Military principles of Chinese origin to improve competitiveness

INTRODUCTION

The growth of China’s economy and paralleling that, its construction market, and the improved performance of Chinese construction firms in international market make the study of Chinese firms’ competitiveness worthwhile endeavor. The aim of this paper is to review the relevance of Chinese military principles to enhance firm’s competitiveness. The research method used in this paper is literature review. The contributions obtained through four steps. First is to identify traditional Chinese military principles. Secondly, Sun Tzu’s Art of War was identified by making a comparison among seven Chinese military principles. Thirdly, Sun Tzu’s Art of War was reviewed and its relevance to business competitiveness was identified. Finally, a brief comparison between Sun Tzu’s principle and Porter’s strategy for competitiveness is made. At last, this paper suggests that swiftness, adaptability and intelligence are useful principles for operating in China.

Chinese Military Principles

In the western context, several researchers have suggested that military strategies may be applied to marketing in a highly competitive situation. Ries and Trout (1986) attempted to simplify and apply the basic propositions of military works to modern organizational theory and strategy in their famous publication, marketing warfare. Based on the belief that classical military strategy offers guidelines for marketing strate-
gies, researchers (Parks et al., 1994) identified the contribution of Clause- witz, a famous military strategist in western, to win market share. Though marketing-as warfare is a metaphor, it has dominated the way researchers in marketing and business strategy think about and discuss industry competition (Rindfleisch, 1996).

In China, “military strategist” is one of nine components (rectangles in single dash line in figure 1) of the traditional Chinese Culture based on which Chinese management forms (Li, 2008). Li (2008) and Yuan (2008) classified these nine areas of knowledge into two categories, i.e. “subjects” and “schools” (rounded rectangles in Figure 1). Knowledge of “Military strategist” was compatible with those ‘schools’ since it is usually used as evidences to prove their respective points. These “schools”, focusing on main ideas and philosophies, are more academic and ideological. The knowledge from Confucianism, which plays a significant role among these “schools”, is summarized as essence of the traditional Chinese culture by many researchers (rectangle in dotted line in the right part of Figure 1). Principle of “Military strategist”, which is classified into “subjects” linking to practices, may be utilized as a tool to analyze management thinking and actions influenced by culture of “unity, harmony, peace, dialectic and systemic thinking logic” (Li, 2006 and Yuan, 2008). The contribution of “Military strategist” could consist of principles and actions influenced by collective-interests oriented, harmony-oriented dialectic-led ideas.

Sun Tzu’s Art of War

“Wu Jing Qi Shu” is an authoritative collection of ancient military literatures (Pian et al., 2007). It includes seven military classics, viz. “Six Secret Strategic Teachings”, “The Methods of the Ssu-ma”, “the Art of War”, “Wei Liao Tzu”, “Wu-tzu”, “Three Strategies of Huang Shih-kung”, and “Questions and Replies between T’ang T’ai-tsung and Li Wei-Kung”. These seven classics may be regarded as the essence of Chinese military knowledge.

The contents of seven military classics are briefly summarized based on the knowledge from “Wu Jing Qi Shu” (Pian et al., 2007). “Six Secrete Strategic Teachings” is the original source of the Chinese traditional military texts, contributing much to later frameworks and systems of military strategies. “Art of War” deals with strategies to win a war. “The methods of Ssu-ma” is mainly about institutions and regulations to manage the soldiers. “Wu Qi’s Wu-tzu” covers attitude to war, attitude to national defence, approaches to manage army and principles of warfare. From the contents of the texts, Wu Tzu’s work might be established upon some part of Sun Tzu’s Art of War (Li, 2006; Li, 2008). “Wei Liao-tzu” focuses on the forms and arrangements of the army. “Three Strategies of Huang Shih-Kung”’s goal is to identify the source of prosperity and downfall of the state. “Questions and Replies between T’ang T’ai-tsung and Li Wei-Kung” involves military knowledge of military institu-

Figure 1: Traditional Chinese Military Principles (source: authors)
According to Sun Tzu, is a complete victory which means “capture the enemy’s cities without fierce assaults; and destroy the enemy’s nation without protracted operations”. Sun Tzu emphasized “winning a battle and becoming stronger” and “conquering those enemies that are easily conquered”. Since war consumes resources, protracted war means more losses, thus “it is advantageous to go for swift victory”. Because war is vital to the nation, “engaging only when it is in the interest of the state; cease when it is to its detriment”. It is suggested that winning, from Sun Tzu’s war strategy, is assessed by “cost”, “time” and “interest”.

