



Transcending Paradox: The Chinese “Middle Way” Perspective*

MING-JER CHEN[†]

chenm@darden.virginia.edu

Darden Graduate School of Business, University of Virginia, Charlottesville, VA 22906-6550, USA

Abstract. Western thought is noted for its strengths in categorization and analysis; Eastern, or Chinese thought, is noted for its integrative and encompassing nature. This article seeks to bridge the two. Specifically, it aims to enrich Western thinking and the existing body of paradox literature by proposing the idea of paradoxical integration, a concept derived from the Chinese middle way philosophy. Paradoxical integration, the notion that two opposites (such as “self” and “other”) may be interdependent in nature and together constitute a totality (“integration”), is introduced as one means of transcending paradox and the conventional Western conceptualization of exclusive opposites. It suggests how we can apply the concept of interdependent opposites in a both/and framework to foster reconciliation of the apparent polarities of such dichotomies as competition and cooperation. The article concludes with a discussion of the broad implications of the concept of paradoxical integration upon both academic research and business practice.

In his seminal cross-cultural work, Hofstede classified the Chinese as high in collectivism and power distance, among other dimensions (Hofstede, 1980, 1991; Hofstede and Bond, 1988). This paradigm has been widely accepted and applied in many studies (Earley, 1993; Newman and Nollen, 1996). On the other hand, the Chinese have always been known for entrepreneurship (Weidenbaum, 1996; Hofstede and Bond, 1988)—and entrepreneurs, by nature, are individualistic. Further, while patience and long-term perspective traditionally have characterized the Chinese, short-term, opportunity-driven behaviors—for example, relying heavily on cash transactions to expedite business deals—have also been prominent Chinese traits throughout history (Chen, 2001). How are these contradictions reconciled? The Chinese “middle way,” a long-held worldview of integration and harmony, holds the key to understanding this apparent paradox.

In choral music, opposing voices, or contraltos, actually work in harmony; and the interplay between harmony and discord inspired the compositions of Beethoven and Mozart (Lewis, 2000). In a similar fashion, the Chinese philosophical tradition provides a perspective that allows for the resolution of “opposing voices.” In contrast to the Western analytical way of thinking, which is based on breaking the whole into parts, the Chinese mindset takes an integrative point of view, one that considers all things in terms of their relationships, be they social, economic, or biological. In the Chinese perspective, integration is not the

*The paper is dedicated to Master Yü-Yun, who connects me to the Chinese classics and the rich Chinese cultural heritage.

[†]Fedex shipping address: 100 Darden Blvd., VA 22903, USA.

sum or combination of parts, a paradigm grounded in Western philosophy. Rather, it is the totality of relationships, which blends all the parts together. The familiar “tossed salad vs. melting pot” metaphor illustrates this distinction. The former signifies the Western analytic perspective; the latter, the Chinese integrative way of thinking, as captured by the Confucian philosophy of balance and harmony.

“One of the strengths of Western culture is in analysis,” Newman (1995) observes. “In contrast, the strength of Chinese thinking is in synthesizing and integrating diverse elements. Particularly in the West, integration of business activities has received much less study than analysis; consequently there are many opportunities for improvement through integration.” Chinese culture and thinking could be a rich source of strategic ideas. However, with the exception perhaps of *guanxi* (connections) (Farh et al., 1998; Xin and Pearce, 1996), the philosophical underpinnings of most generic Chinese concepts, such as the well-known term *wei-ji* (crisis and opportunity), have yet to be explored in Western management literature.

The purpose of this paper is threefold: (1) to introduce the Chinese middle way philosophy (Chen, 2001; Peng and Nisbett, 1999; Tu, 1979) in its original form; (2) to bridge the paradox literature (e.g., Poole and Van de Ven, 1989; Lewis, 2000) and the middle way of thinking; and (3) to extend and refine the paradox literature by introducing the concept of paradoxical integration, an idea synthesized from diverse sources of the middle way philosophy. In her well-noted work on the subject, Lewis (2000) suggests three ways of dealing with paradox: avoidance, confrontation, and transcendence. Specifically, this paper proposes that paradoxical integration, the idea that two opposites (such as “self” and “other”) can be interdependent in nature and together form a totality (holistic integration), provides one avenue for “transcending” paradox.

The paper first reviews briefly the mainstream paradox literature and highlights some of the constraints and areas most in need of further theoretical development. It then introduces the middle way philosophy and compares the analytical nature of Western thinking with the integrative, or holistic, Chinese perspective. The third section proposes the idea of paradoxical integration, a concept derived from the Chinese middle way thinking. By opening the door to a perspective of interdependent opposites in a both/and, rather than either/or, framework, paradoxical integration shows promise for advancing the extant paradox literature in management and organization theory. To show the application of the paradoxical integration framework, the paper then examines the well-noted competition-cooperation schism. It concludes with broad implications for research and practice, and suggests prospective research directions.

Figure 1 provides a general framework to help our understanding of some key concepts of paradox, the Chinese middle way philosophy, and how they relate to each other through paradoxical integration—a concept proposed and formalized in this paper. The concept of paradoxical integration represents the most comprehensive and promising form of paradox.

The paradox literature

“I learned to make my mind large, as the universe is large,” wrote Maxine Hong Kingston (1975), “so that there is room for paradoxes.” By definition, the word “paradox” conveys

