Analysis of the Enterprise’s Soft Power and Its Key Factors

Xianying Guo¹*, Hua Shao², Fang Jia³

¹Business School, University of Jinan, Jinan, Shandong, China
²Library, University of Jinan, Jinan, Shandong, China
³Finance Department, University of Jinan, Jinan, Shandong, China

Keywords: soft power, innovation capability, efficiency evaluation.

Abstract: The enterprise’s soft power is an important part of the enterprise’s core competitiveness, and its role in the enterprise’s development is more and more important. The enterprise’s innovation capability is the growth factor of its soft power, and a key factor to affect its formation. Based on a full analysis of the connotation and denotation of the soft power, the factors that affect the formation of the enterprise’s soft power are systematically studied, the DEA method is used to evaluate the efficiency of the key factors, and the main problems during the formation of the enterprise’s soft power is identified in order to provide the basis for the enterprises to cultivate the soft power.

1. Introduction

In the information age, the soft power is becoming more prominent than ever. With the changing times, it increasingly relies on the soft power to resolve the major problems worldwide. The soft power of a country is constituted primarily by cultural and economic elements, and the enterprise is just one of the most concentrated form of the expression of the culture and economy.[1] Thus, the enterprise’s soft power is the core and foundation of the country’s soft power. The purpose of cultivating the enterprise’s soft power is not only to improve the current competitiveness of the enterprise, to maintain the continued survivability, sustained development and flourish ability, but the more important is to be able to enhance the country’s soft power. If the enterprises are to meet their own needs, to survive and develop, it is necessary to improve their overall competitiveness which include the hard power consisting of production factors such as capital, technology, equipment, land and so on, also include the soft power reflected by the corporate culture, management model, values and so on. The cultivation of the enterprise’s soft power is not easy and requires a long process of accumulation. How to enable the enterprises to advantage in the fierce market competition and to be successful, and how to maintain the enterprises stable development and prosperity has been pursued by the entrepreneurs and is the scholars’ eternal subject. The most important is to identify the key factors that impact the formation and development of the enterprises’ soft power and to explore the nature of the problem. Based on a full analysis of the connotation and denotation of the soft power, the author systematically studies the factors that affect the formation of the enterprises’ soft power and identifies the main problems during its formation by evaluating the efficiency of the key factors, and provides the basis for the enterprises to cultivate their soft power.
2. The Connotation and Denotation of the Enterprise’s Soft Power

The enterprise’s soft power is the ability that the enterprise entity gets its value identity through the possession, transformation and dissemination of the specific resources in order to attract the object such as the corporate stakeholders, make them to produce the enterprise’s expected behavior, and ultimately achieve the business objectives. This not only reflects the source of the enterprise’s soft power, but also reveals its formation.

From the perspective of the enterprises’ communications strategy, the enterprises’ soft power is summarized as the image influence, resources integration force, control and guidance of the culture and the environmental resilience.

The Chinese Soft Power Research Center thinks that the enterprise’s soft power is manifested as the joint force and coordination of six capabilities such as source power, charisma, force planning, consensus, execution and control. Inside of the enterprises, the soft power is expressed as the enterprise’s culture with a strong cohesion, the cohesion business team full of every employee's wisdom, giving full play to every employee's creativity, full release of each employee’s potential, so as to achieve the purposes such as to enhance the team cohesion, to stimulate the employee’s creativity, to improve the overall combat effectiveness and strong quality. Outside of the enterprises, the soft power is expressed as the good corporate social reputation and credibility gotten by responsibility for the public interest, the ecological environment, social progress, communal harmony and so on, and having the brand products widely recognized by the community, the higher capability of the industrial integration and self-innovation capability, accessing the policy support environment, the public assessment environment, the interpersonal harmony environment to help the enterprise to promote in order to form a strong lasting influence, charisma and radiation so as to achieve the purpose of the plastic image. All of these must be through a lot of vivid and concrete solid work.

