



Research on Enterprise International Competitive Advantage Sustainability

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Abstract

The economical globalization brings the enterprise competition globalization is an indisputable fact, the enterprise participates in the international division of labor and the international competition becomes the question which any enterprise may can't avoid, how the enterprise establishes the competitive advantage in the international competition, and maintains the sustainable competitive advantage is very important regarding to the enterprise's development and survival. This article has analyzed enterprise international competitive advantage and the connotation and forms of mechanism of the sustainability, and has constructed the enterprise sustainable competitive advantage model.

Keywords: International competitive advantage, Resources, Capability, Sustainability

1. Enterprise international competitive advantage and sustainability

1.1 Enterprise international competitive advantage

Enterprise competitive advantage can be defined as: "enterprise in the production operating within the territory, able to provide consumers with the same quality or better than the quality of rival products at the lower price, and to get more than competitors average level of profit, then the enterprise has a competitive advantage."

The enterprise international competitive advantage is the stretching on enterprise competitive advantage basis, mainly decided by the production and management domain size the enterprise engaged in, when the enterprise production and management field expanding to the international market, the competitive advantage become the international competitive advantage. Therefore, in the context of economic globalization, enterprise competitive advantage and enterprise international competitive advantage is the same concept.

1.2 Sustainability of the enterprise international competitive advantage

Enterprise international competitive advantage sustainability is the development from a dynamic perspective of the concept of competitive advantage, competitive advantage and sustainable competitive advantage is of the same connotation. Barney stressed in his "enterprise resources and sustainable competitive advantage" that the sustainability of competitive advantage in essence is not a time for the calendar and not mean that competitive advantage will always exist, but for some reasons the advantage to a certain period of time cannot be copied by other companies. He stressed the importance of the following points: First, sustainable competitive advantage must be considered against the existing and potential competitors; Second, the sustainability is not a time for the concept of the calendar; Third, sustainability does not mean that the competitive advantage will always exist, the unforeseen changes of the industry competition structure may make the original sources of sustainable competitive advantage no longer valuable. As a result, he believed that the sources of competitive advantage should meet four conditions: that is valuable, scarcity, not imitative and irreplaceable. Sustainability of enterprise competitive advantage is rooted in its own essential character. I believe

that the international business sustainability of competitive advantage can be defined as the sum characteristics: at a long period of time, enterprise in the international market continue to integrate resources and to enhance innovation, always maintain the comparative advantage and continue to exceed the average profit level of the competitive industry.

2. The formation of enterprise international competitive advantage

2.1 Sources of formation of the enterprise competitive advantage

In order to achieve the target of competitive advantage, the enterprise has to decide many elements, and the whole theory can be divided into the resources theory and the capability theory. Werner Feierte released the "Enterprise resources foundation theory" in 1984, has put forward that the enterprise internal resources are of great significance to the enterprise business profits and to the maintenance of competitive advantage, and has a decisive role for the enterprise to create market advantage. The accumulation of enterprise internal organizational capability, resources and knowledge is the key to explain the enterprise to get excess profit and to maintain competitive advantage. Then many economists carried on the classification and the concrete research to resources. In summary, resources theory believe that enterprise resources with heterogeneity and non-full mobility features, therefore, there are many differences between different enterprises, in other words, the heterogeneity of resources has led to business heterogeneity. As the resources are not completely free movement, the heterogeneity between enterprises may exist for a long time. If an enterprise has resources which are scarce and able to create value, and these resources either can be imitated by its competitors, or can be replaced by other resources, then this enterprise has a monopoly position and this become the necessary condition for the sustainable competitive advantage and the excess profits.

Enterprise capability theory believes that the enterprise capability is the required skills and knowledge to achieve the objectives of the organization. Although the broad resources include capability, but the capability theory considering that capability is different from resources, capability based on the ability of man-made carrier, it is the main ability to allocate, develop, protect, use and integrate the resources. Enterprises with similar resources often have difference in the efficiency of resources usage, this difference is the difference of capability, which is the cause of the deep-seated competitive advantage. In 1990, Prahalad and Hamel published a "Enterprise core capability theory", according to their definition, core capability is the accumulated knowledge of organization, especially about how to coordinate the different skills of production and the organic integration of a variety of technical flow of knowledge. Core competitiveness is a mixture of many factors, it is the combination of technology, governance mechanisms and collective learning. Core competitiveness is the collection of a set of skills and technology, not a single technology or skill. It is a source of competitive advantage. There are three main features of core capability: First, the core capability has the full user value, able to create value and reduce costs; Second, the core capability is unique, it is difficult to be imitated by competitors; Third, the core capability must has a certain tractility, to provide support to enterprise to access to a number of markets.