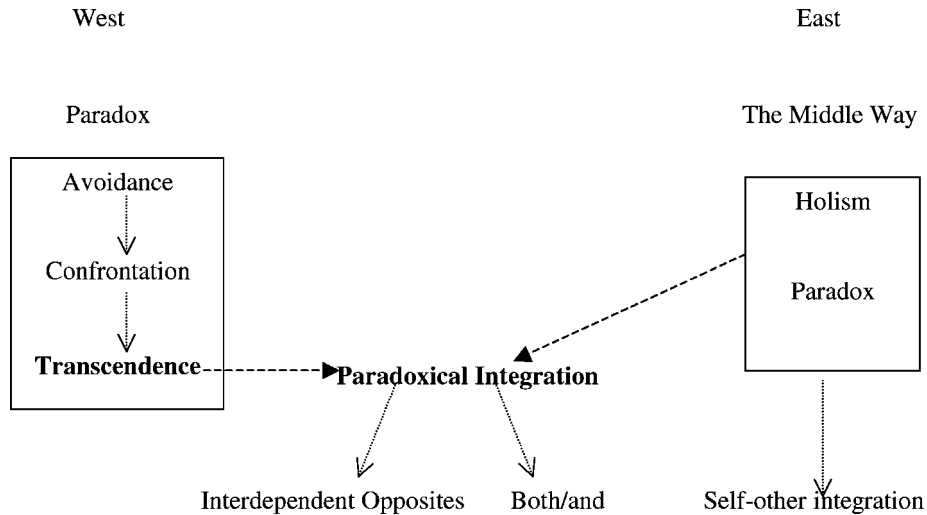


Figure 1. Understanding paradox: Linking East and West.

expansiveness. Composed of the Greek words *para*, for “past” or “contrary to,” and *dox*, for “opinion,” paradox has come to mean a condition or relationship that is beyond reason or logic.

Increasingly, researchers (e.g., Cameron and Quinn, 1988; Lewis, 2000; Morgan, 1997) have made the manifold meanings of paradox, and the implications of paradox in the corporate arena, a subject of organizational study. Van Heigenoort (1972) notes that rhetorical studies traditionally have described paradox as presenting “an opposition between two accepted theses,” whereas a logical paradox “consists of two contrary or even contradictory propositions to which we are led by apparently sound arguments.” Individually, each proposition is incontestable, Poole and Van de Ven (1989:563) observe, but regarded together they appear to be incompatible; in this way, the authors suggest, paradox provides a key to “understanding how to work with theoretical contradictions and oppositions embedded in complex traditions.”

Cameron and Quinn (1988) were among the first organization theorists to differentiate the notion of paradox from other, related concepts such as dilemma, inconsistency, dialectic, or conflict, stressing that, in a paradox, no choice needs to be made between two or more contradictions or opposing voices. Paradox includes and embraces ideas that seem to clash irreconcilably, they noted, suggesting that the seemingly contradictory or mutually exclusive elements out of which a paradox is constructed actually operate simultaneously. Murnighan and Conlon (1991) used a paradox framework to analyze tensions in intense work groups (string quartets, in this case) and found that more successful groups did not openly discuss the paradoxes, they simply recognized them and managed the inherent contradictions implicitly. Lado, Boyd and Hanlon (1997) combined competitive and cooperative concerns, which have long been considered as opposing, in their proposed new performance construct of “syncretic rent.”

The scholars cited above have recognized the richness of multifaceted understandings offered by tensions, oppositions, and contradictions among diverse explanations of the same phenomenon. Echoing Cameron and Quinn (1988), among others, Lewis (2000) suggests that “significant advances in management and organization theory will require a way to address paradoxes inherent in human beings and their social organizations.” Effort of this kind is critical to building management and organization theories, Poole and Van de Ven (1989) advise, urging us to “look for theoretical tensions or oppositions and use them to stimulate the development of more encompassing theories.” The significance of paradox in business practice has been clearly noted: “The excellent companies have learned how to manage paradox” (Peters and Waterman, 1982:100); such firms realize that to be effective, an organization must possess attributes that are simultaneously contradictory, even mutually exclusive (Cameron, 1986).

Though it has made significant progress, the management and organization field in general stops short of fully embracing all consideration of paradox, by continuing to regard it mainly within an either/or framework. That is, the opposites that constitute paradox are still largely considered to be independent, with only one of the two able to operate in a given period of time or in a given context. Lewis (2000:761–762) has fully recognized this constraint: Trying to “make sense of an increasingly intricate, ambiguous, and ever-changing world” often leads to “polarized either/or distinctions that mask complex interrelationships Grounded in the philosophies of Aristotle, Descartes, and Newton, formal logic requires parsing phenomena into ever smaller and more disparate pieces. Yet, formal logic is based on either/or thinking, incapable of comprehending the intricacies of paradox.”

Peng and Nisbett (1999), in their study of divergent cultural approaches to contradiction, showed empirically that American participants polarize their views when two apparently contradictory propositions are presented, while Chinese participants are more likely to accept both propositions. In their explanation of the result, the authors point out that Chinese ways of dealing with seeming contradiction result in a dialectical or compromising approach; that is, they tend to retain basic elements of opposing perspectives by seeking a “middle way.” On the other hand, the Western approach, deriving from Aristotelian logic, results in the polarization of contrary perspectives in an effort to determine which position is correct.

Recent theoretical advancement in the management and organization field has contributed to paradox research in two important ways. Poole and Van de Ven (1989) have shown that paradox can be resolved effectively in research by such methods as temporal separation (which takes time into account) and spatial separation (which clarifies levels of analysis). Others have begun to recognize that some possible relationships may exist between opposites. Exploring paradox along the lines of organizational complexity and ambiguity, Lewis (2000:760) notes that “paradox denotes contradictory yet **interrelated** elements—elements that seem ‘logical’ in isolation but absurd and irrational when appearing simultaneously” (emphasis added).

Indeed, the Chinese “middle way” philosophy, which stresses holism versus analysis, and paradox versus exclusive opposites, may prove to be a fruitful source of ideas for advancing the extant paradox literature.

Chinese “middle way” thinking¹

Zhong guo, the Mandarin word for China, literally translates as “middle kingdom.” The term is often mistakenly understood to mean that the Chinese see themselves as a superior people, occupying the center of the universe. In another misconception, “middle” is construed as “average” or “mean” (a misunderstanding propagated by the translated title of Confucius’s work: *The Book of Means*). The term’s philosophical origins are deeply rooted in the “middle way” teachings of such influential philosophers as Confucius and Lao Tzu (the founder of Taoism), where we find its true meaning. In its intended sense, the word “middle” conveys a dynamic concept, an active “harmonious integration” of opposites rather than a reactive compromise between them. All things in the universe, the Chinese believe, contain competing tendencies that must be balanced. The philosophical basis of the “middle kingdom” calls for maintaining an integrated life by balancing these extremes. In this way of thinking, opposite elements constitute an integrated whole.

