

# The Analysis of the Competition and Cooperation in the Enterprises Based on the Theory of Oriental Management

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## Abstract

*Competition and cooperation are the two important aspects in the market economy activities which can contribute the enterprise to survive and develop constantly. It is important for us to correctly handle the relationship between the competition and cooperation at different times. After reform and opening to the outside world, we introduce the system of market economy and also introduce the system of competition in the market. All the systems play an important role in exerting the basic configuration of the market and improving the efficiency of resource utilization. Unfortunately, since the blind competition will intensify the loss of the enterprise, so we have to cooperate in a certain extent. In this paper, we illustrate the relationship between competition and cooperation based on the thought of Oriental Management. Then we further put forward the first leap that the competition and cooperation evaluate to the enterprise's cluster innovation and the second leap that cluster innovation transit to the sustainable development of enterprises.*

**Keywords:** competition and cooperation; resource allocation; Oriental Management

## 1. Introduction

Based on the precious features and the resources, there has been competition in the development of humanity since the birth of mankind and until after the products have left. Competition has gone along with the aspects of human life hand in hand. The so-called competition is the kind of action that two or more parties will take in a certain period of time in order to chase the target. The behavior is very universal in the kingdom of the humans and animals and it also belongs to the instincts to the changes of the outside world. However, the competition is a joint action that people or groups will help each other in order to achieve some common interests or goals in some social activities. The competition reflected the collaborative and collective state tendency among things, systems, or elements. And it is a particular cartel for some target and the partners have common expectations for return.

Cooperation is constructed which is important in the process of material evolution, evolution of life, social evolution. In this condition, with global and complex human practice, and the informational and global exchanges pattern, human go on developing from the competition to the cooperation. Cooperation has become the resonance of the global business community. Without cooperation, companies will not be able to survive. The competition with cooperation is a high level competition. The theory of competition with cooperation stems from the awareness of the inherent confrontational disadvantages of the competition. Their representative persons are Professor Barry J. Nalebuff of Yale University and professor Brandenburger of Harvard University. They emphasize both competition and cooperation. We can achieve cooperation in the competition and continue to compete in the cooperation. It is the main way that many enterprises adopt currently. As we know, if we competitive or cooperate blindly, there will be many business problems which will be avoided if we take the action of competition and cooperation. This kind of action does not only point for some enterprise or other enterprises, but mostly rises to the enterprise alliance. It is a competitive cooperation with a greater degree and a greater scope. It is a hot issue which is discussed by the practitioners and theorists.

Whether foreign scholars or domestic, they mostly emphasize the importance of the cooperation while they affirm the positive role of competition and analyze the factors affecting cooperation from different perspectives. Many experts such as Cullen, Johnson, Sakano (2000) think that mutual trust, mutual commitment, cooperation and exchange are important factors which affect the degree of relationship.

KWHipel (1990) and DMKILgour (1987) study the conflict of cooperation deeply and the domestic scholar Li Xiangyang (2009) has researched the theory of corporative partnerships and the issues of analysis framework .Deng Aimin (2013) studies the construction of sustainable development model of industrial clusters in the competitive cooperative behavior of enterprises. Lujian (2001) analyze the cooperation momentum constructed by the virtual enterprises from two angles of static and dynamic absolute return. Based on these scholars, We analyze the relationships between competition and cooperation by using the Oriental management in this paper.

## **2. Theoretical background**

Based on Chinese management, Western management and Chinese management science an the theory of "people foremost, moral first, man for man", oriental Management School founded by professor Su Dongshui research governance, rule of Health, statesman, govern the body and so on. All the research content can be used management behaviors such as humanitarian, popularity; personnel and so on. All the theory expresses the harmonious thought. Oriental Management thought can be summarized as five aspects "learning, doing, governing, acting and the harmonious ". The core of Oriental Management thought is "harmonious", and its revelation of the enterprise competition and cooperation is "harmonious".

### **2.1 The relationship between thought of man harmony and Enterprises' competitive and cooperative behavior**

The concept of "man harmony" refers to the harmonious coexistence between the various elements of the system. All the various elements serve for the good functioning of the system. The thought of "man harmony "refers to the harmony of the staff in their own in the enterprises. The enterprises will be harmonious when the staff is harmonious. It includes three meanings. First, the harmony exist between personal expectations and corporate goals and the balance between personal desire and realistic. When individual's goals and the company's overall goals conflict, we should correctly resolve conflicts from the overall situation and minimize the negative impact. Second, the harmony of the enterprises is also reflected on the harmony of employees' relationships. The enterprises are composed by the staff .whether "manager" or" by managers "both of them are the individual members of the enterprise and good interpersonal atmosphere need individual members together to create and maintain. Third, the harmony of the enterprises is the harmony between the individual and society. The enterprise survives in a larger social context and employees are the company's core resources. Employee be recognized by society and establish a good relationship in order to develop themselves.