The difference between two theories is that the capability theory considering that the core capability is the source of enterprise sustainable competitive advantage, while the resources theory considering that the strategic resource is the source of sustainable competitive advantage. Capability theory take the ability of resources disposition and conformity as part of the core capability, while resources theory take the enterprise capability as part of enterprise resources. The capability theory emphasizes that the enterprise develop corporate strategy around core capability, while the resources theory stresses the resource-based competitive strategies. In short, the source of competitive advantage is the enterprise capacity and resources.

2.2 Formation of enterprise competitive advantage

The formation of enterprise competitive advantage is based on enterprise resources and capability advantage. As far as these two factors, none of these factors alone can become a sufficient condition for competitive advantage. But the effective combination of both factors is a necessary condition of high and sustained competitive advantage. Resources and internal capability are the results of long-term development, if resources and capability can not be copied and imitated by competitors, then the enterprise has formed competitive advantage. Resources are the relative stable, easy to be observed assets, these assets will help to improve the performance of enterprise. And capability of enterprise refers to continual usage of skills to the organizational structure and staffs to complete the task. Looking from the resources advantage aspect, competitive advantage includes: brand name, enterprise own technical knowledge and skills of its employees. Corris and Montgomery believe that resources can exist in various forms, they may be the general elements which widespread in the competitive transaction and are very easy to buy, or they may be the resources of high degree, accumulated over years and are difficult to be copied. From the aspect of capability advantage, competitive advantage includes: management, learning ability and capability to innovate and so on. In the process of the obtain of competitive advantage, the raise of enterprise internal capability and the synthesis utilization of each kind of capabilities are the most crucial factors, when these two factors are organically integrated, enterprise will has the competitive advantage.

3. Model building of enterprise competitive advantage sustainability

3.1 Influencing factors of enterprise resources and capability changes

3.1.1 Influencing factor of enterprise resources changes

After the formation of competitive advantage, the enterprise mainly in the stage of growth or mature, one of the characteristics at this stage is the entry of competitors and the increased competition, this time the maintain of existing competitive advantage and the sustainability of competitive advantage are mainly decided by the speed and difficulty of the existing and new enterprises innovation and mimic ability. There is no significant influence to the brand resource because it will form a relative stable consumer group once the corporate brand is awared by consumers, and brand also does not allow the public to imitate, so such resource is relative stable, particularly when the brand has become a well-known brand. The change of enterprise own technical resource is mainly decided by competitors' ability to imitate, or its difficulty to be copied, if the resource is easy to be imitated, it will soon be lost. Manpower resource is the most uncertain resource, and its influencing factors are most complex.

3.1.2 Influencing factors of enterprise capability changes

Enterprise capability means the usage of skills to enhance its own value to lower costs, or do the both tasks at the same time in order to achieve higher economic efficiency. These tasks achieved or skills enhanced through continuous coordination of the activities of the business team. Compared to resources, capability is more instability, more difficult to alternate. This is because the capability development and maintenance are achieved by coordinating the changing efforts of staffs, therefore, capability is dynamic, so its impact factor is even more complicated. Management is the certain organization's managers through the implementation of the plans, organization, leadership and control functions to coordinate the activities of others, to achieve common goals. As a process, managers play an important role, corporate managers are the entrepreneurs, so management can be understood as the capability or the spirit of entrepreneurs. Entrepreneur capability should include the capability of predicting the future accurately, making decisions, constructing the enterprise organizations, leadership of organizations, controlling the organizations movement and integrating the enterprise resources, and so forth. These changes of capability are finally decided by the entrepreneurs' own quality. The enterprise innovation includes technological innovation, production innovation, market innovation and ideas innovation, and so on. The innovation capability is achieved by the completion of the above innovations, and the specific content of these capabilities should be determined by entrepreneurs and members of the organization. Enterprise learning capability is the capability to learn new knowledge and to access new skills, the capability is got by the establishment of learning organization, and the fundamental driving force of the organization is the capability or the spirit of entrepreneurs. Other capabilities include the capability to open up the market, the skills to communicate the relationship and so on, in fact these influencing factors are some aspects of the determining factors of the management, innovation and learning capability. Above analysis does not explain the enterprise core capability directly, but actually the enterprise core capability is contained. The core capability is the integration of many kinds of capabilities, an independent capability is impossible to form core capability. When the factor which also affect other capability changes, the enterprise core capability will inevitable changed. The changes of core capability will lead to changes of the enterprise competitive advantage.