Chinese culture today continues to place a high value on the middle way. Confucian philosophy recommends *zhong he* (中庸), a concept based on middle way thinking (literally, “middle way,” *zhong*, and “harmony,” *he*) as the key to obtaining prosperity: “If *zhong he* is reached,” writes Confucius in the *Book of Means*, “heaven and earth will be in place, and all things will grow.” In this view, a system is harmonious only when it has achieved a balance between paradoxical tendencies. The middle way philosophy, therefore, embraces two opposing but interdependent ideas: holism and paradox.

Holism

In many respects, Chinese and Western worldviews are philosophically opposed. Dating to the pre-Socratic philosophy of Democritus (460–360 B.C.), Western thinking has been characterized by its analytical view, the parsing of reality into independent objects of study. Indeed, the Greek roots of “analysis” denote a “loosening” or “breaking apart.” In accord with this “atomization” approach to the universe, Western philosophy has generally considered such opposing ideas as self and other, life and death, good and evil—in fact, human existence in general—as paradoxical and therefore irreconcilable (Schneider, 1990).

By contrast, Chinese thinking has traditionally embraced an integrative view of the world. In the Eastern conception of holism, all things in life are inseparable from their opposites. Individual elements are seen as integrated pieces composing a larger whole. The cornerstone of this philosophy is the interdependency of relationships, and thus family, spirituality, and social connections are not considered to be separate—rather, every aspect of life is interconnected (Chu, 1999). David Ho, a prominent HIV/AIDS researcher and *Time* magazine’s “Man of the Year” for 1996, explained the manifestation of this belief: “I may be a wise scholar, a famous businessman or a good father and husband, but until I am all, I have not succeeded” (Chen, 2001:90).

The idea of self-other (or holistic) integration, underlying the philosophies of all influential Chinese thinkers (including Sun Tzu, as well as Confucius and Lao Tzu), pervades Chinese culture. Chinese thinking stresses that self and other are interdependent opposites that can only be defined together, as part of a pair. In this way of thinking,

self and other are not diametrically opposed but are dual building blocks that combine to form a greater whole. The idea is captured in the Chinese expression, *ren zhe ren ye* (≡ 人_): “the meaning of person (≡) is *ren* (人),” in which the character *ren* (人) means humanity, as well as core or seed, and comprises the characters for “two” (二) and “person” (人). Thus, in the Chinese perspective, no person exists except in relationship to another (Chen, 2001:45).

In the social context, individuals are expected to subordinate themselves to the good of the group (and, by extension, of the family and the business) and adhere to the spirit of the “middle way” (Nisbett et al., 2001). In business, maintaining the harmony of the extended community is vitally important. When the son of one of the wealthiest businessmen in Hong Kong (with family assets in the billions) was asked about the business culture and inner workings of his father’s business, he replied: “If I were to spend \$200 million (US) to acquire a company or make a business investment, I wouldn’t have to get approval from my father. But if I wanted to sue someone, however insignificant they may seem, I would have to check with him first” (Chen, 2001:91–92). In the Chinese holistic view, legal action can be regarded as “rocking the boat,” with potentially disruptive, and therefore undesirable, social ramifications.

The holistic view that encompasses personal, professional, and social spheres influences the way many Chinese employers manage themselves as well as other people. According to Confucian philosophy, the set of skills needed for managing across spheres (self, family, community, country) is fundamentally the same: if a man is capable of managing himself, he will also be able to manage his family, and if he is capable of managing his family, he will also be able to manage his business. One might say, for instance, that from a Chinese point of view, a well-managed company starts with a well-managed family or individual, and since all spheres are considered to be interrelated and interdependent, Chinese companies often take a considerable stake in their employees’ personal growth and well-being. The idea of integration from one level to another, and from one setting to another (job, career, family, and social life) is illustrated in figure 2.

Paradox

The embrace of paradox is the other integral component of the middle way philosophy. As the well-known yin and yang image (figure 3) reflects, the Chinese see opposites containing within them the seed of the other and together forming a dynamic unity. This image captures the Chinese view of paradox as interdependent opposites (such as “self” and “other”) constituting a whole (self-other integration). In the Taoist cosmology, neither opposite can exist without the other. “The extreme of yin is yang, and the extreme of yang is yin,” said Confucius. “The combination of one yin and one yang is the way of nature and the seed of change, or ‘I’” (Confucius, *The I Ching*, or *Book of Changes*, adapted from Chen, 2001:97). As Hampden-Turner (1981) observes, yin/yang, through its depiction of an integrated whole composed of contradictions, also graphically represents the contrast to the Western view of paradox as exclusive opposites (figure 3). At the same time, it signifies how Eastern philosophies seek to avoid simple polarizing of contradictions. In this perspective, each opposing force—say, each “self” and “other”—contains the seed of its opposition, and

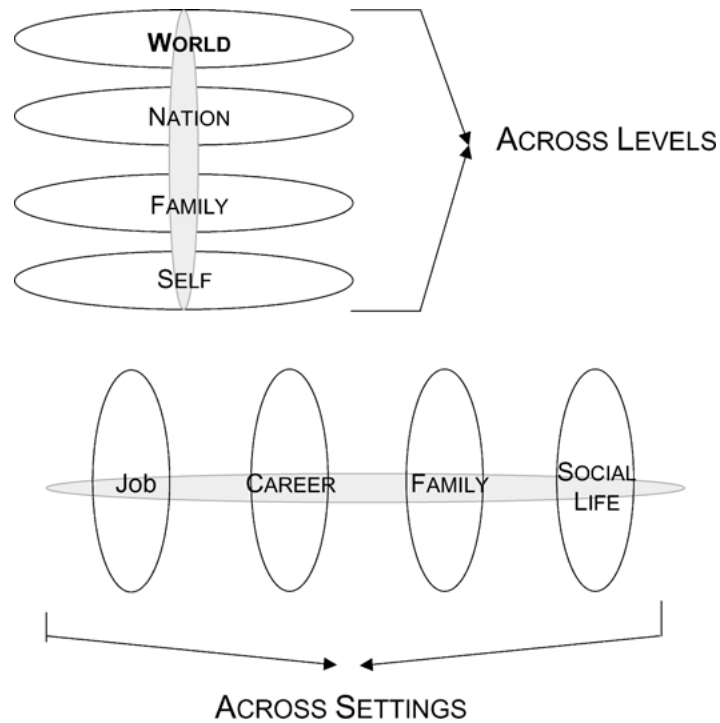


Figure 2. Integrating across different levels and settings.

