership of means of production (Fairbank, 1983, 1986).

These two underlying philosophical systems with their respective emphasis in nature and humanism have undergirded the Chinese experience of sustainability at an everyday level. They bind the concern for nature and humans in a unique experiential quest for sustainability. They shape common people’s behavior towards land, diet, mobility, consumption, waste management, and natural resources. These core values have been embedded

in successive state ideologies to guide national policy-making, creating the potential for sustainability to be embedded organically within varying social and political contexts.

The “empirical” conditions of the Chinese cultural development favor a conception of “living” (sustainability oriented) more than “existing” (ideal oriented). That means that “duties” in the traditional Chinese day to day life have been placed before the universal “rights” of people born from the ideal perspective of Western thinking (Jullien, 2008). Echoing the distinction made by Purser, Park, and Montuori (1995), traditional Chinese strategy favors “ecocentrism” more than “anthropocentrism”. Far from the human / nature dualism of the West, which is a social construction, people are within the world in the Chinese conception. Thus, they can hear the “silent transformations” (Jullien, 2011) and adapt themselves.

At the organizational strategy level, Confucian social theory acknowledges the different views of goals/purpose, balancing competition and cooperation, and subtle, stealthy (even imperceptible) strategic action. And through these concepts it connects to the Western ideas of goals, competition and strategy. We point to these connections only as a point of entry to encourage deeper investigation.

Population Strategy

“Of all things in the world, people are the most precious”
(Ancient Chinese saying)

Population is probably the most critical variable for sustainability. A century of rebellions, wars, epidemics, and attempts at colonization added to the collapse of imperial authority, kept the annual population growth to 0.3%. After the “cultural revolution”, from 1953 onwards, government health services became available to the masses, improving maternal and child health in China. In addition, falling death rates among both infants and adults led to a population growth rate of 2.8%, adding some 250 million people by 1970. Population studies had been discontinued in China in the late 1950s in line with Marxist doctrine, and were reinitiated only in 1975 at new university departments. Population expansion was seen as part of China’s new strength; at the same time it was perceived as a strain on the government’s efforts to meet the needs of its people. The fourth “five-year plan”, in 1970, included, for the first time, targets for controlling population growth. Contraceptives and abortion services were extended into rural areas, and there was extensive promotion of later marriage, longer intervals between births, and smaller families.

Within five years the population growth rate fell to around 1.8%. In 1978 the government instituted the one-child policy and the target set for 1980 was a growth rate of 1%. It was premised on the argument that sacrificing a second or third child was necessary for the sake of future generations. Implementation was facilitated through a package of financial and social incentives, including preferential access to housing, schools, and health services. Minorities were excluded from the policy. At the local level, collective incomes, incentive services and sanctions for breaching the policy made couples understand the effect of their personal family choices on the community, and made clear that there was community pressure against having children outside the agreed

plans. In 1982, the census showed more than 1 billion people in China. Most population targets were abandoned, and in 1985 the official goal was to maintain the population at around 1.1 to 1.2 billion by 2000.

The one child policy has, in Western mind, imposed great costs on individuals and families. However, these costs have to be seen in the context of a Chinese tradition in which demographic decisions have largely not been individual. Chinese people throughout their history have made individual sacrifices for the collective good (Milwertz, 1997).

First, this policy can be interpreted as an example of “a logic of manipulation upstream” (Table 2), for the future of the whole nation rather than for the present benefit of the individuals themselves. Second, this strategy can also be interpreted as a democratic taxation system based on a specific kind of “human” income: children. Third, it can also be seen as anticipation of the eventuality of limited growth and evoke a first form of voluntary and specific degrowth, responding in favor of dealing with our current global economic, social and environmental crises.