3.2 Model of enterprise competitive advantage sustainability

Enterprise resources and capability are not play alone, they fuse to each other, support to each other, and there is a complementary relationship. Enterprise resources are the basis of enterprise capability, and the efficiency of enterprise resources depends on the enterprise capability. It is the complementary of resources and capability that form the competitive advantage, then continued to form the sustainability of competitive advantage. Based on the complementary of resources and capability to build a model of competitive advantage sustainability (see Figure 1).

Enterprise establish competitive advantage by integrate resources and capability, then the problems faced is the changing competitive environment, including the entry of competitors, changes in the industry environment, changes in market demand, and so on. In the face of these problems, enterprise should carry on re-development and re-creation to resources and capability at the right moment. And re-integrate to form the competitive advantage for the new environment. This kind of competitive advantage must duplicate the above process once facing the environment changes. We can see the sustainability of competitive advantage is the dynamic process enterprise change the integration of resources and capability to adapt to environmental changes. The process will be continued permanently, and the competitive advantage will last forever. If a link is in trouble, dynamic process will end, the competitive advantage will has no sustainability, enterprise will lose its competitive advantage, and enterprise will be out of the industry.

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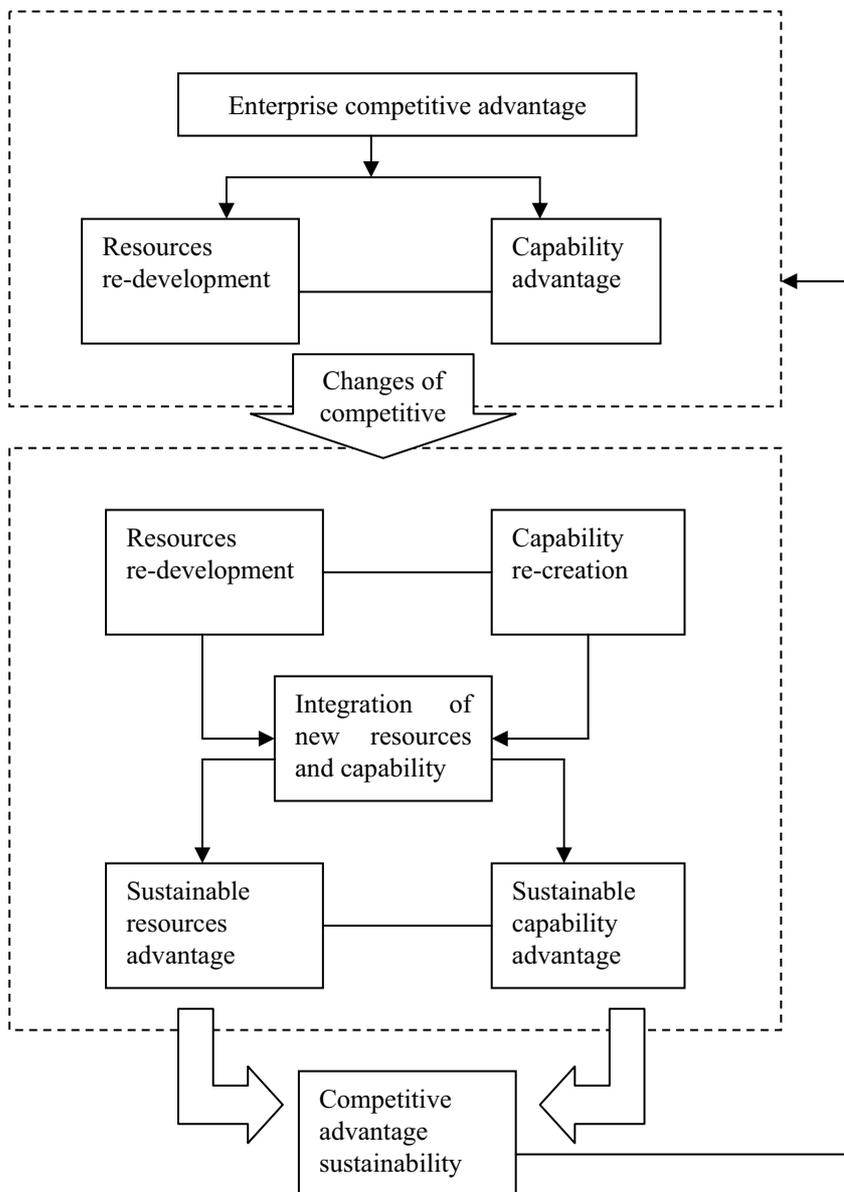


Figure 1. Model of enterprise competitive advantage sustainability