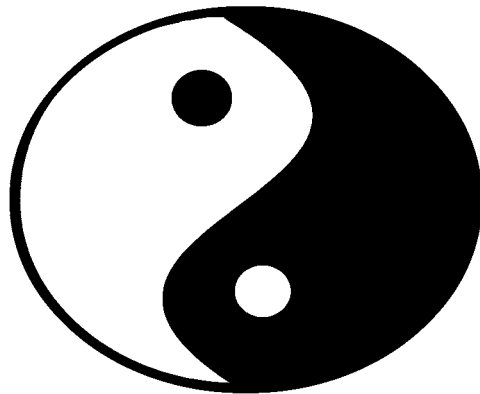


Figure 3. Yin and Yang symbol.

together they form an integrated whole. Simply put, the self-other dyad, and its integration, provides the basic framework for how the Chinese approach paradox.

As noted previously, in their study of cultural differences in dealing with contradictions, Peng and Nisbett (1999) present empirical evidence that the Chinese take a dialectical, or

compromise, approach that retains basic elements of opposing perspectives, rather than polarizing the contradictions as in Western thought. Indeed, the notion of interdependent opposites is embedded in the Chinese language. A number of common Chinese words are made up of two characters that embrace contradictory ideas. For example, “many” and “few” combine to mean “how much,” and the word for “conflict” can be expressed by joining the characters of “spear” and “shield.” The characters “inside” and “outside” together mean “everywhere.” Combining “ancient” and “modern” forms “history,” and “life” and “death” together become “turning point.”

Perhaps the most famous Chinese paradox is *wei-ji*, the Mandarin word for “crisis,” which is formed by combining the characters for “danger” and “opportunity.” The concept of *wei-ji* expresses the Chinese view that adversity and opportunity are inextricably linked in a dynamic relationship. Crisis is seen not as an insurmountable problem but as a function of transformation, a process in which paradoxical thinking can lead to opportune action. *Wei-ji* gained renown in the late 1990s when Western economic analysts and the media identified it as the strategic perspective that enabled many Chinese businesses to find opportunity in the wake of the Asian financial crisis. First Pacific was viewed as a standard bearer for converting adversity into opportunity. The Hong Kong-based Chinese conglomerate made a series of quick strategic moves to seize emerging opportunities in Asia and Europe during the turmoil, eventually generating \$1 billion in cash through massive global restructuring and by repositioning itself as a leading pan-Asian player (Chen, 2001:13).

Considered in the context of the middle way’s two defining features, holism and embracing paradox, First Pacific’s exploits suggest another aspect of *wei-ji*: acting when the time is right—responding quickly but with a holistic, long-term view. Indeed, the Chinese historically have attempted to apply the middle way philosophy in various business and social spheres, striking a balance between short and long term, taking “fast-slow” action, and adopting an expansive view of business performance and success. As shown in Table 1, there are dramatic differences between the Chinese and Western intellectual paradigms and conceptions of time and performance.

In the Chinese view, for example, time is considered cyclical. Rather than following each other causally, as in the Western concept of time, events are elastic and coexist. This holistic view of time is central to the Chinese philosophical worldview. A long-term perspective allows events to be put into the context of a greater whole, and emphasizes connections instead of isolated moments. Similarly, performance is measured by group harmony and in terms of shared accomplishments; by contrast, Western standards of performance and accomplishment tend to be individual-oriented. In the delineating light of the contrast between the two philosophies, the pillars of middle way thinking are clearly revealed: holism (versus analysis of parts) and paradoxical integration (versus exclusive opposites).

Examples abound of Chinese firms that have successfully applied the middle way mindset and demonstrated how a long-term orientation can encompass “fast-slow” action. As Jack Ma, CEO of Alibaba.com, China’s largest B2B Internet company, put it, “One must run as fast as a rabbit, but be as patient as a turtle” (Doebele, 2000:74–75). Li and Fung, which has successfully combined the best Western management practices with the traditional Chinese family values, is regarded as one of the exemplars of putting into practice the principles

Table 1. Contrasting perspectives.^a

Chinese	Western
Intellectual paradigms	
Holism	Analysis of parts
Both/and	Either/or
Interdependent opposites	Exclusive opposites
Time	
Circular	Linear
Correlation and co-existence	Causality
Process-oriented	Deadline-oriented
Go with the flow	Efficiency
History and tradition	Future-oriented
Performance	
Group harmony and shared accomplishment	Individual performance accomplishment
Qualitative and subjective	Quantitative, objective
People-oriented	Task-oriented
Economic and social concerns	Economic indicators

^aAdapted from *Inside Chinese Business* (Chen, 2001:94). The author gratefully acknowledges Elena Ai-Yuan Yang (1996) for her contribution to the compilation of this table.

of holistic integration. The global Hong Kong-based firm transformed itself in the 1990s from a trading company for retailers and wholesalers to a borderless “virtual factory” and a leader in global supply chain management, with customers such as Wal-Mart, by retaining its core philosophy of harmony and balance while adopting modern Western management and operations practices.

It should be noted that the practical application of middle way thinking is not without a perceived downside, particularly from a Western viewpoint (Backman, 1999). The desire for harmony in the workplace often results in compromise, a tradeoff that often means obedience to authority takes precedence over reevaluation of the status quo. Nor are the Confucian principles of harmony and holism always democratic, rather, they often are applied only to those segments of society to which the individual has strong attachments, such as the family, the village, or the family business. Egocentricity is a prominent feature of the Chinese makeup, but in contrast with the Western conceptualization, it centers around family and clan as opposed to the individual.

