

managing relationships and building networks. Having a high level of social skill leaders are effective at leading change, building and leading teams.

So, globally a company's success is clearly linked to the emotional intelligence of the leaders not to the cognitive abilities. It has been proved that the companies headed by the leaders with strong emotional intelligence outperform the goals of their competitors. Moreover the challenge of the twenty-first century leadership is not simply business prosperity. Today's leadership challenge is to design innovative approaches in order to create successful companies and successful societies.

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APPLICATION OF SUN TZU'S ART OF WAR IN BUSINESS

*«Strategy without tactics is the slowest route to victory.
Tactics without strategy is the noise before defeat».*

Sun Tzu

Sun Tzu's *Art of War* (孙子兵法) is the most well-known Chinese military treatise that is known to the Chinese as well as the western world. Written around the 4th to 5th century B.C. and consisting of only 13 chapters, its value in influencing military thinking and war strategies has seldom being questioned. Moreover, its relevance to the corporate world of business is even more interesting. Increasingly, military clichés have been used in the business realm. For example, terms like price wars, product wars, battle of the corporate giants, etc. can be found in different business articles, books, etc.

There are a number of studies, in Chinese, English and other languages, which applied Sun Tzu's *Art of War* strategies to business and management environments. Sun Tzu's principles have been used to explain current phenomena by attempting to «translate» military principles into business approaches. Sun Tzu's *Art of War* is considered to provide the most profound lessons for leadership, and victory in both the East or West. Today its principles are applied to business all over the world. This classic work came from life and death scenarios, which evolved from empire, trade and political struggles. Obviously today's corporate world does not induce anywhere near as strong a mechanism for change, or success, as the consequences of failure in business are far less than warfare. Nonetheless, the lessons from the *Art of War* are definitely applicable to any organized effort, project or business.

Talking about modern Asia it is necessary to point out that it is now very different from its past. Many today's managers in an environment like Chinese, Japanese, Korean and even American apply Sun Tzu's principles. Looking at specific companies, or managers, one will sometimes see avid followers of the principles of the *Art of War*. The roots of almost any good strategic plan can be found in the text the *Art of War* so its implementation is also present in Western business.

Much of the text is devoted to strategic alliances. They are a key strategic component of the *Art of War*. This translates to partnering in the business world. The importance of partnering and relationships is apparent to anyone who has done business in Asia, especially China and Japan. Strategic partnering if carried out correctly should optimize sales, marketing, reduce operational requirements and create synergies inside a company. From Sun Tzu's teachings such partnering strategies should also be put into product development (both the item itself and the marketing of it) as a process.

The intention is to study how the prescriptions of Sun Tzu may be applied to management as well as to draw parallels between the principles advocated by Sun Tzu and the situation of top management. For example, Lee et al. [4] devised business management strategies using Sun Tzu's *Art of War*. The 13 chapters of Sun Tzu's *Art of War* were analyzed to identify the equivalent business management strategies by using questionnaire survey. Hawkins and Rajagopal [3] constructed a framework integrating Sun Tzu's strategies with project life cycle context to show the correlation between the various aspects of military strategies and the fundamental building blocks of project management. Though Sun Tzu's principles were linked with the methods of executing projects, the authors opined that waging war may be simpler than some of the challenges faced in real projects.

Foo and Grinyer [1] compared Sun Tzu's *Art of War* and strategic planning process. They investigated the extent, nature and success of strategic planning in large ASEAN companies and found widespread adoption of regular, formal and analytical strategic planning which substantially reflected the basic precepts of Sun Tzu. McNeilly [6] set up the framework for managers to design strategies and achieve lasting success by adopting six principles from Sun Tzu's *Art of War*. These are: capturing the market without destroying it; avoiding competitor's strength, and attacking their weaknesses; using foreknowledge and deception to maximize the power of business intelligence; using speed and preparation to swiftly overcome the competition; using alliances and strategic control points in the industry to «shape» one's opponents and making opponents conform to one's will; and developing one's character as a leader to maximize the potential of employees.

Based on Sun Tzu's *Art of War*, Tan et al. [7] proposed that the various types of battlegrounds identified in the *Art of War* may be classified into three strategic dimensions: the ease of entry; reversibility; and fit. Seven types of markets with specific characteristics for small and medium enterprises (SMEs) are identified based on these dimensions. Macdonald and Neupert [5] applied Sun Tzu's six terrains and nine ground principles to the study of marketing strategy. Each terrain and ground is discussed in the context of its relationship to customer markets, and prescriptions for dealing with each situation are provided. Results show that Sun Tzu's typology is

useful for marketing and relevant for today's business manager as it provides a heuristic system that is economical but still broad enough to describe a diverse set of existing phenomenon. While both ancient Chinese military strategy and general business strategy may have a similar aim of beating the competitor, there are some differences. Foo [2] stated that knowledge of Chinese cultures, psychology and sociology is needed to obtain a deeper understanding of Sun Tzu's ideas, which are sometimes presented in metaphors. Therefore, it is easy to believe that many conflicts of using Sun Tzu's work may result from the complex implications of Chinese words which can lead to opposite viewpoints. Besides, the difference between ancient and modern time is also considerable. It is wise in using Sun Tzu's knowledge carefully, appropriately and moderately in studying business strategies. Many researchers have applied the military principles proposed by Sun Tzu to business management. It shows that Sun Tzu's military principles may be used for strategic management and strategy formulation in business.

Among the different Chinese military strategies, Sun Tzu's *Art of War* is the one that has much relevance to business competition. One of Sun Tzu's most important war strategies is to obtain victory by avoiding direct conflict. The *Art of War* has other useful elements that can help western firms to achieve competitiveness when operating in China's market.

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