The third related question is “What is the resource of win?” Sun Tzu proposed that: “With much calculations, one can win”; “what is essential in war is victory rather than prolonged operations”; “Knowing the enemy and know yourself, a hundred battles you will never be in peril”, “a victorious army wins its victories before seeking battle”; and “the elements of the art of war are measurement, estimation, calculations, comparisons and chances of victory”.

However, according to Sun Tzu, it is possible that “one may know how to win, but is not necessary to do so” because “in the tumult and uproar the battle seems chaotic”, and “army may be liken to water which, has no constant form, and there are in war no constant conditions”. Therefore, Sun Tzu stated that “one able to gain the victory by modifying his tactics in accordance with the enemy situation”, “control of the factor of changing circumstances”, “speedy is the essence of war”, “change methods and make alterations so that people have no knowledge of what you are doing”, “alters his camp-sites and marches by devious routes, and thus make it impossible for others to anticipate his purpose”, “it is by proper use of the ground that both shock and flexible forces are used to the best advantage”.

From the brief review of various Chinese military strategies, it suggests that Sun Tzu’s Art of War is by far the most comprehensive, and used as the foundation for the development by other military strategists. Based on Sun Tzu’s Art of War, victory may be achieved in three ways: strengthening oneself, borrowing strengths from alliance, and utilizing errors done by the opponent. The principles to ensure a victory should cover both preparation for the war and execution during the war.

**Applications of Sun Tzu’s Art of War**

There are a number of studies, in Chinese, English and other languages, which applied Sun Tzu’s Art of War strategies to business and management environments. Sun Tzu’s principles have been used to explain current phenomena by attempting to “translate” military principles into business approaches. The intention is to study how the prescriptions of Sun Tzu may be applied to management as well as to draw parallels between the principles advocated by Sun Tzu and the situation of top management. For example, Lee et al. (1998) devised business management strategies using Sun Tzu’s Art of War. The 13 chapters of Sun Tzu’s Art of War were analyzed to identify the equivalent business management strategies by using questionnaire survey. Hawkins and Rajagopal (2005) constructed a framework integrating Sun Tzu’s strategies with project life cycle context to show the correlation between the various aspects of military strategies and the fundamental building blocks of project management. Though Sun Tzu’s principles were linked with the methods of executing projects, the authors opined that waging war may be simpler than
some of the challenges faced in real projects.

Foo and Grinyer (1995) compared Sun Tzu’s Art of War and strategic planning process. They investigated the extent, nature and success of strategic planning in large ASEAN companies and found widespread adoption of regular, formal and analytical strategic planning which substantially reflected the basic precepts of Sun Tzu. McNeilly (1996) set up the framework for managers to design strategies and achieve lasting success by adopting six principles from Sun Tzu’s Art of War. These are: capturing the market without destroying it; avoiding competitor’s strength, and attacking their weakness; using foreknowledge and deception to maximize the power of business intelligence; using speed and preparation to swiftly overcome the competition; using alliances and strategic control points in the industry to “shape” one’s opponents and making opponents conform to one’s will; and developing one’s character as a leader to maximize the potential of employees.

Krause (1996) suggested using Sun Tzu’s principles to achieve business success. The major business principles are: learn to fight; show the way; do it right; know the facts; expect the worst; seize the day; burn the bridge; do it better; pull together; and keep competitors guessing. According to Krause (1996), these ten principles are foundation for firms to be competitive. Based on Sun Tzu’s Art of War, Tan et al. (1998) proposed that the various types of battlegrounds identified in the Art of War may be classified into three strategic dimensions: the ease of entry; reversibility; and fit. Seven types of markets with specific characteristics for small and medium enterprises (SMEs) are identified based on these dimensions. Macdonald and Neupert (2005) applied Sun Tzu’s six terrains and nine ground principles to the study of marketing strategy. Each terrain and ground is discussed in the context of its relationship to customer markets, and prescriptions for dealing with each situation are provided. Results show that Sun Tzu’s typology is useful for marketing and relevant for today’s business manager as it provides a heuristic system that is parsimonious but still broad enough to describe a diverse set of existing phenomenon.

