

The Impact of the Concept of Core Competence on Contemporary Enterprise Management Ideas

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Abstract: In the 21st century, the core competitiveness of enterprises will appear as a brand-new concept in the face of enterprise managers, which will have a profound impact on the theory and practice of enterprise strategic management. Core competencies are knowledge and skill systems that are deeply rooted in the enterprise, capable of generating competitive advantage, and difficult for competitors to imitate. The theory of core competence guides enterprises to change from competing for market share of final products to competing for market share of core intermediate products. For a long time, the theory of core competence has been used in the resource integration of enterprises and the construction of long-term competitive advantage. This paper argues that the construction of core competitiveness is also urgent for Chinese enterprises, and has brought about changes in business philosophy.

1. Introduction

As a landmark new concept, the core competitiveness of the enterprise marks the arrival of the third stage of the development of corporate strategic management theory. With the increasingly important role of Chinese enterprises in promoting economic development, relieving employment pressure, continuing technological innovation and active market, the issue of corporate growth strategy has become a topic of common concern in both the theoretical and practical sectors [1]. The core competence theory is an important part of the research and practice of enterprise strategic management in the mid-to-late 1990s. It not only opens up new fields for the theoretical research of strategic view, but also has a major impact on the concept of contemporary enterprise management. Success has been achieved in the increasingly fierce competition [2]. It is an important symbol to measure the level of enterprise management under the condition of modern market competition [3]. The concept of core competence is exerting a profound influence on enterprise management, especially on the theory and practice of enterprise strategic management. Only by cultivating their own core competitiveness and constantly improving, can Chinese enterprises embark on a path of sustainable development and survive, grow and develop in a fiercely competitive market economy environment.

2. The Core of Enterprise Core Competence Theory

2.1. Enterprises are essentially a collection of capabilities

On the surface, the basic components of a business include: tangible material resources. Such as production sites occupied by enterprises, buildings owned by enterprises, etc. Intangible rule resources. These rules include not only laws and regulations, but also rules and regulations written within the company. Enterprises must continue to develop and grow in competition to be stable, healthy, sustainable and normal development, even for companies with relative monopoly advantages that are still under national protection [4]. The core competitiveness theory holds that although the competition between enterprises is intuitively represented as the competition between the final products of the enterprise, from the deep analysis, it is the competition among the quality of the enterprise. Core competitiveness is the comprehensive ability of resources, skills and knowledge owned by an organization to an enterprise. It is the accumulated knowledge in an

organization, especially the knowledge about how to coordinate different production skills and integrate various technological flows [5]. Enterprise competence exists in the quality of employees, strategic planning, organizational rules and cultural atmosphere. Because of the role of path dependence and the dependence of "competence" on the enterprise as a whole, any part of the enterprise will no longer have the original "competence" in the full sense after it is separated from the enterprise, and the enterprise is a special comprehensive competence body.

2.2. Capability is the basic unit of enterprise analysis

The traditional management idea is that enterprises should firmly control the best key intermediate products produced exclusively in their own hands and only use them for their final product production, so as to ensure their competitive initiative in the market. Although the distinction of capabilities is abstract, it does not hinder the in-depth analysis of enterprises. Enterprises' capabilities can always be divided into different categories, such as general capabilities and special capabilities, organizational capabilities, social capabilities, technological capabilities, market development capabilities and management capabilities, and each ability can also be subdivided. It is the result of the implementation of internal management strategies and external trading strategies [6]. The competition of core intermediate products is the most important competitive link in the enterprise competition level. Grasping the competitive initiative of core intermediate products, it grasps the initiative of the whole market and will realize the competitive initiative of the final product. The difference in the core competitiveness of the enterprise determines the efficiency difference of the enterprise, and the difference in efficiency determines the difference in the income of the enterprise. In this way, companies not only control the final product market of other companies, but also stop the technology of competitors to develop their own key intermediate products.

2.3. The core competitiveness of an enterprise is the source of its long-term competitive advantage

A special kind of invisible "knowledge and ability" plays a key role in the growth of enterprises. The focus of competition analysis is on the external environment of enterprises, and the nature of industry is the decisive factor of enterprises' profitability, that is, the market structure is the dominant force determining the performance differences within and between industries [7]. It is also the existence of barriers to entry that raises the requirements for new entrants, delays the time for new entrants to enter the industry, and provides enough time for existing enterprises to adjust their business strategies. It is undeniable that this is a positive management concept and a good wish. But in fact, it is impossible to do everything well. The long-term competitive advantage of an enterprise stems from the ability of a single enterprise to engage in production and management activities and solve various problems more effectively than competitors. The realistic business strategy, organizational structure, and technological level advantage are only the intellectual capital of enterprises. The product of potential [8]. Therefore, core competencies are a collection of resources, knowledge, skills, information and values, including not only the integration and application of existing knowledge, resources and skills, but also the keen sense of market requirements, accurate grasp of market opportunities and timely customer satisfaction. The ability and service to provide value.

2.4. Accumulating, maintaining and utilizing core competence is the long-term fundamental strategy of an enterprise

Enterprise strategy can be divided into market strategy, product strategy, technology strategy, etc. These functional strategies are external and explicit strategies of enterprises. Enterprises have endless development goals to achieve, but the strategic resources to support the development of enterprises are very limited. Enterprise decision makers always feel constrained. Long-term enterprises operating in a certain industry, regardless of their size, may have cost advantages that potential competitors do not have. In this way, even in the case of a big ups and downs in the industry, companies can achieve market returns that exceed the industry average. In the era of

information economy, any enterprise relying on one or a few functional strategies alone can only gain the advantage of a moment. Only the pursuit of core competitiveness is the fundamental strategy for making the enterprise invincible. The core competitiveness theory advocates the principle of concentration. It emphasizes that enterprises must invest their material resources, manpower and financial resources in the key aspects of business management, while only non-critical links are required to be qualified and reach normal operating conditions. The core competitive strategy requires companies to have deep insight into the future changes in the environment inside and outside the industry in which they operate, and to prepare for the core competitiveness required in the future.

