

# The Western Resource-Oriented Strategic Perspective Meets the Eastern Tai-Chi Thinking

Tzu-Hsin Liu

**Abstract**—This study adopts a qualitative approach, which engages in the dialectical discussion on two levels of dyad opposite views. The first level of the dyad opposite views is the Western strategic perspective and the Eastern Tai-Chi thinking. The second level of the dyad opposite views is resource-based view and resource dependence theory. This study concludes the resource-oriented actions for competitive advantage as the metaphor of Tai-Chi consisted of yin and yang. This study argues that the focal firm should adopt bridging strategy during the core competence development period because its core competence development is likely to meet its competitor's needs of exploring strategy during the competitor's external resource development stage. In addition, the focal firm should adopt buffering strategy during the external resource development period to prevent its competitor's the exploiting strategy from attack during the competitor's core competence development stage. Consequently, this study takes a significant first step toward a novel contextualized understanding of resource development based on strategic perspective and Tai-Chi thinking providing more fully sustainable strategy for competitive advantage.

**Keywords**—Competitive advantage, resource-based view, resource dependence theory, strategic perspective, Tai-Chi thinking.

## I. INTRODUCTION

THE essence of strategy perspective is the way in which firms make strategic choices to reach and sustain a competitive advantage [1]. Porter suggested that competitive advantage exists between a firm and an external environment that influences that firm's actions, combination of resources, and establishment of commitment [2]. Firms must effectively exploit valuable resources in changing internal and external environments for competitive advantage [3].

Recent years have seen increasing scholarship on the analysis of resource development in the competitive arena. The explanation of resource-oriented perspectives mainly relies on the resource-based view [4] and resource dependence theory [5]. Although the strategic views of RBV or RDT can offer understanding for competitive advantage respectively, little has known about the integrated strategy of the two opposite resource-oriented views. Besides, prior research is lack of investigation of the dynamics of the integrated resource strategy among competitors.

Therefore, this study raises an important research question: how do firms effectively engage in resource development process over time by taking the resource developments of their competitors into account? To answer this question, the metaphor of Tai-Chi thinking provides a powerful explanation

between competitive advantage and resource development. RBV focuses on internal resource development as yin and RDT centers on external resource development as yang in the Chinese Tai-Chi. Indeed, this study engages in a dialectical conversation of the two views of RBV and RDT by examining them through lenses of Tai-Chi thinking.

## II. THEORY

A firm's ability of responding to adverse and latent environmental changes is critical to both its competitiveness and long-term performance [6], [7]. Penrose views a firm as a bundle of resources [8]. To secure competitive advantage and superior performance, a firm needs to consider its alliance portfolio including internal resource operations (i.e. resource-based view, RBV) and external resource acquisitions (i.e., resource dependence theory, RDT) for exploiting resources and exploring new opportunities [9].

RBV suggests that strategic capability is a pool of internal resources within a focal firm. The combination of a unique collection of resources within a focal firm can generate a sustainable competitive advantage [4], [10], [11]. In contrast, external resource is also important to firms for survival especially under the condition of limited internal resource [5]. To consider the effectiveness of external resource, RDT maintains that firms need to access complementary resource for survival and growth through external exchange or transaction though they will be controlled by resource providers [12].

Indeed, RBV or RDT can facilitate competitive advantage in a way but the integration of RBV (yin) and RDT (yang) forming an effective and sustainable strategy is often ignored. Therefore, this study seeks to address the importance of the convergence of RBV and RDT based on the Western strategic perspective and the Eastern Tai-Chi thinking for a whole understanding of resource-oriented competitive advantage.

## III. METHOD

This study adopts a qualitative approach, which engages in the dialectical discussion on two levels of dyad opposite views. The first level of the dyad opposite views is the Western strategic perspective and the Eastern Tai-Chi thinking. The second level of the dyad opposite views is resource-based view and resource dependence theory.

In the dialectical discussion, the Western strategic perspective stresses competitive advantage arising from proactive pursuit of a firm, while the Eastern Tai-Chi thinking believes competitive advantage resulting from the harmony of unity. Resource-based view highlights the internal resource

Tzu-Hsin Liu is Assoc. Prof. Dr. in the National University of Tainan (33, Sec. 2, Su-Lin St. Tainan, Taiwan 700; e-mail: thliu@mail.nutn.edu.tw).

creation, while resource dependence theory emphasizes external resource acquisition.

This article produces a convergent insight through the dialectic of the two levels of dyad opposite views for a comprehensive understanding of source of competitive advantage. Furthermore, this study maintains no individual strategic theory being able to fully explain the source of competitive advantage. Instead, the interaction and dialogue between two opposite approaches can deliver an objective and satisfactory explanation.

#### IV. FINDINGS

This study concludes the resource-driven actions for competitive advantage as the metaphor of Tai-Chi consisted of yin and yang. Core competence development (CCD) based on RBV represents yin and external resource dependence (ERD) based on RDT symbolizes yang. The CCD (yin) and ERD (yang) has a relative change of growth and decline. The change of growth and decline of CCD (yin) and ERD (yang) is a natural, recurring, and permanent phenomenon. This study argues that the focal firm should adopt bridging strategy during the CCD-based period because its CCD is likely to meet its competitor's needs of exploring strategy during the competitor's ERD-based stage. In addition, the focal firm should adopt buffering strategy during the ERD-based period to prevent its competitor's the exploiting strategy from attack during the competitor's CCD-based stage. We summarize the dynamic resource-oriented strategies among rivals in a competitive arena as Fig. 1.