While both ancient Chinese military strategy and general business strategy may have a similar aim of beating the competitor, there are some differences. Foo (2007) stated that knowledge of Chinese cultures, psychology and sociology is needed to obtain a deeper understanding of Sun Tzu’s ideas, which are sometimes presented in metaphors. Therefore, it is easy to believe that many conflicts of using Sun Tzu’s work may result from the complex implications of Chinese words which can lead to opposite viewpoints. Besides, the difference between ancient and modern time is also considerable. It is wise in using Sun Tzu’s knowledge carefully, appropriately and moderately in studying business strategies.

The brief literature review above shows that many researchers have applied the military principles proposed by Sun Tzu to business management. It shows that Sun Tzu’s military principles may be used for strategic management and strategy formulation in business.

**Comparison between Sun Tzu and Porter’s strategies**

In the western academic area of studying competitiveness, Porter’s (1980) generic strategy for competitiveness is looked as one of those that are widely adopted and a ‘general rule’ for studying a firm’s strategy (Ormandidhi and Stringa, 2008). When a firm faces stiff competition and is in a stable market structure, Porter (1980) proposed that the ‘winning’ firm is one that occupies a superior market position compared to its competitors. Porter (1980) proposed that these generic strategies, i.e. cost leadership, differentiation, and focus can provide companies with abilities to achieve competitive advantages and outperform other companies in their industry.

The fist generic strategy is cost leadership. Porter (1980) stated that charging the lowest prices, occupying higher market share, or receiving higher profits than the competitor can be obtained by the companies that provide services at the lowest cost in the industry. Differentiation, the second generic strategy, is to strive for uniqueness in the industry. Finally, the focus strategy is focusing on a particular market segment or a geographic segment where it is about to services customers better than full-line producer. In employing focus strategy, companies have two options, cost focus and differentiation focus. Porter (1980) also claimed that companies should develop one of the three generic strategies rather than combining them to avoid being stuck-in-the-middle resulting in below average performance.

Several researchers have questioned the use of generic strategies. Johnson and Scholes (1993) stated that the pursuit of more than one generic strategy simultaneously is viable, and Miller and Dess (1992) showed that firms adopting the hybrid theory do not face the situation Porter has described. In real competition, most companies will not admit that their product is essentially the same as that of others (Macmillan and Tampoe, 2000). Besides, Lynch (2003) argued generic strategies may not provide relevant strategic routes in the case of fast growing markets. In this section, a comparison is made
between Sun Tzu’s Art of War and Porter’s (1980) strategy, since they are both dealing with competition. As ideas of strategy, they have their own inadequacies. The intention of comparison is to identify the chances to make a combination of them.

**Long Term vs One-off Endeavor**

Strategizing to help firms achieve competitiveness based on Porter’s (1980) framework is viewed as a long term endeavor. However, Sun Tzu’s military strategy is for a one-time transaction, to win a war. The strategies set up to obtain the long term goal will be focused, precise but might be general and impractical one because it is distant. One-time transaction emphasizes the effective of the strategies. However, concentration of all forces and resource in confrontation, suggested by Sun Tzu, may not sustain the survival and development of firms in current business context. Leading by the one-time transaction strategy, people will be motivated all the time, but might be lost without long term goal.

**Environmental Context**

Porter’s (1980) frameworks appear to be based on the assumption that the environment is predictable (Downes, 1998), while the Art of War was drafted in an era of chaos and almost continuous warring among different groups of people. The environment Sun Tzu was addressing was both predictable and variable. These different attitudes to environment lead to different strategies. When the environment is believed can be predicted, strategist can anticipate the behaviors of the firm and the results of the behaviors based on their previous experiences. Therefore, it is reasonable that strategy to win can be obtained by comprehensively collecting elements in establishing goals and arranging actions. Strategists who believe environment is dynamic and unpredictable but still can be counted will also consider elements in real execution in strategy making by updating, rearranging and redesigning both known and new information. Therefore, the strategies from Porter may focus on well-structured analysis framework describing and proactive moves, while moves to respond and react to real conditions can be extracted from Sun Tzu’s strategies.

**Context of Winning**

With the goal to achieve a decisive win, Sun Tzu advocated avoidance of full-scale confrontation to obtain peace and harmony by detour, while Porter proposed front confrontation which results in either win or loss. The Art of War contains many alternative actions to be taken after analyzing the situation in detail and responding to difficulties that had not been anticipated. Leading by Sun Tzu’s understanding of winning, which is a complete and unimpaired one, win-win is the outcome that people are pursuing. Therefore, Sun Tzu advocated being alert to find other chances, being adaptable to accept the new chances, and being smart to utilize chances.