### **2.2 Thought of Harmony and Enterprises' competitive and cooperative behavior**

"Harmony" thought of Oriental Management stresses diversity coordination and unity of opposites, rather than antagonistic binary relation emphasized by Hegel's dialectic. Thus, for the various elements of things we can neither fully negate nor affirm. But we can treat things as a organic whole in which various elements can connect with each other and influence each other.

"Harmony" thought believes that companies should first establish its internal harmony that all departments achieve the overall goal of sincere cooperation under the entire target of the enterprises and become an organic whole. The performance appraisal of each part should be laid in the entire performance appraisal.

Performance of different sectors should be based on improving the overall performance of the premise and achieving an orderly, symmetrical competition. The vitality of the enterprises not only depends on stable cooperation between various departments under the system, but also depends on competition between the various departments in a healthy corporate culture. System and culture will coordinate and grow with each other.

### **2.3 Harmonious thought and Enterprises' competitive and cooperative behavior**

The Oriental management thought think that" harmony" is derived from the common relation and difference among things which is not only a subjective state, but is also the objective description of things. Harmony is a state that it can achieve the balanced development of the individual in the process of the overall coordination. But there are differences about understanding the harmony between the east and the west.

Western harmonious thought reflected an extrinsic formal beauty which will inevitably lead to dualistic opposite situation generated in the process of the operation and management. "Manager" and "to be managers" emphasizes on obedience and control.

This kind of obedience and control show one or some of the dominance in several companies in the whole industry environment and entire social performance which assume the form of industrial organization and take stable social responsibility.

This way of thinking is not only reflected on the relationship between the western and the natural environment, but also on innate sense of superiority in the foreign relations of western countries. Westerners believe that various objective elements are subsidiary elements of human society. Based on this condition, human can carry out activities. Under the influence of this theory, the enterprises and ecological environment will inevitably oppose by the business management.

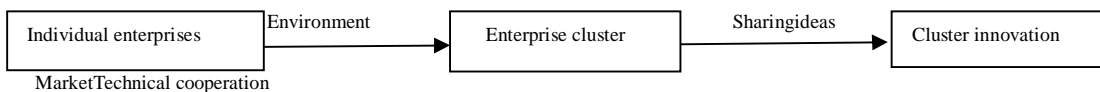
The harmonious of Oriental Management believe that harmony is the state of nature from the inside and outside. The enterprises must first achieve internal harmony. Then they can achieve the harmony between business and industry partners, competitors, the public and the natural environment. In oriental harmony thought, "Harmony" is a good interaction, coexistence, development of the state within the various elements of the system and is ought to be value judgments of the nature state of things. Therefore, under the guidance of Harmonious Thought of the oriental management hop management of the enterprises regard "center of the universe" as a starting point and treat all the ecological elements as an equal subjective matter. And it also find out the fundamental law - "Tao" .Everyone achieve the target of "Masato" through the "positive self" in order to achieve the harmony of whole broad field of ecology. The management idea has a very positive practical significance for building a harmonious society.

**3. The relationship between competition and cooperation under Oriental Management**

The enterprises achieve the first leap from competition to cooperation, then from cooperation to the innovation of the clusters. In 1990, Harvard University's famous management expert Professor Michael Porter first proposed the concept of industrial cluster in his book named "Competitive Advantage of Nations". Based on this, I believe that cluster innovation is a kind of innovative networks constructed by a group of enterprises and affiliates with a certain contact and interactions. They have some common interests. In the early days, industry is a pattern of competition and cooperation formed by the individual companies.

But with the increasing competition and the changing market environment, companies recognize the lack of resources which is not conducive to long-term development of enterprises. Thus, enterprises will form the more influential form clusters based on a mutual agreement. The generation of the clusters can avoid limitations of individual enterprises and produce the cluster effect. After the generation of the clusters there will form the cluster innovation based on the sharing of the concept and technology to some extent. Clusters innovation will not only strengthen the competitiveness of the cluster, but also increase the competitiveness of every single enterprise. It also can form a powerful economic body of a regional network which is very beneficial to the development of regional economy.

Porter (1990) and other scholars have proved that the innovation of modern enterprises shows significant cluster distribution in space and increasingly inclines cluster agglomeration behavior of many enterprises rather than the past independent behavior of individual dispersed enterprises. Thus the enterprises can get innovation advantage of the clusters.



**Figure 1: Formation of cluster innovation**

The research group of European innovation environmental proposed two core concepts of cluster innovation: innovation and collective learning environment. Innovation environment emphasizes the importance of regional innovation air; collective learning is a hallmark of innovation environment and emphasizes the strong and stable innovation synergy of regional innovation. The Hop thought of Oriental Management emphasizes the nature of synergy between different elements which generates synergy effect, corporate synergies It is an important part to correctly handle the relationship between enterprises to achieve synergy effect. Considering that the upstream and downstream enterprises will affect the entire operating conditions, We must properly handle the relationship between upstream and downstream enterprises.