Economic Strategy in Modern China (1950s-2010)

Modern China, as we know it now, originates from Mao Zedong and his revolutionary move to Communism, with state controlled and cooperatively based production. In 1949, Mao and his revolutionary followers took over administration and pursued two key goals. First, to organize and administer the world’s largest society and second, to rebuild an economy devastated by decades of war. They adopted the “Big Push” strategy of socialistic heavy industrial development. It involved rapid industrialization and reduced consumption, in a government controlled economy. Entire new industries were created in the public sector. Tight control of budget and money supply reduced inflation by the end of 1950. The private sector of small to big businesses was severely curtailed and suppressed. Government campaigns were anti-capitalist and punished capitalists with severe fines. Communist party leaders decided to build heavy industry by utilizing Capitalism in the short term and finally merging it into Communism (Spence, 1991). Remarkably, China accomplished both its key goals in the first five years of communist rule. Membership in the Chinese Communist Party (CCP) grew rapidly during this time. A hierarchy of party organs extended from the top echelons of the CCP down to more than one million branch committees, established in every village and township, factory, school, and government agency. A new government bureaucracy replaced the old imperial one. The new government nationalized the country’s banking system and brought all currency and credit under centralized control. It regulated prices by establishing trade associations and it boosted government revenues by collecting agricultural taxes. By the mid-1950s, the communists had rebuilt and expanded the country’s railroad and highway systems, boosted agricultural and industrial production to their pre-war levels, and brought the bulk of China’s industry and commerce under the direct control of the state. They also trimmed government bureaucracy to suit the needs of overall economic efficacy (Chan, 1999).

At the heart of all this economic change were land reforms that were enacted within two years of Communists taking power. Party cadres in local villages and peasants used public “struggle meetings” to eliminate landlords and

redistribute land and other possessions to peasant households. The CCP encouraged rural households to form mutual aid teams and agricultural producers' cooperatives. This reorganization brought huge acreage under cultivation and boosted agricultural productivity.

Communism was a Western product born from European ideology and was imported into China. China borrowed the model and in doing so, adapted and transformed it to its own social and cultural needs. It opened an avenue that is neither simply Maoist, nor just an extension of liberal democratic pluralism (Cheng, 2007). This avenue is nurtured by its vast civilizational thinking about new governance and new social framework (Cheng, 2009). After the 1949 revolution, China adopted a "communist" economic system in which property rights were largely delegated to the state. For thirty years it cultivated a state owned, centrally planned Maoist communist economic model. In the 1980s gradual but wide-ranging economic reforms lead to the emergence of a mixed economy of "state Capitalism".

The beginnings of Capitalism were described as "sprouts" (*mengya*) in the seventeenth and eighteenth centuries by Chinese intellectuals. The budding systems of Capitalism and Democracy were described as "bamboo shoots" able to flourish, disappear and emerge again depending on the political climate. The ground had been prepared (Goldman, 1994). This "grounded" change was not decided in a concerted action or within an overall political program. It emerged progressively, through both sustainable and intermittent transformation: it was mainly the fruit of an intellectual network of informal groups nourished by Marxist theorists, scientists, writers and editors who sought to humanize the cultural revolution. It was social transformation more than heroic action, as described by Jullien (2004, Chapter 4), that allowed this grounded change. There was no single leader or even a group that acted/decided this course of transformation.

In the past two decades China has introduced new management systems to increase productivity, and has emphasized the raising of personal income and consumption. The government has encouraged exports and foreign trade, and controlled its currency value, as a major vehicle for economic growth. The restructuring of the economy and resulting efficiency gains have contributed to a more than tenfold increase in GDP since 1978. Yet, China faces key infrastructure bottlenecks that constrain its growth. It has insufficient energy to run at fully installed industrial capacity. The transport system is inadequate to move sufficient quantities of such critical materials (Chen & Feng, 2000; Guo, 2010).

Traditionally the two most important sectors of the economy have been agriculture and industry. They employ more than 70% of the labor force and produce more than 60% of GDP. Technology, labor productivity, and incomes have advanced much more rapidly in industry than in agriculture. Agricultural output has been vulnerable to the effects of weather while industry has been more directly influenced by the government. The disparities between the two sectors have combined to form an economic-cultural-social gap between the rural and urban areas, which is a major division in Chinese society⁴.