Paradoxical integration: From either/or to both/and

The concept of paradoxical integration, derived from the Chinese middle way thinking, constitutes a potentially major contribution to the mainstream Western management and strategy literature. Wels (1996:34) considered “strategy as paradox and paradox as strategy.” Lewis

(2000) suggests three ways of dealing with paradox: avoidance, confrontation, and transcendence. Paradoxical integration—the idea that two opposites (such as “self” and “other”) are interdependent in nature, and together form a totality (“integration”)—contributes to the paradox transcendence effort. In this framework, the opposites in a paradox are not merely intertwined in a state of tension, but in fact constitute a state of wholeness. Those elements that appear contradictory in a paradox therefore need not be resolved as in a dialectical situation; rather, they may be integrated harmoniously.

This section first suggests how the concept of paradoxical integration can advance the extant paradox literature by shifting the focus from the idea of independent opposites to a concept of interdependent opposites, and from an either/or perspective to a both/and framework. The section concludes by examining the competition-cooperation dichotomy to show application of this theoretical advancement.

Interdependent opposites and both/and

The closely related ideas of interdependent opposites and both/and support the key application of the paradoxical integration concept. Underlying each of these concepts is the premise that opposites in a paradox are not simply elements bound in a state of tension, but components interacting to form a state of wholeness. Rather than resolution of these interdependent opposites, paradoxical integration allows for their support.

Distinguishing among the terms “independent,” “interrelated,” and “interdependent” opposites helps us to comprehend the merits of the paradoxical integration concept. By “independent opposites” we mean concepts or entities existing “together” but entirely exclusively—for example, as you exist in relation to a person of whose existence you are not aware. By “interrelated opposites” we mean concepts/entities the perception of which is in some way, though not entirely, shaped by that of the other—for example, as one star to another in a constellation. Finally, we use the term “interdependent opposites” to designate concepts/entities that exist only within the context of each other, or which find their definition only in terms of that of their opposite—as dark to light, for example, (or, more abstractly, as the number 2 could not exist without the existence of the number 1).

Along this line, it is useful to consider the subtle distinctions between the words “two,” “twin,” and “dual.” “Two” suggests independent and separate; “twin” implies parallel and duplicate; while “dual” conveys interdependence and partnership. Western tradition has tended to regard the components of paradox as “two” or “twin” (that is, as distinct entities, even if they are related, as twins). In the Chinese context, however, paradox is composed of two interdependent opposites, or dualities.

Two classic Western stories, examined from a Chinese perspective, help to illuminate the notion of interdependent opposites. The myth of Daedalus and Icarus tells of a respected artisan, Daedalus, who fashions wings from feathers and wax so that his son, Icarus, can escape from the Labyrinth, in which they both have been imprisoned. Exhilarated by flight, Icarus forgets his father’s warning not to get too close to the sun. When he does, the wax on the wings melts and Icarus plunges to the sea and dies. In this story, the very qualities that make it possible for Icarus to soar—his father’s invention and his own ambition—contain

the seed of his downfall. (Miller's *Icarus Paradox* (1990) applies this myth to the corporate world, and argues that successful companies are destroyed by heady decisions fueled by past successes. Or as Intel chairman Andrew Grove (1999:3) has remarked, “Business success contains the seeds of its own destruction.” Similarly, in Shakespeare's character Othello, the quality of extreme, even militaristic rationality, turns, when ill managed, into the horrible and seemingly paradoxical attribute of violent, irrational rage. Here again, a single behavior contains the seed of its opposite.

The Chinese mindset cannot be understood without supplanting the either/or mindset with a paradoxical integration (i.e., both/and) framework, in which opposites are interdependent rather than mutually exclusive. As Lewis (2000) writes, “Conceptualizing paradox entails building constructs that accommodate contradictions. Rather than polarize phenomena into either/or notions, researchers need to use both/and constructs for paradoxes, allowing for simultaneity and the study of interdependence.” As this paper argues, an Eastern-based both/and framework offers useful tools for Westerners seeking to manage paradox.

Metaphorically, the interplay between two opposites is analogous to the way silence and sound dance together—they are inseparable and make no sense without each other. Balance is essentially about the wholeness in which all dualities, polarities, and complementary forces find their resolution. This philosophical concept has been frequently expressed in popular literature, as in the well-known line of verse by Rudyard Kipling, “If you can meet with triumph and disaster, and treat those two imposters the same . . .” (Kipling, 1910). Traditional wisdom says the closer we come to truth, the more we encounter paradox, as two contradictory yet interdependent elements form a totality and define each other (Robbins and Mortifee, 1991).

Application: Competition vs. cooperation

Due to their seemingly opposing natures, competition and cooperation are clearly among the most pronounced paradoxical organizational phenomena. Often firms compete and cooperate simultaneously with the same firms (Brandenburger and Nalebuff, 1996). Ray Lane, chief operating officer of Oracle Corp., the world's second-largest software maker, described one manifestation of this dynamic in his business. “If you look at the last ten years, SAP [no. 5 in the global software market] has been an awfully big competitor, the number one or two competitor of ours, and yet . . . [our] engineers cooperate [with theirs] . . .” (Delaney, 2000). This kind of competitive-cooperative interaction is evident in many industry sectors.

Recently, there has been growing interest in the study of how the competition and cooperation phenomena relate to one another (Brandenburger and Nalebuff, 1996; Bengtsson and Kock, 2000). One widely adopted view is to consider them as distinctly independent. “It is important . . . to separate the two forces . . . Like oil and water, competition and cooperation do not mix. Instead, they operate side by side, one after the other, or layered one on top of the other” (Gomes-Casseres, 1996:70–71). In a standard neoclassical economic view, especially in oligopoly market theory (Scherer and Ross, 1990), the competition and cooperation interface in a seesaw—or inverse—relationship, suggesting that one firm's

competitive activities toward another will decrease as its cooperative activities increase, and vice versa.