And competing enterprises also need coordination to survive common. Business survival depends on the relevant economic networks and social networks which need both the cooperation of the supply chain and the cooperation of competitors in order to resolve conflicts and achieve harmony realm. The "artificial man" ideology of oriental Management plays a guiding role in the innovation clusters of enterprises.

"Artificial" requires companies to first "show people" before they cooperate, "Man" is rewards or punishment of the partners and is the behavior expression of the interests of all parties. Enterprises advances from competition to cooperation and from cooperation toward the cluster, and finally achieve the cluster innovation which is the concentrated expression of oriental Management and "Harmony" idea. Enterprise will continue go toward competition by the cluster innovation, and then toward the cooperation by the new competition. Finally, the enterprises can achieve the sustainable development of the cluster which is the cluster's second leap.

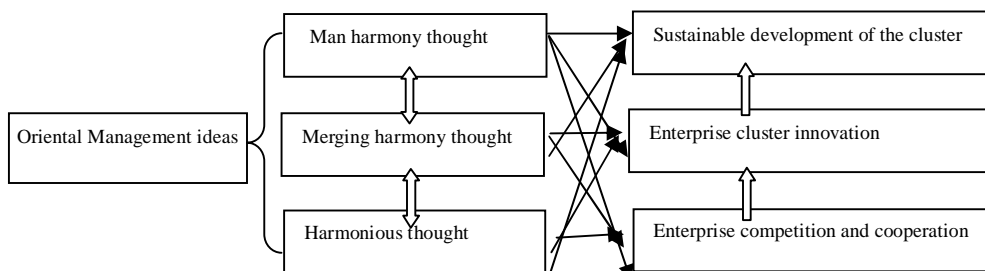
Sustainable development of the clusters is major theoretical and practical issues of regional economic as well as a country's economic development. On the one hand, the Austrian economist TICHY.G said that the life cycle of industrial clusters includes four phases: the birth, growth, maturity and decline. With the industrial cluster getting into recession and considering that collaborative innovation environment cannot stimulate innovation, the industry cluster will eventually fade into the old industrial area which has no potential to re- gain a competitive advantage. On the other hand, Amin and Thrift think that the face to face contact of cluster enterprises and the dependency of tacit knowledge can lead the network of industry easy to be locked which is a constantly enhance self-protection lock and ultimately produce regional rigid. It will result in the stagnation of industrial clusters and even demise. For the reverse research of most scholars, the domestic scholar Cao Xuan Wei think that the upgrading and sustainable development of industrial clusters is ultimately problem that a cluster choose what kind of development path to break path dependence and create new development path. MouShaobo believes that the key of sustainable development for industrial clusters is their sustainable competitive advantage which can be achieved by the internal mechanism of dynamic cluster core capabilities which includes the ability to absorb knowledge, cluster innovation capability, marketing capability, social capital of the cluster and clusters culture. Therefore, it is the only path for us to build dynamic core advantage which the competitors cannot imitate to achieve sustainable development of the cluster.

Oriental Management "Harmony" thought emphasizes on universal connection and sustainable development among things. Based on the connections, the system constituted by the thing itself has the function which is better than the function of the individual thing. And it can better face the change of the objective environment and against risks. In the management of the enterprise, the individual firm cannot seek sustainable development in the changing market environment during the long term. On the one hand, there are limited resources in the individual firm. On the other hand, it is difficult for the individual firm to survive based on the intense competition. Thus, a significant evolution of the development of enterprises is to achieve the cluster and sustainable development of the cluster and then form larger competitiveness.

The future competitiveness of enterprises will be produced by clusters which are composed by the enterprises rather than competition between individual enterprises. The enterprises in the clusters can not only realize the innovation of the concept and the sharing of the technology, but also achieve a harmonious and win-win, sustainable development through the cluster itself.

In summary, this research framework of this paper is shown in figure 2:

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**Figure 2 the path map of competition and cooperation under the oriental management**

#### **4. Summary**

In this paper, we illustrate the competitive and cooperative behavior of the enterprise and discuss the concrete embodiment of the thought of man harmony, merging harmony, and the harmonious thought. The enterprise will develop from the initial competition to the cooperation and go on advancing from the new competition to the cooperation, and then realize the sustainable development of the clusters which is the first leap. Next the enterprise will go on its second leap that it will develop from the cluster innovation to new competition, and advance from the new competition to the cooperation, then realize the sustainable development of the clusters. This paper also analyzes the relationship between Merging harmony thought and the first leap of the clusters, the relationship between harmonious thought and the second leap of the clusters. But this paper which is confined to the qualitative analysis and lacks the quantitative analysis is aimed at providing the theoretical basis for the more research of Oriental management and competitive behavior of the enterprise.

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