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## **Book Review**

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**The Chinese Strategic Mind**

**by: Hong Liu**

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**by Edward Elgar Publishing Limited,  
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Cheltenham, Glos GL50 1UA, UK, 224pp  
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This is a book about the ‘Chinese *homo strategicus*’. The author’s thesis is in tandem with the first generation of the so called ‘strategic culture school’, which has as doyens three American political scientists – Nathan Leites, Alexander George and Jack Snyder – who developed and perfected the ‘operational code’ concept, authoring several RAND’s studies on Soviet strategic thought and Kremlin’s possibility of using nuclear weapons against the USA and its allies during the Cold War.

In these studies, ranging from the early ‘50s to late ‘80s, they argued that culture cannot be separated from action, and is influenced by a multitude of factors such as geography, historical experiences, cultural concepts, traditions, resources, and social, political, economic and technological developments. As a result, it is important to take into account historical and cultural perspectives when analysing the strategic thought, beliefs, decisions and actions of non-western states’ leaders, i.e., their operational code.

Hong Liu’s book follows this corollary by building a bridge for those in the corporate community doing business in or with China and who face an uphill struggle to cross, when trying to decode their Chinese counterparts’ or competitors’ strategies and way of thinking.

The author starts by addressing four questions: “(1) Is there an idiosyncratic Chinese strategic mind that differs from that of the West? (2) Why has such a strategic factor not received sufficient attention in the West? Alternatively, what have been the consequences of failing to appreciate the Chinese strategic mind? (3) What are the idiosyncrasies of the Chinese strategic mind? (4) What are the strategic implications of these idiosyncrasies?”

This reviewer could not agree more with the pertinence of three of the four questions, but doesn’t agree with Hong’s argument that the intricacies of the Chinese strategic thinking have not received sufficient attention in the West. In fact, much of the excellent bibliography the author quotes to illustrate and reinforce his arguments was published in the West, either translated from the Chinese original texts or as a result of research done by American, British and French sinologists, political science scholars and military

strategists on these types of Chinese idiosyncrasies. Concomitantly, there is a relative disillusionment associated to the fact that, in spite of the author being a native speaker, there is a lack of recent and relevant sources, either written in Mandarin or translated into English, which could have provided an even better scope to the analysis, and more importantly, demonstrate the ‘evolution in the continuity’ in the Chinese strategic thinking/mind, i.e., Chinese strategic thinking did not stop after the demise of Mao Zedong and it is in constant evolution.<sup>1</sup>

This being said, Hong takes stock at China’s *Seven Military Classics*, Daoism, Mohism and Confucianism classical texts and Mao Zedong’s writings to build and explain – succinctly and many times brilliantly – a model capable of encompassing the complexity and idiosyncrasies of the Chinese strategic mind. He succeeds.

The book is structured in seven chapters (besides introduction and epilogue) and follows a top down approach, with greater emphasis on the conceptual than on the empirical.

In the first chapter, the author provides his diagnosis of what he – albeit excessively – characterises as a lacuna in the Western academia about the Chinese way of thinking (strategic or not) and its possible implications, ignoring the profusion of Chinese Studies Centers in plenty Western universities and hundreds of excellent academic articles and books published about this topic. Undeterred, Hong Liu recycles and underlines several reasons for this phenomenon, ranging from different cognitive/logical processes; a Chinese culture based in the humanities vs. a Western culture predominantly occupied with the development of science; to the West’s traditional argument that Chinese philosophical texts have a lack of theoretical ontology. As a corollary, there are two different *weltanschauung* but, in reality, both conduct strategic net assessments: the name and the method may be different but the end result is not (Bracken, 2006).

Chapter two analyses the current state of the art concerning the variables associated with strategy, strategic management, strategic thinking and cognition. The author describes the lack of consensus around a unified theory on strategy, pointing out several reasons for this – mainly different cognition processes between Westerners and Chinese, resulting in a divergent strategic military thinking. This differentiated strategic military thinking is frequently applied by Chinese corporations, which have among their founders or leaders former members of the People’s Liberation Army (e.g., Huawei, Lenovo, HC International, Yangtze River Pharmaceutical Group, China Vanke, Beijing Huayuan Group, Doublestar, Xinjiang Guanghui Group, Shanshan Group).

In chapter three, Hong Liu starts by focusing his attention on the importance of the Chinese language in shaping a form of thought different from the West. Being Mandarin a pictographic language, the meaning of a word is related to the pictorial pattern of the real object; thus, the Chinese people tend to be better at ‘imaginative’ than at ‘abstract’ thinking. As a result, the structure of Chinese language has generated special forms of philosophy and cognitive sciences that shaped Chinese culture, generating a different logical reasoning based on analogy and induction rather than West’s matching and deduction. The consequences are exemplified when the author makes a brief but very enlightening comparison between Clausewitz and Sun Tzu’s texts and their respective understanding of war and its goals.