Still others view the dyad as interrelated “twins,” each serving the purpose of the other. Thus what appears to be cooperation may actually be a means to gain competitive advantage, as expressed in the business adage, “Collaborate with your competitors—and win” (Hamel, Doz and Prahalad, 1989). Conversely, what appears to be competition might turn out to be a tactic (i.e., a bluff) designed to bring an opponent to the (cooperative) negotiation table.

Researchers have made some progress in developing a more informed appreciation of the competition-cooperation relationship, which is often examined in the context of the “coope-tition” construct. However, recent work on coope-tition (a portmanteau term introduced by Ray Noorda, founder of Novell, and popularized by Brandenburger and Nalebuff’s 1996 book) has been characterized by a lack of precise and consistent definitions. By continuing to conceptualize the relationship within an either/or framework, the literature in general stops short of addressing the many dimensions of paradox.

Applying the concept of interdependent opposites in a both/and framework enables reconciliation and integration of the apparent polarities of competition and cooperation. As the paradoxical integration perspective suggests, each component contains the seed of its opposite. This conception, in fact, has a revealing Western touchstone in the definition and roots of the word “compete.” Deriving from the Latin *com* (together) + *petere* (fall upon, assail, aim at, make for, strive after), compete is defined in the Oxford English Dictionary as meaning “to fall together, coincide, come together, be fitting, be due,” or “to strive after something, in company or together.”

Dee Ward Hock, the founder and CEO emeritus of VisaCard International, aptly cast the concept of paradoxical integration in a business context: “Everything is its opposite, particularly competition and cooperation. Neither can rise to its highest potential unless both are seamlessly blended” (Waldrop, 1996). The origins of VisaCard illustrate one way a company embraced the paradox of the seemingly opposing demands of competition and cooperation (Waldrop, 1996:75). Establishing the Visa organization required reconciliation of a fundamental tension.² On the one hand, Visa’s member financial institutions were fierce competitors. They—not Visa—issued the cards, which meant they were constantly going after each other’s customers. On the other hand, the members also had to cooperate with each other. For the system to work, participating merchants had to be able to take any Visa card issued by any bank, anywhere, abiding by certain standards and participating in a common clearinghouse operation.

To resolve this contradiction, the company reconciled the inherent paradox. Visa members were free to create, price, and market their own products under the Visa name, even as they engaged in the most intense cooperation. This harmonious blend of cooperation and competition allowed the system to expand worldwide within ten years in the face of different currencies, languages, legal codes, customs, and cultures (Waldrop, 1996).

Companies like Coca-Cola are discovering the market implications of paradoxical integration. The company determined through consumer research that “Coke evokes not just feelings of invigoration and sociability—something its maker had long known and exploited

in its ads—but feelings of calm, solitude and relaxation as well. Indeed, the paradoxical essence of Coke is neatly summed up by the image . . . of the Buddhist monk meditating in the crowded soccer field. “The big insight we had is that Coke is really two drinks in one,” a researcher for the company concluded (Eakin, 2002).

Undertaking more systematic analysis while adopting a more expansive perspective of how competition and cooperation interact could produce ample opportunities for higher levels of integration and for new theories to emerge. Paradoxical integration holds considerable promise for further exploration of the competition-cooperation interface and for exploiting the relationship between the two in managerial and strategic practice.

In summary, as indicated in figure 1, paradox can take three forms: avoidance, confrontation, and transcendence. The Chinese middle way philosophy embraces dual concepts of holism and paradox, and self-other integration constitutes the building block and shows the application of this line of thinking. Finally, paradox integration, derived from the middle way perspective, establishes the conceptual linkage between this Eastern philosophy and the Western paradox literature in management.

Implications and extensions

This paper sets out to enrich Western thinking and the existing body of management literature by introducing the middle way perspective, the defining philosophy in Chinese societies worldwide. As noted, the study responds directly to calls from scholars such as Poole and Van de Ven (1989) and Lewis (2000), who call for further research in transcending paradox, one of the critical concerns in the management and strategy literatures. The current paper points to broad research and practical implications.

Research implications

This study first advances the extant paradox literature by suggesting that in the middle way perspective we might find a framework for cultivating an alternative, more expansive conception of paradox: the paradoxical integration construct. By pushing existing paradigms beyond established limits, paradoxical integration implies progression from the either/or view of opposites to a both/and perspective, and replacement of the notion of conflicting, independent opposites with that of interdependent opposites.

Multifaceted relationships (both at the individual and firm level) are becoming increasingly common and important, especially in the global context. As globalization continues, and as the complexities of doing business and research globally become manifest, the need for a flexible and inclusive strategic framework will grow more urgent. Indeed, the simple framework of inclusion allows—even demands—the reconciliation of conflicting or opposing ideas, suggesting broad and fruitful implications for a variety of research topics. Lewis’s assertion (2000) that “managing paradox means capturing its enlightening potential” suggests that in paradoxical integration we might find a means to meet this need: “Indeed, the

rising intricacy, ambiguity, and diversity of organizations place a premium on researchers' abilities to think paradoxically Increasingly, organization theorists claim that making sense of rising plurality and change might require alternative frames—frames that help researchers and practitioners explore paradox.”

The current paper proposes that the Chinese “middle way” philosophy, more specifically the paradoxical integration framework, provides one step toward fostering insight into conflicting and interdependent opposites. It urges researchers to explore in depth the various forms of paradox and the application of this multifaceted idea in organizational research.