The evolution of the Chinese economy can be seen as a complex balancing act in a great and subtle transformation. Successive governments have sought to balance local with global, rural with urban, agriculture with industry, industrial growth with well-being of the masses. It has not been an unqualified success,

4. China's growth was driven by state investment in infrastructure and heavy industry as well as from private sector expansion in light industry. Poverty rates fell from 53% in 1981 to 2.5% in 2005, but about 10% still earned below \$1 per day. Infant mortality fell 39.5% (Chen & Feng, 2000). About 159 large state-owned enterprises dominated the small but highly concentrated public sector. They provided key inputs including energy, utilities and heavy industries that fuelled the growth of the private sector. By 2000 China had a thriving global economy with thousands of private firms. In 2008, struck by the global financial crisis, many private companies closed down. The government expanded the public sector to take up the slack. In 2010, there were approximately 10 million small businesses in China.

and China needs to develop much further. But the process of guided balanced progress over the past decades is reminiscent of the traditional concepts of achieving potential by “going with the flow”.

Our purpose in discussing these strategies is not to assess their merits and demerits. We acknowledge that our descriptions are brief and missing details. As pointed out at the beginning of this paper, we do not hold up modern China as an exemplar of great ecological practices in the industrial sector. We acknowledge the huge ecological destruction and pollution wrought by industrialization of China in the past decade. But we also note the mitigating circumstances of the need to feed its huge population of 1.7 billion people, and its significant efforts to move towards renewable energy infrastructure.

LEARNING FROM THE CHINESE EXAMPLES: A “WATERISTIC” FLEXIBLE APPROACH TO LANGUAGE, THINKING, AND STRATEGY

Several important theoretical lessons emerge from Chinese traditional thought.

Rooted in indigenous experience

China’s approach to strategic practices reinforces the importance of “indigenous” philosophical analysis as a basis for developing theories of strategy. Strategy is a deep cultural concept, and theories of strategy need to be anchored in social, historical and cultural experiences. The current popular approaches of borrowing Western concepts of strategy and applying them to firms from different social histories are misguided and often shallow. Indigenous theories of strategy are particularly important if we are to avoid the hegemonic dominance of a relatively narrow and shallow set of ideas developed in the context of industrialized Western economies of the past half-century. Rooting strategic theories in traditional indigenous philosophies can reveal and uncover the wisdom of these traditions and supplement our scientific knowledge with locally relevant cultural values, aspirations, and insights.

The Strategic Management field needs to evolve in a far more differentiated way than it has in the past. A unified theory of strategy that seems to apply equally in North America or Europe is unlikely to be useful in China or India. Each system of political economy needs its own theories of corporate strategy and policy. Strategy theories should be commensurate with economic, social and cultural contexts of economic regions, ecosystems, and cultural landscapes.

On the practical side, managers in different economic and socio-cultural settings would be better served by not applying theories irrelevant to their own context. There is enormous pressure among modern managers in many countries, to follow the “best practices” or case studies developed by branded organizations such as Harvard Business School. Business schools around the world teach with Harvard cases uncritically, with little concern for the local culture and social context. The Chinese experience suggests the value of indigenizing management practices and teaching approaches.

Strategy as action

Strategy is about action, flexibility and change, both at the individual and collective levels. Theories of strategy should be theories of action. This sounds like a contradiction in Western thought where “theory” is contraposed to “action”. But as organizational research pioneer Kurt Lewin pointed out, “there is nothing more practical than a good theory”. Unfortunately, we in organizational studies have veered away from this pragmatism. Modern Strategic Management retains a narrow and limited connection to practice in the form of case studies. The isolation of modern strategic theory from action comes from a tendency to borrow theories and methods from social sciences, which in turn borrow from the natural sciences. Moreover, the premium placed on “abstraction” and “mathematical representation” of the real world put further distance in understanding pragmatic issues. Management scholars write for their academic peers, are judged by their peers, and rewarded for abstraction and mathematization.