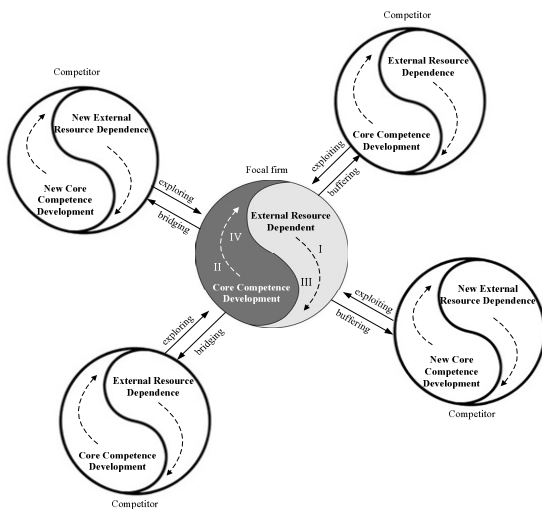


Fig. 1 The resource-oriented strategies in a competitive arena

#### V. DISCUSSION AND CONCLUSIONS

According to the Western strategic perspective, RBV or RDT have been recognized as the essences of competitive advantage. RBV is an internal oriented resource development, while RDT is an external oriented one. This study concludes the two opposite approach of resource development (CCD and

ERD) simultaneously exist in a single organizational entity and portrays two dyads of resource-based strategies in an industrial competitive relationship. The resource development based on the Western strategic perspective emphasizes actively creating competitive advantage, while the resource development relied on the Eastern Tai-Chi thinking highlights utilizing circumstantial change naturally. Through the convergence of strategic perspective of the West and Tai-Chi thinking of the East, this study addresses the approach of how a firm effectively forming a strategy of resource development in an ongoing changing circumstance to secure competitive advantage. The results contribute to the literature of strategic management in terms of RBV and RDT to shift the focus from individual analysis of resource development to comprehensive understanding of resource dynamics. Consequently, this study takes a significant first step toward a novel contextualize understanding of resource development based on strategic perspective and Tai-Chi thinking providing more fully sustainable strategy for competitive advantage.

In addition, this study suggests that a firm should clearly identify the focuses of resource development approach, i.e. CCD or ERD, of its rival and itself in a competitive arena at each stage. The identification can facilitate forming an effective resource-oriented strategy of a firm responding to its rivals. For instance, a firm in the period of ERD can use buffering strategy to react to exploiting strategy of its rival in the period of CCD. In contrast, a firm in the period of CCD can adopt bridging strategy to react to exploring strategy of its rival in the period of ERD. In addition, this study argues that when a firm highlights ERD to gain outside resources, it also needs to consolidate an inside resource as a resource buffer. While a firm underlines CCD to reinforce inside resource, it also needs to extend outside resource deployment as a resource bridge. In short, the action of harmonizing inward and outward resource developments echoes the concept of yin and yang congruity in Tai-Chi, which leads to a sustainable competitive advantage.

#### REFERENCES

- [1] R. Rumlet, P. D. Schendel, and D. Teece, "Fundamental Issues in Strategy," in *Fundamental Issues in Strategy*, Rumlet, R. P., Schendel, D., and Teece, D. Ed., Cambridge, MA: Harvard Business School Press, 1994, pp. 9-47.
- [2] M. Porter, "Toward a Dynamic Theory of Strategy," in *Fundamental Issues in Strategy*, Rumlet, R. P., Schendel, D., and Teece, D. Ed., Cambridge, MA: Harvard Business School Press, 1994, pp. 423-461.
- [3] D. J. Teece, G. Pisano, and A. "Shuen, Dynamic capabilities and strategic management," *Strategic Management Journal*, vol. 18, no. 7, pp. 509-533, 1997.
- [4] J. B. Barney, "Firm resources and sustained competitive advantage," *Journal of Management*, vol. 17, no. 1, pp. 99-120, 1991.
- [5] J. Pfeffer, and P. Nowak, "Joint venture and interorganizational interdependence," *Administrative Science Quarterly*, vol. 21, no. 3, pp. 398-418, 1976.
- [6] H. E. Aldrich, *Organizations and Environments*. Englewood Cliffs, NJ: Prentice Hall, 1979.
- [7] J. Child, "Organizational structure, environment, and performance: The role of strategic choice," *Sociology*, vol. 6, pp. 1-22, 1972.
- [8] E. Penrose, *The Theory of the Growth of the Firm*. Oxford: Oxford University Press, 1959.
- [9] R. J. Jiang, Q. T. Tao, and M. D. Santoro, "Alliance portfolio diversity and firm performance," *Strategic Management Journal*, vol. 31, pp. 1136-1144, 2010.

- [10] S. A. Alvarez, and L. W. Busenitz, "The entrepreneurship of resource-based theory," *Journal of Management*, vol. 27, pp. 755-775. 2001.
- [11] C. Oliver, "Sustainable competitive advantage: Combining institutional and resource-based Views," *Strategic Management Journal*, vol. 18, no. 9, pp. 697-713, 1997.
- [12] J. Pfeffer, and G. R. Salancik, *The External Control of Organizations*. New York: Harper and Row, 1978.