Secondly, this study has implications for strategy research. Integration is the essence of strategy, and the study and understanding of integration is high on the research agenda. Many researchers have explored the various manifestations of integration: alignment (Sabherwal, Hirschheim and Goles, 2001), balance (Westenholz, 1993), consistency (Harrison, Hall Jr. and Nargundkar, 1993), congruence (Miller, 1992), fit (Drazin and Van de Ven, 1985). This paper proposes a new perspective, imported from a different paradigm. The strategic implications of the paradoxical integration perspective suggest that “self” and “other” are not diametrically opposite, and that abundant opportunities exist for dialogue and cross-fertilization between such issues as internal company analysis and competitive market analysis. Along this line, the conventional study of head-on competition will be enhanced by research on alternative, indirect competitive strategy, such as resource diversion (McGrath, Chen and MacMillan, 1998). Methodologically, the research suggests that a pair of firms could be a promising unit of analysis in organizational studies, similar to the approach taken in the competitive dynamics literature (Chen and MacMillan, 1992; Chen, 1996),

Thirdly, this paper shows how an indigenous approach to understanding Chinese culture and philosophy, and the consequential business and social implications, can enrich Western mainstream management and strategy thinking and research. The framework proposed here provides the logical groundwork for reconsidering often-vexing issues of globalization, such as that of indigenous vs. Western business practices. The ideas and orientations put forward have relevance in the broader cultural and social spheres as well. For example, individualism and collectivism, like other basic concepts such as family and interpersonal relationships, may have different cultural meanings (Chen, 2001). More important, as the paper suggests, individualism and collectivism are not necessarily fundamental opposites. There is a need to start from the perspective of the “other,” which makes the local approach essential to global research. Equally important, indigenous understanding must be integrated back into the mainstream global conception. This continuous process of self-other integration can enrich future research.

Along this line, this paper also makes a contribution to Chinese business research. Consistent with Fukuyama's cultural focus (1992), this research plumbs the roots of Chinese culture and philosophy. This approach is in direct contrast with the current economic and institutional orientation for studying Chinese business, which has received significant interest in the extant management and strategy literatures (Boisot and Child, 1999; White, 2000; Peng and Luo, 2000).

Practical implications

The current research has practical implications for business education, the research process, and politics, among other domains. In the Western context, philosophy is often confined to the proverbial ivy tower. In the Eastern view, “scholarship” and “application” are not conflicting concepts; the Chinese definition of scholarship, for example, always has a practical component. This notion could have a far-reaching effect on thinking about business education. In general, one of the greatest challenges of business education and research is how to reconcile the constant tension between intellectual rigor and practical relevance. Middle way thinking provides a means of recognizing and resolving this tension, and in fact of approaching the larger and more universal challenge of balancing one’s personal life and career or job.

The ideas presented here also contribute to the research and publication process. For example, researchers are often confronted by reviewers in disagreement. As we know, there are several approaches for coping with divergent critiques: (a) go with the editor’s suggestion; (b) go with the reviewer who is most supportive overall (to maximize support); (c) go with the reviewer who is most negative overall (to minimize resistance); (d) go with the one who seems to be the most powerful (one can certainly read between the lines). By following the paradoxical integration perspective, the researcher can assimilate all opinions by seeking to find where they converge and where they differ. If a point of convergence seems to be absent, it may simply lie beyond a given frame of reference. Opportunity often exists at this point to produce a dramatically different framework, one that accommodates all the divergent views and is accepted by all reviewers. This is usually the seed of a major contribution.

One can imagine broad managerial and strategic implications of adopting a paradoxical integration mindset. Given the global nature of business today, companies are increasingly entwined in complicated webs of inter-firm relationships. As internationalization continues, and the complexities of doing business globally multiply, the need for a type of multiparadigm strategic framework will grow more urgent. Former GE chief executive Jack Welch calls the challenge of managing multifaceted relationships the modern “Riddle of the Sphinx”: Who is my customer in the morning, my rival in the afternoon, and my supplier in the evening? (Bradley, 1993). Indeed, business success lies in the ability to go beyond the existing frame of reference to find the common ground that can hold the interests of all parties. Paradoxical integration provides a framework for discovering areas of convergence beyond conventional reference points.

Segmenting paradoxes into internal and external organization contexts raises provocative managerial issues, which the paradoxical integration framework might help managers resolve. For example, how can a firm be innovative, yet stable and reliable? Decentralize, yet retain control? Pay for performance and have powerful reward incentives for employees, while requiring adherence to ethical standards? The Enron case lends itself precisely to this kind of examination: a new business model, a firm very successful at financial engineering—its very success in which ultimately led to its downfall.

The paradoxical integration concept is flexible and inclusive enough for the consideration of issues beyond research and business. Certainly it has relevance in the political arena, for

example, where the distinction between ally and adversary can be unclear. To Bill Clinton, China was a “strategic partner” of the United States; to George W. Bush, a “strategic competitor.” Like most human relationships, the US-China relationship is multifaceted and paradoxical. Its complexities cannot be encompassed or analyzed within the confines of a simple either/or framework.

Future research

There are several lines along which future research might be extended. First, and at the fundamental level, a more refined definition of paradoxical integration is needed, and methodologies for measuring and applying this newly proposed construct await development. It is our hope that researchers will use the perspective and concepts introduced here to examine the tension between many apparent contradictions or opposites in management and strategy, such as globalism vs. localism; efficiency vs. effectiveness; flexibility vs. commitment; heterogeneity vs. homogeneity; transactions vs. relationships; collectivism vs. entrepreneurship; and centralization vs. decentralization. Rather than limiting thought by defining these phenomena as opposites, productive work may derive from examining the pairs as interdependent, mutually defining “dualities.” The potential for a high-level theoretical integration by applying such a perspective is indeed promising.

Similarly, different types of contradictions and opposites need to be explored, and the framework in which we typically consider opposites bears examination. The Chinese treatment of opposites in language may serve as an example. Even though the Chinese combine paradoxes to create new terms, as discussed earlier, these formations may involve different kinds of tension and opposites. “Spear” and “shield,” for example, are opposing elements which combine to create an entirely new concept, “conflict.” On the other hand, the characters for “inside” and “outside” combine to form a totality, in “everywhere.” (In fact, even the nature of the “versus” construction, with its connotation of absolute opposites—so pervasive in our day-to-day lexicons—deserves re-examination within the interdependent opposites context.)

Naturally, one cannot expect the middle way philosophy will continue to influence the Chinese communities the same way it did, say, 500 years ago. Therefore it may be interesting to explore how the philosophy is manifested in the current business and social settings. Along the same line, one cannot assume the middle way perspective will influence equally Chinese communities around the world, due to their social, economic, and institutional differences. Issues of this kind should be the subject of future empirical examination.