3. The Influencing Factors Analysis of the Enterprise’s Soft Power Formation

3.1. The Enterprise’s Hard Power is its Carrier of the Soft Power

The enterprise’s hard power is its equipment, plant, capital, personnel, economic scale, etc., and is in the form of materialization which are the basis and security for the existence of the soft power, and can expand the space of the soft power along with their accumulation and enhancement. But the influence degree of the hard power for the formation of the soft power in different stages. From the history of the development of transnational enterprises, the growth process of the soft power is usually followed through four stages, which are from a unknown enterprise to a new enterprise which begins to take measures to establish its public image, and to a enterprise which has a global operational capabilities, but limits to the external environment, and ultimately becomes a global attractor. In the early formation of the soft power, the enterprise can only rely on its own hard power, because of the low level concern of the industry and society, and also the limited resources can be used. As its position in the industry and society is improved, and the degree of concern is enhanced, the enterprise can get a lot of policy support, so that it can attract more social resources, as a result, the influence degree of the hard power for the soft power will be reduced. In fact, there have been a sales of large enterprises such as Nike in the world which have a number of strong soft power support, and gradually abandon in the general production and sale. Nike only does two things, which are products innovation and brand building. It does not produce even a pair of shoes, the most of sales outlets are not opened by it, but it takes most of the profits gotten by the industry chain. Similarly, IBM Enterprise also has moved the business to China, India, Brazil, Ireland, and
so on, and integrated production and value delivery on a global scale.

3.2. Stakeholders’ Acceptance Level of the Enterprise’s Culture

Stakeholders are the people who are able to influence the goals of an organization or the people who are affected by the process to achieve the target of an organization, which shows that in addition to shareholders, employees and other internal public, the vast majority stakeholders lives outside the public areas, including suppliers, competitors, consumers, media, government, and public interest groups, etc. The enterprise’s culture is the entrepreneurship, development strategy, business ideas and management concepts with the characteristics of the enterprise spirit, which is gradually formed and nurtured in the development process, and is the universally shared values of employees, business ethics and conduct; whose core is the spirit of the enterprise. The enterprise’s culture is the foundation and soul, and the core content of the soft power, which can not be copied and replaced. If the enterprise’s culture is agreed by the enterprise’s shareholders and employees, then it will be able to effectively play its functional roles of cultural orientation, constraints, incentives, training and integration. When it is combined with other operating elements, such as managers and the image management, it will form a cohesion and solidarity, and will be conducive to the formation of brand influence, which laid the foundation for the formation of the soft power. If the enterprise’s culture has been identified by other stakeholders, such as consumers, it will form a customer loyalty, thereby it obtains the credit market; if it gets recognized by the public, the enterprise will win the social reputation, which is an important prerequisite for the formation of the soft power.

3.3. Innovation Capability is a Growth Factor of the Enterprises’ Soft Power

Innovation capability refers to the enterprises’ ability to launch the new products, the new production model, the new service approach keeping pace with the times according to the market needs, or the ability to open up the new markets through their own development of new products, new services. The key of this ability is to grasp of the market, to be beyond the traditional thinking, and to venture on and to be adept at developing the new technology that makes the existing products backward, and to organize the innovation resources, especially the social innovation resources. For an enterprise, there is always a variety of rich resources internal and external, that how to integrate these resources well, will not only affect the survival and development of the enterprise, but also affect the enterprise’s position in the industry and market. In addition, the innovation capability is the cornerstone for the enterprise to independently innovate in brand and access to its own brand competitiveness, and is comprehensive capacity to integrate the internal and external resources to create their own brand. The brand can help shape the enterprises’ image, increase their visibility and reliability, and the brand strategy is an important part of the soft power. The enterprises’ innovation capability can also make the enterprises creatively take the appropriate measures in order to maintain a competitive advantage through their continuous learning, according to the environment change. In economic globalization, the multinational enterprises are more respected their own rules and standards, who mastered the market rules and the industry standards, who will come to dominate the market right. That is intangible monopoly and tangible impact. It is clear that this comes from the enterprises’ innovation capability. Thus, innovation is the soul of the soft power.[3] How can the integration of resources achieve more with less, the key lies in innovative integration. Innovation is not only a philosophy, but also an action, a capability. The enterprises adherence a long-term innovation, which is the nature of the soft power, and is the key to the formation and development of the soft power.
4. The Entrepreneurs’ Cultivation, Quality and Ability is the Impetus of the Soft Power