Chinese traditional thought teaches us that theory is only as good as the practice it evokes. The Chinese notion of the “potential of the situation” can be an expanded way of thinking about the Western theory-practice divide. It “provides the link between initial calculation and the inevitable variations that depend on the circumstances” (Jullien, 2004: 23). Theory and practice continue to exist as distinct concepts in Western ideology. For Chinese thought this opposition is dissolved in a larger unifying frame of potential. What Westerners call “theory and practice” relies on the same propensity of things as the two banks of a river. A river flows between two shores but has only one unique riverbed (*xing*, here meaning situation or configuration). Water (including its contents and surface) is carried by the slope of the ground, which allows the river to flow in a natural way. The slope embodies *shi*, the potential of the situation (Jullien, 2004: *ibid.*, 18). Thus theory and practice may be seen as the two banks of the river of action.

Embracing contradictions

Western analytical rationality, which is the core of strategic thinking and theory building, does not handle “contradictions” very well (Chen, 2008). Contradictions are considered undesirable and eliminated or hidden. Our vision of a solution is one without contradictions. In Chinese traditional thought, contradictions are an acceptable aspect or even the very essence of the flow of reality. They are anchored in the language, which does not have the gap between things and words conjured up in alphabetic civilizations (Abram, 1996). There is a willingness to let contradictions be, and work with the situation to maximize its potential. China’s Communist-Capitalism is an example of overcoming the duality of Western thinking that juxtaposes Communism and Capitalism as opposites. This model has allowed Chinese state owned companies to gain competitive advantage and scale of operations (with support of the government). Such support is either not legally permissible or ideologically undesirable in most Western capitalist economies. This has huge consequences for competitiveness in a global context.

Organizations face fundamental contradictions that result in uncertainties and conflicts in stakeholder interests, strategic direction, leadership choices, and investment possibilities. A deep understanding of contradictions and

uncertainties from Chinese traditional thought allows us to perceive the polarity in all reality instead of defining two mutually exclusive spheres of reality: on the one hand the sphere of being and the intelligible with true definite knowledge, and on the other hand, the sphere of becoming and the perceptible, the multiple, the unstable and the oblique and changeable opinion (Détienne & Vernant, 1978: 5).

Flexibility and Change

The Chinese notion of strategy develops the “keen sense of constant to-ing and fro-ing between the two poles” (Jullien, 2004: 191). It invites us to escape from the logic of model making and accede to a logic of *unfolding* in order to exploit the *circumstantial* potential of a situation in its process of evolution. Potential only exists thanks to the circumstances and vice versa. However, due to constant changes in circumstances, potential is eternally changing. Becoming comfortable with constant change is essential to strategizing, in the sense that strategy is a dynamic concept, not a static plan of action. Thus, when strategizing, the concept of emergence needs to be taken seriously.

The Chinese strategist evaluates situations and potentials instead of planning. Systematic evaluation (*xiao*) is an assessment as a preliminary calculation (*ji*) (See Table 1), which can be led by precise questions about the situation. The aim is to make a painstaking study of the forces present, in order to assess which factors are favorable. The passage from the evaluation of the factors to the possibility of exploiting them is of central importance (in warfare as in diplomacy, politics and business).

From walking to sailing – A Strategy Metaphor

This paper began with the search for a theory of strategy. We explored traditional Chinese thought as a source for new ways of thinking about strategy. China uses metaphors from nature to understand and describe their political economy (Goldman, 1994). Along this line of thinking we propose a metaphor for understanding strategy in Strategic Management. The metaphor marries two traditional sources of “moving” knowledge:

1. Daoist leadership (Lee, Han, Byron, & Fan, 2008) within the strategic Chinese perspective of “water images” (Jullien, 2004, Chapter 12), which conclude the *Treatise on efficacy* in “Praise of facility” (Jullien, Chapter 13).
2. The “*mètis*” as a cunning intelligence (Détienne & Vernant, 1978) drawn from navigation images (Chapter 3) especially those in Homer’s *Odyssey*.