Finally, to show the possibilities for application, this research extends the paradoxical integration perspective to explore the competition-cooperation dichotomy. Theorists have raised questions about the conceptual relationship and interface between cooperation and competition, a fruitful area of investigation by itself. Going a step further, the application of paradoxical integration raises a basic issue of the autonomy of the derivative construct of cooptation (Brandenburger and Nalebuff, 1996). One way to embrace fully the competition-cooperation paradox, and to advance research, would be to introduce a new and unrelated term for the existing hybrid word “coopetition,” as Poole and Van de Ven (1989) suggest.

The creation of such a term would denote that “coopetition” and its contingencies constitute a phenomenon beyond the sum of competition and cooperation.

In conclusion, the investigation of paradoxical integration could bear fruit through the discovery of common ground, even interdependency, of Western and Chinese thinking—a realization that would be sublimely in accord with the goal of transcending the conventional conceptualization of paradox. The managerial and strategic implications of understanding and managing the coexistence of those mindsets, and the benefits of a symbiosis, is a subject for future research. Simply considering the possibilities of that paradoxical integration, however, is enlightening in an even broader sense. The notion of the interdependency of opposites instructs us—paradoxically, it might seem, in light of globalization—to spend more time understanding our own, in addition to others’, cultures and practices, in order to attain a global perspective. In the framework for this new way of thinking, globalization becomes an interdependent process of concurrent learning (and “unlearning”), and simultaneous advancement on both the global and local fronts. This may be the ultimate demonstration of the transcendence of paradox.

Epilogue

At the suggestion of colleagues, I have taken a somewhat unconventional approach to conclude this paper. This epilogue also serves as a testimonial to my master Yü-Yun. The subject of this paper is dear to me, for intellectual and personal reasons alike.

Before leaving Taiwan for business school in the U.S. in the early 80s, I had extensive tutorial training in classical Chinese history and philosophy, alongside formal education in business management and social sciences. Under the supervision of my master (a philosopher who was a cousin of the last emperor of China, and who studied with the four most famous philosophers at the turn of the century), I had a chance to read the entire original work of 16 out of 21 leading thinkers from the era considered the peak of Chinese civilization (772–222 B.C.). During this period, for instance, I studied Sun Tzu’s work (and its myriad interpretations) seven times.

Over the last 20 years my research has centered on business competition. Conceptualizing competition as a dynamic and relative concept and considering the action-response dyad as the unit of analysis, I have examined predictors of competitive response such as characteristics of the initial action and the attacker (Chen and MacMillan, 1992; Chen, Smith and Grimm, 1992). Using this conceptual framework, the approach I take to study competitor analysis is based on pairwise comparison between firms along such dimensions as market and resource (Chen, 1996). The notions of “competitive relativity” (Chen and Hambrick, 1995) and “competitive asymmetry”— $d(a, b) \neq d(b, a)$ —are all natural intellectual outcroppings of this line of thinking (Chen, 1996).

Not once during the past two decades did I refer to Sun Tzu or Confucius, or any other Chinese thinker, in my work. One day I looked back and realized the profound impact the notion of “self-other integration”—the very framework that underlies the classical Chinese philosophies—had made on my theoretical and empirical research. I suddenly recognized the intellectual connection and parallelism between these two completely separate lines of inquiries: “self” equates to a focal firm, or an action the firm initiates; “other” is analogous

to a competitor under consideration, or a response it undertakes. Consequently, the way in which they relate to each other in a competitive context (integration) is reflected in such variables as response likelihood and timing.

Self-other integration is an expansive concept. It implies balance between extremes and, over time, an identification of commonalities and relationships. A former colleague at Columbia Business School once asked me, “Where is the customer in your framework?” My answer is that it does not matter. Competitor, customer, joint venture partner, investor: they are simply different forms of the “other.” The same approach can be applied to predicting competitors and customers reactions.

The idea of asymmetry—the divergent views of the relationship between a pair of firms—has broad implications, and not only in a competitive context. It can be extended to the study of all kinds of relationships, at both the personal and organizational levels. Ultimately, I realized, management is about dealing with paradox and tension, and strategy is about integration and balance. Harmonious balance is indeed an everyday philosophy for academics who seek to juggle the balls of teaching, research, professional service, and any number of other activities.

“Paradoxical integration,” and more fundamentally a balanced life and academic career, can only be achieved by striving to transcend the paradoxes of daily life, a lesson I have learned both as a student of Chinese philosophy and as a Western-trained academic. To me, “Chinese” is a way of thinking which is not the privilege of only the Chinese. It is my hope that this enduring philosophy, from a research point of view, may be instructive and act as a wellspring of ideas for strategy and management studies.

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Notes

1. This section draws extensively from Chapter 5 of my book, *Inside Chinese Business: A Guide for Managers Worldwide* (2001), as well as from my personal knowledge based on readings of the original works of various Chinese classics.
2. This example is used for illustrative purposes only. On the other side of the coin, in a well-known and ongoing matter, the U.S. Department of Justice sued Visa and MasterCard in 1998 for anticompetitive behavior in barring banks from issuing competing credit cards, such as American Express.

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Ming-Jer Chen (Ph.D. & MBA, University of Maryland; B.S., National Chung-Hsing University in Taipei) is a business strategy professor at the Darden Graduate Business School at the University of Virginia, where he holds the E. Thayer Bigelow Research Professorship.

Dr. Chen's research on competitive dynamics has been published widely in premiere management journals, and has received several prestigious awards, including the 1996 *Academy of Management Review* Best Paper Award. He has served as the Chair of the Academy of Management's Business Policy and Strategy Division. Formerly a professor at the Wharton School and at Columbia Business School, he is also affiliated with the Chinese University of Hong Kong, the National University of Singapore, and the Imperial College of Science, Technology and Medicine (London). He was a keynote speaker at the World Economic Forum's China Business Summit 2000 (Beijing).