3. The Influence of the Core Competence Theory of Enterprises on the Management Ideas of Contemporary Enterprises

3.1. From competing for market share of final products to competing for market share of core intermediate products

The theory of core competence holds that although the competition among enterprises is intuitively expressed as the competition among the final products of enterprises, it is the competition among the qualities of enterprises from a deep-seated analysis. From the point of view of competition, all aspects of an enterprise's work is good, only to ensure that the general competitiveness of the enterprise is strong, only to have a general competitive advantage. Integrating management innovation and management concept innovation into the core competitiveness of enterprises is the internal manifestation of the core competitiveness of enterprises. Core competitiveness does not include the management ideas and management concepts of enterprises' continuous innovation. Competition between enterprises is directly reflected in the competition between intermediate products and final products. The competition of core intermediate products is the most important competitive link in the enterprise competition level. Grasping the competitive initiative of core intermediate products, it grasps the initiative of the whole market and will obtain the competitive initiative of the final product. For the competitive advantage of enterprises, the internal conditions of enterprises are more decisive than the external conditions they face. The key to obtaining excess profits and maintaining long-term competitive advantages lies in the accumulation of enterprise capabilities, resources and knowledge. It is an organic collection of technologies and skills owned by enterprises, and is integrated with the company's unique internal organization and operation mechanism and environment, which ultimately forms the source of long-term competitive advantage.

3.2. From emphasizing enterprise's adaptability to environment to strengthening enterprise's quality

The question of traditional management concepts is not satisfactory for the question of why there is a continuous and large gap in the longevity and profitability of enterprises. The core competence theory is one of the important theories in the theoretical stage of enterprise quality management. It believes that the fundamental factor determining the company's constant success is the quality of the company itself. However, in many cases it is very difficult to make a business bigger. Building large-scale enterprises requires a lot of investment, and even if the resources are all right, they will be constrained by the market. The focus of competition analysis is on the external environment of enterprises, and the nature of industry is the decisive factor of the profitability of enterprises, that is, the market structure is the dominant force determining the performance differences within and between industries. In the long-term development process of enterprises, it is often found that many enterprises are operating longer and longer product lines, more and more varieties of products and wider business areas. In fact, the strategy follows the environment, and in the increasingly drastic environment changes, it is very easy to lead to the variability of enterprise decision-making and the non-coherence of strategy, which is exactly what enterprises should avoid when formulating strategies.

3.3. From focusing on comprehensive management to focusing on key links

The core competence theory advocates the principle of centralization, which emphasizes that enterprises should invest their own material, human and financial resources in the key links of enterprise management, while the non-key links only need to be qualified to achieve normal operation. However, many studies and practices have proved that horizontal diversification strategy is the most risky development strategy. It is the entrepreneur's responsibility to create enterprise brand and improve enterprise's competitiveness. Different industries must boldly propose the concept of modern entrepreneurs with the characteristics of this industry. Such as total quality management, comprehensive marketing management, comprehensive financial accounting management, etc., A single ability is easier to imitate and replicate, but it is much more difficult to replicate the core competencies that have been integrated. From a variety of business areas that are widely stretched, companies are shrinking to their original or perceived areas of strength. Strengthen the construction of corporate culture, enrich the cultural connotation of the core competitiveness of enterprises, and improve the market competitiveness of enterprises.

3.4. From horizontal diversification expansion to business refocusing development

Horizontal diversification is different from upstream and downstream integration. It is another development strategy extending to other unrelated business areas. Horizontal diversification of enterprises is the inevitable outcome of traditional management concepts, and it is also an inherent instinct of enterprise development. The "center of circle" of successful concentric diversification is the core competitiveness of enterprises. Every business area in which the core competitive advantage of an enterprise can be better brought into play is a new field in which the diversification strategy of an enterprise can be assured of success. Enhance cultural heritage, correctly handle various relationships in the process of corporate culture construction, pay attention to social benefits, and establish a good corporate image. The core competitiveness is accumulated in the process of long-term production and management activities, and is deeply marked by the special organizational mechanism, special experience or other imprints of the enterprise. Therefore, when considering a new business area that chooses a diversification strategy, companies must accurately determine whether the key capabilities required in the field can match the core competitiveness of the enterprise.

4. Conclusions

The theory of industry core competition should not be the patent of large enterprises or enterprises with a large number of resources. It also provides a new idea for the development of Chinese enterprises. Of course, in order to cultivate their core competitiveness, Chinese enterprises need to make fundamental changes in their management concepts. According to the theory of core competence, enterprises should be "strong" first, not "big". Only when enterprises become stronger can they be able to grow bigger. Enterprises are required to constantly adjust, supplement and improve their existing core competitiveness in order to ensure their leading position in the industry and enable them to have a stronger ability to prevent and respond to risks. Even if they are limited by conditions and can't grow bigger, companies can still gain a unique competitive advantage by cultivating their own core competitiveness and maintain long-term competitive initiative. Thereby promoting the individualized development of the enterprise and being recognized by the society at the same time, enhancing the competitiveness of the enterprise.

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