The metaphor that captures this well is “sailing”. We invite a move from “walking” to “sailing” as a metaphor for organizational strategy. Sailing stresses the idea of the potential of a situation through images of water. The act of an army walking on land highlights the visible force through men and their arms. It stays anchored in a mechanistic model. With water (instead of land) – the potential born out of the situation – emerges from a natural balance more than from a mechanical rhythm. Water, characterised by variability and adaptability as opposed to rigidity “is used as a symbol of the most penetrating and unstoppable force” (Jullien, 1999: 33).

Water is a symbol of contradiction and sustainability. Its flexibility and weakness make it “stronger than strength” (Jullien 2004: 171). No one can fix

water or master it. A leader can have a “wateristic” personality, that enables the practice of active non-action (*wu wei-wu*) (Lee, et al, 2008: 95) in order to “do nothing (on purpose) without neglecting anything” (「无为而无不为」) (Chen, 2011) or “do nothing, and let nothing be left undone” (Jullien, 2004: 85). This “wateristic” personality is close to the cunning intelligence of Ulysses in Homer’s *Odyssey* (Détienne & Vernant, 1978).

Water (more than land), even when it is peaceful, pictures the great process of the world as an image of the Dao. Water moves/changes constantly and does not settle into any particular disposition (Jullien, 1999: 33). For that reason, the metaphor of sailing seems appropriate for strategy. It keeps in mind that silent transformations exist and are always acting on the situation. Goal directedness or teleological thinking itself is not sufficient to nourish a general theory of Strategic Management. Instead we need to continue debates between goals and means (Ansoff, 1991), between structure and strategy (Chandler, 1962), and between process (how to make decisions) and content (what is a good decision) (Andrews, 1971).

At the strategic level the sailing image highlights the mutation of team into crew. This notion of crew is closer to the natural Chinese word *Guanxi* (Chen & Chen, 2004; Wong & Slater, 2002). Defined as a “direct or indirect personal relationship to solicit favours” (Wong & Slater, 2002: 338), *Guanxi* is regarded as a source of sustainable competitive advantage (Tsang, 1998). A popular saying in Chinese society underlines, ‘who you know is more important than what you know’ (Yeung & Tung, 1996). The Western view of an independent self is challenged by the utilitarian concept of *Guanxi* nurtured by a sense of communitarianism culturally rooted in Chinese Confucianism (Yeung and Tung, 1996). In a crew, team spirit is stronger, not because people are better but because the connections, environment and circumstances are more powerful in movement (and thus, in a boat) than when immobile (as in a building).

In conclusion, we offer in Table 3 a cross summary of the above lessons as they are made manifest in the three examples of Chinese philosophies, population strategy, and economic development. We note that traditional Chinese thought can be a font of new knowledge for management scholarship. Instead of simply comparing Western practices with Chinese, or sharing management techniques, our attempt has focused on using Chinese thought as a distant perspective to reflect on the limitations of our own ways of thought. We hope this will encourage other scholars to challenge our own pervasive Western assumptions and explore alternative systems for strategizing and theory development.

Table 3. Strategic Examples from China

Lesson/Example	Daoism & Confucianism	Population Strategy	Economic Development
1. Indigenous experience	Taoism recognized as a main religion throughout history, and as one of five religions by the People's Republic of China	Duties before rights Individual sacrifices for the collective good	A new government bureaucracy instead of the Imperial one
2. Strategy as action	Confucianism as the official state ideology until modern times	A logic of manipulation upstream Long term anticipation for the sake of future generations	Current political intellectualism as an avenue that is neither a simple Maoist inheritance nor an extension of the liberal democratic Western model
3. Embracing Contradiction	Balancing concerns for nature and humans in the quest for sustainability	A democratic taxation on a specific kind of human income - children	Communism (as Capitalism) borrowed from the western model and adapted for China
4. Flexibility and Change	Living (sustainability oriented) more than existing (ideal oriented)	A first example of limited growth becoming a voluntary and specific form of degrowth	Deng Xiao Ping with the power (gained, lost and gained again)
5. Walking to sailing	Water as an image of the Dao to illustrate the great process of the world	The mutation of the team into crew.	A new kind of leadership Seas and rivers dominate by being lower

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