In the fourth chapter, Hong puts forward an interesting model to explain the idiosyncrasies of the Chinese strategic mind at work, fusing philosophical precepts of Daoism, Confucianism, Mohism, Legalism, the ‘School of Names’ and the ‘School of Yin

and *Yang*' (e.g., *Dao*, *Shi*, *Yin/Yang*) with psychological tools (such as the instrumentalisation of stratagem and deception) to present a holistic cognitive explanative mechanism based on the agility of the so called Chinese 'dialectic of contradiction'. This has important consequences regarding Chinese corporations' business strategies, which have different competitive approaches vis-a-vis their Western competitors, generally focusing more on one target's operations strategy, resulting in a behaviour that is unlikely to produce a technology originator or market leader, because of limited investment in research and development, raising the historical debate around the *ti-yong* concept.<sup>2</sup>

This fifth chapter is also excellent. In this chapter, the author illustrates and explains the various layers that built what he aptly describes as 'the Chinese stratagem culture'. According to him, there is a persistent lack of trust between the Chinese, and more sharply towards strangers: reason why social relationships are characterised by circumspection and are a time consuming process of trust-building, which is vital to forge a bond of trust (personal or professional/business).

Since antiquity, this 'trust deficit' is the root cause for the extensive appreciation, theorisation and practice of stratagem. Because of the pervasiveness of centralised decision-making structures in Chinese organisations, national (government), corporate or private, Hong argues that "such a structure is quite effective for the stratagems that are truly unorthodox or creative". The downside of it is a bigger propensity towards corruption and frictions within the organisations, disguised under a thick veil of apparent unity and cooperation bounded by the leader's power or family ties. But the bigger the organisation the higher the probability of occurrence of these entropic phenomena, reason why Hong warns that this is one major bottleneck to the sustainability and competitiveness of Chinese corporations.

The last two chapters have a more empirical approach. Chapter six is focused on Mao Zedong strategic mind. Based on the comprehensive 'Chinese strategic mind' model described on chapter four, the author analyses and eulogises Mao's grasp of the 'strategic game', describing his classical literary influences and political experiences, emphasising – correctly – that he was one of the few 20th century strategists who had the opportunity to put in practice and test – we can say with mixed results – what he preached.

This chapter works as a bridge to the last one. Hong Liu, chooses Huawei as a case study because of what he considers an excellent example of the Chinese strategic mind at work. Based on Huawei's CEO Ren Zhengfei personal qualities, public veneration of Mao Zedong thought (illustrated by Huawei international expansion based on Mao's concept of 'circling the cities' but also in their employees enrolling in self-criticism sessions) as well as his grasping of the intricacies of philosophical concepts such as *tao*, *shi*, and *yin-yang* dynamics and its adaptation to Huawei's business and strategic plans, Hong is able to justify the corporation's amazing performance in the highly competitive sector of telecommunications equipment and services in such a relatively short period of time. The secret? A basic law (which the author, unfortunately, only describes not analysing it critically) and three catch words: 'openness', 'compromise' and 'greyscale' (a *yin-yang* concept).

What is interesting in this chapter is the allegation that Huawei never sought primacy, because with it comes the threat of 'organisational fatigue'. But once this status was obtained, a permanent sense of crisis (being either a danger or an opportunity) was reinforced by the leaders, adding up to the corporate 'wolf culture' and its values of sacrifice, enthusiasm, self-discipline, unselfishness and endurance.

After reading the last chapter, one gets the idea that this is a ‘one size fits all’ Chinese recipe for corporate success, implying that variations of it can also explain the growth of Lenovo, Haier, YRPG, Wanxiang Group, ZTE and other Chinese corporations, which the author barely touches. This is the book’s major gap. It would have been very interesting, and would have provided more added value, if Hong Liu presented two more case studies involving, for example, Lenovo and Haier, because like Huawei, there is no lack of bibliography to look at (Ling and Avery, 2006; Qiao and Conyers, 2014; Yi and Ye, 2003; Fischer and Lago, 2013).

Finally, in the epilogue, the author advances several pragmatic recommendations to enhance Western understanding of Chinese organisational strategy decision making, such as placing a bigger reliance on the localisation of management in China, providing greater influence to Chinese managers over the companies’ strategies in China, the development of Chinese business programs in Western universities, involving the collaboration between different departments or schools (history, philosophy, sociology, psychology and business – to which this reviewer would add strategic studies and/or political science studies).

In sum, the analysis of a state’s or corporation cultural topography and its impact in strategic decision making is relevant but it is not, per se, the sole factor determinative of its strategic culture – something that is subject to evolution.

Chinese cultural and strategic studies oriented towards the business community in general are relatively few, as the author points out, and this book is a relevant contribution to fill this gap, providing a balanced and well thought out perspective about the intricacies of the Chinese strategic mind. It should be recommended reading to undergraduate courses in international relations/Asian studies and MBA programs. Chapters four and five deserve to be discussed in graduate classes.

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## Notes

- 1 To name only a few Chinese strategists, see Ye Zicheng (*Inside China’s Grand Strategy: The Perspective from the People’s Republic*), Yan Xuetong (*Ancient Chinese Thought, Modern Chinese Power*), Liu Mingfu (*The China Dream: Great Power Thinking and Strategic Posture in the Post-American Era*), Huiyun Feng (*Chinese Strategic Culture and Foreign Policy Decision-Making: Confucianism, Leadership and War*), Qiao Liang and Wang Xiangsui (*Unrestricted Warfare*).

- 2 The question around this debate is, specifically, how to maintain a degree of equality between China and the West while adopting Western knowledge and practices. In a historical perspective singling out culture, many argue that despite an existing gap (which has been greatly reduced) between China and the West militarily and economically, culture wise China is equal, if not superior to the West. Hence, many agree to a scheme of Western learning borrowing, called the *ti* (essence)/*yong* (application) formula: maintaining Chinese culture as the essence, and applying Western learning to solving the practical problems of the world.