The entrepreneurs are the body and source of the construction of the soft power, whose ability that should be played for the intangible organizational behavior management is named impetus, whose source is neither the entrepreneurs’ spirit, nor the entrepreneurs’ ability, but the entrepreneurs’ cultivation, quality and ability[3]. Those enterprise’s culture creeds which is about the integrity, the tolerance, the praise and the incentives and inspiring people should truly surge in the heart of the entrepreneurs, and make the entrepreneurs have a strong self-motivation and self-improvement power, in order to truly inspire the staff’ morale and mission, to change the staff’ behavior, to shape the enterprise’s spirit thus to create the excellent enterprise. From the above, in many factors that impact the formation of the soft power, innovation is the key. Meanwhile, the factors that impact the formation of the soft power are not independent of each other, some of them are interrelated and interact, and the soft power and hard power combined influence the enterprise's economic strength.

5. The Measures to Cultivate the Soft Power

First, to strengthen the consciousness to construct the soft power. Especially the enterprise’s executives must change their concepts, that is, from only to attach importance to the hard power to both the hard power and soft power as an integral part of daily operations of the enterprises, and to intensify their work, and to deploy in the overall enterprise’s development strategy, to define the medium-term and long-term objectives and realistic goals of the construction of the soft power, to analyze the conditions and feasibility steps of the building goal of the soft power, to strengthen the workers’ training and education, that is to put the overall requirements to improve the soft power into the thinking and behavior of every worker, fully aware of the role of their behavior in the maintenance and establishment of a enterprise’s image.

Second, to strengthen the construction of the enterprises’ culture. The core of the enterprises’ soft power is to construct the enterprises’ culture, to create it into their daily work system, to be awareness of its role of in the high level of sustainable development. On one hand, the enterprises’ culture system must be improved to be able to be forward-looking and timeliness which should truly guide and reflect the staff’s psychology. On the other hand, a sound system and criterion must be constructed, which can guarantee the implementation of the concept of the enterprises’ culture from a long-term, and avoid the arbitrariness and short-term phenomenon.

Third, to emphasis on the enterprises’ innovation capacity-constructing. Innovation is not only the key of the construction of the soft power, but it is the decisive factor in deciding the future. The enterprises should create a good environment for original innovation to tolerate the failure and allow the breakthrough. The use of enterprise’s resources should tilt to the technology infrastructure and the construction of the innovation service system. The cutting-edge technology and key technology should be supported intensively, which makes the key areas as a breakthrough, improves the enterprises’ independent innovation capability, and accelerates the transformation and the use of scientific and technological achievements.

6. Conclusion

The formation of the soft power is affected by many factors, such as the enterprises’ hard power, the stakeholders’ identity agreement on the enterprise’s culture, innovation, entrepreneurial cultivation, quality and ability, among them the innovation is the key. After all, having more innovative than their competitors is the fundamental to enhance the enterprises’ soft power. By using the DEA method to evaluate the efficiency of inputs relative to output of Chinese innovation, the author found the key issues that hinder the innovation to improve and even influence the...
formation of the enterprises’ soft power, that is the innovation resource efficient allocation. The importation of foreign investment may well be an effective way to enhance the soft power. Therefore, the enterprises should make full use of the country's existing institutional mechanisms and policy measures to vigorously carry out innovative activities, and fully mobilize the internal and external innovation resources to build their own brand, to obtain the recognition of the various stakeholders, so as to enhance the soft power.

References