**Planning Process**

Both Porter (1980) and Sun Tzu emphasized the importance of planning, however they are different in equate panning to the approach to win. Porter (1980) suggested that “proper planning process” works as the link between thinking and implementing. This has been criticized because thinking and action are separated (Wit, 1997). In Sun Tzu’s Art of War however, the strategies appear to cater to unstable and unexpected factors in operations concurrently, and deviation of planned strategies is part of execution.

The brief comparison suggests that Porter’s (1980) competitive strategies may not be comprehensive enough. It appears that certain aspects of Sun Tzu’s military strategies could be incorporated to help firms achieve greater competitiveness. It is expected that the combination of them may serve firms that operate in a complex situation better, and help them to analyze the issues they face.

**Art of War’s Unique Contributions**

In this section, some unique features from the Art of War which are applicable to business competition are discussed.

**Swiftness**

Sun Tzu stated that: “Speed is the essence of war; capitalize on the unpreparedness of the enemy; travel by the unexpected routes; and attack those places where he does not take precautions”.

The above suggests the importance of swiftness in execution. Once the plan is formulated and agreed upon, it has to be executed swiftly so that it will not be leaked to the rivals. Sun Tzu’s swiftness strategy involves three aspects (Woe, et.al., 1991): timing; synergy; and speedy. First, Sun Tzu stated that “when the strike of the falcon breaks the body of its prey, it is because of correct timing”. Choosing a right time to enter the market to attack the rivals is prerequisite for swiftness. It is quite similar as Kotler’s (1997) viewpoint that the implementation of firm’s strategy should be swifter than its competitor, shortening the whole time by speedy

Adaptability

While Sun Tzu advocated swiftness in execution, he forbad blind assault and instead advocated adaptability. Sun Tzu’s adaptation strategy is shown in his principle: “Just as water shapes itself according to the ground, an army should manage its victory in accordance with the situation of the enemy. Just as water has no constant shape so in warfare there are no fixed rules and regulations; therefore, do not repeat the tactics that won you a victory, but vary them according to the circumstances; effective strategies must constantly change according to the situation of the enemy.”

Being adaptable is necessary to bring the planning to reality, because even with detailed planning things may still go wrong. The field commander must be sharp to recognize that the field situation is inconsistent with the information or assumptions made at the planning stage. He should thus change the war strategy accordingly. In the construction industry, calls have been made for firms to create flatter and broader adaptive structures. Establishment of an adaptive culture helps to reduce employees’ resistance to changes (Sun and Alas, 2007). In addition, during the change process, strong supports from top management, communication and commitments among employees, as well as compensation and incentive system to facilitate changes are necessary to bring about change (Price and Chahal, 2006).

Market Intelligence

According to Sun Tzu, fore-knowledge, which can be obtained by systematic intelligence, is important to achieve victory. Sun Tzu’s emphasis on intelligence can be shown in these statements: “one must not enter into any alliance with the rulers of neighboring states without knowing their military motives and designs. On must not move troops without being familiar with the conditions of mountains, forests, passes, swamps, marshes, and so on. This foreknowledge can be elicited from obtained from men who have knowledge on enemy’s situation.”

The dynamic and complexity of the operating environment call for skills in selecting, collecting, interpreting and distributing information. For example, construction firms could set up channels with agents, clients and suppliers to smoothen project development and execution in China (Ling et al., 2005). To set up system of dealing with market information, firms need to have the ability to process and manage information. Information technology infrastructures, human resources and IT-enabled intangibles (such as—customer orientation, knowledge assets and synergy) (Bharadwaj, 2000) are also important aspects to acquire market intelligence.

CONCLUSION

In the western context, it is not a new concept to apply military strategy into business area. The literature review suggests that among the different Chinese military strategies, Sun Tzu’s Art of War is the one that has much relevance to business competition. Porter’s (1980) generic strategies on competitiveness appear to be one of those are widely adopted in the western. Comparisons were made between these two strategies. One of Sun Tzu’s most important war strategies is to obtain victory by avoiding direct conflict, while, strategy for competitiveness, as posited by Porter suggests a full and frontal attack of the rival. The Art of War has other useful elements can may help western firms to achieve competitiveness when operating in China’s construction market. These are: swiftness, adaptability and intelligence. In future studies, research will be conducted to ascertain the extent to which western firms adopt some Art of War principles in their construction business in China.

REFERENCES


