

Construction of Soft Power of Small and Medium-Sized Enterprises

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Abstract

Enterprise soft strength is a part of core competitiveness of the enterprise, so this paper takes small and medium-sized enterprises as research object to introduces the meanings and characteristics of enterprise soft power, and it puts forward the main contents of soft power of small and medium-sized enterprises and the problems which are existing in the process of construct enterprise soft power, and then the author gives the countermeasures to improve the soft power of small and medium-sized enterprises.

Key words: Enterprise soft power; Small and medium-sized enterprises; Construction

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1. THE MEANING OF THE ENTERPRISE SOFT POWER

During the process of the soft power's force and influence are more and more recognized and valued, some scholars and entrepreneurs introduce this concept into the enterprise competition, and make it as the important concept and parts to construct the enterprise core competitive advantage. Enterprise soft power is the main factor built by enterprise culture, enterprise organization model, behavior standards, value concept, management science, innovation ability, brand strategy,

credibility of corporate social, enterprise internal and external environment to influence the long-term and basic and strategic of the enterprise development.

The enterprise soft power is opposite to the enterprise hard power. Enterprise hard power is mainly refers to the capital, scale, profit, the plant, equipment, production and business facilities and enterprise employees. Enterprise soft power is to show the enterprise tenet, values, innovation mechanism, enterprise culture, behavior standards, social responsibility consciousness which is condensing into social reputation, market credit and brand influence. A systematic enterprise soft power system is an organic mechanism collecting ideas, vision, mission, goals, environment, rules, cultivation and incentive, warning and supervision. For a particular enterprise is concerned, the soft power's performance in the company's interior is the cohesion, innovation mechanism and efficiency formed by good enterprise culture. The soft power's performance in the company's external is the enterprise social prestige, the enterprise brand, industrial integration and the actual control ability to industry network. The company which has these cannot imitate and copy ability, is in absolute advantage of the resource efficiency, obtaining market opportunities, and winning the customer, low cost financing.

2. THE RESEARCH ACTUALITY OF ENTERPRISE SOFT POWER AT HOME AND ABROAD

2.1 Domestic Research Status

Wang Hongliang (2007) considered that enterprise soft power is the enterprise culture reveals the strength and competitiveness, the cohesive force and endurance, flexibility and centripetal force, execution and can power, the power of learning and innovation, the right power and affinity. Gao kun (2006) defined the enterprise soft

power as a kind of institutionalized ability, which is the institutional system and code of conduct established by enterprise during long-standing business dealings. Xie Zuchi (2007), who is from Booz Allen Hamilton consulting company, said: The soft power is a kind of ability to attract and influence the stakeholders to support the enterprise development.

Han Bo and Jiang Qingyong (2009) believed, enterprise soft power is the process of enterprises develop the human capital and social capital, or is the enterprise directly to resort to the heart, external occupied stakeholder heart, and internal achieved the enterprise purpose rely on employees' mental employees. Huang Guoqun, Xu Jinfa (2008) considers, the enterprise soft power is an ability of the enterprise's main body to attract enterprise stakeholders, to get their value recognition through a specific resource possess, transfer and communication, so that they produce enterprise expected behavior, and finally reach the purpose of the enterprise. Hao Hongyi (2008) defined the enterprise soft power as the indispensable nonphysical force which is based on enterprise hard power to affect stakeholders and other social object to identity, accepts and supports itself, and finally achieves the enterprise's anticipative goal, which is the driving force to effectively enlarge enterprise's hard power and realize the sustainable development.

2.2 Foreign Research Status

The term of "soft power" was firstly proposed by Professor Joseph Nye in the 1990s, who worked in Harvard University Kennedy School, and it is based on the perspective of international politics. He comprehensively discussed the soft power in his monograph "Bound to Lead: The Changing Nature of American Power", "Soft Power: The Means to Success in World Politics" and in the academic paper "Soft Power" published in the journal of "foreign policy". The soft power is a kind of spirit power about ideology, culture and moral appeal, which makes people to do what they want to do through the way of "attract or persuade", and to force them to produce the anticipatory behavior. The soft power is also could be considered as an ability to get resources through non-contractual exchange relationship with other people. The research in oversea countries is mainly focus on the fields of international relations and international politics, but little research focus on the enterprise competition.

3. THE FEATURES OF ENTERPRISE SOFT POWER

Firstly is the future characteristic. Enterprise soft power is on behalf of the enterprise's sustainable living ability -core survival ability, which is made up by the soft power and the hard power. The hard power supports the current situation of the enterprise, and the soft power guides the enterprise to the future. Therefore, the meaning of the

enterprise soft power is not at present but in the future, which is how to ensure the sustainable development of enterprises and inheritance forever.

Secondly is the value characteristic. Enterprise soft power is originated from the core value. It requires enterprises to follow the law of value to run business management, and to conduct value creation and value management according to individual value demands of customers. Internally, employees' creativity should be respected, and the value of employees should be fully shown. Externally, integrate the power of stakeholders organically into a piece through the soft power to achieve resources appreciation and share the value in win-win cooperation.

Thirdly is the open characteristic. Enterprise soft power is a kind of flexible power to put enterprise in an open, interactive, exchange environment, and it unceasingly absorbs information from the outside world, timely and accurately grasps demand orientation, flexibly integrates resources, and put the internal value creation achievement to the external.

Fourthly is the innovative feature. Innovation is the essential character of enterprise soft power. Value innovation is the highest form of the enterprise soft power. The purpose of the enterprise soft power is to integrate resources but not a simple mechanical combination, which is to inject the value-added originality and make the resource availability and function into the qualitative change. Only the creative products and services could have charm in the market and win the consumer's favor.

Fifthly is the ability characteristic. Enterprise soft power is made up by virtual part and actual part. The virtual part is the value activities atmosphere and the enterprises culture environment around the core value; and the actual part is the ability of integrating and reforming resources, which includes thinking ability, the ability of organization, learning ability, predictable capacity, adapting ability, change capacity, innovation ability and professional ability, etc..

Sixthly is the lasting characteristic. The cultivation and construction of enterprise soft power depends on the enterprise long-term accumulating experience, lessons, knowledge, and idea. It is a long process, and never come easily. Enterprise soft power emphasizes continuously accumulating enterprise advantages, once to a halt, it will degrade. Enterprise soft power is the most profound influence and the most long-term continuous personality genes.

4. THE MAIN CONTENT OF BUILDING SMALL AND MEDIUM-SIZED ENTERPRISES' SOFT POWER

4.1 The Characteristics of Small and Medium-Sized Enterprises

Compare with the large enterprise, Small and medium-

sized enterprise (SMEs) is a less economic unit on the personnel scale, asset scale and the scale of operation. The standards of defining the SMEs are different in different countries, different stages of economic development and different industries, which is dynamically changing with the development of economy. SMEs generally have the following features:

Firstly, investment main bodies and ownership structures are multiple. Because non-state-owned enterprises are taken as the main body, SMEs must pay more attention to development. SMEs, especially non-state-owned enterprises, are not only develop themselves rapidly, but also should actively take an part in the reform and adjustment of state-owned enterprises to make the conditions of single ownership structure have the fundamental change.

Secondly, investment cycle is short. SMEs have small scales and highly centralized management decisions, which could save the owner's supervision cost and are good at quickly decision making. Next, SMEs have less number of employees and more simple organization structure, so personal contribution is easily identified in enterprise, and it is convenient for incenting employees. Visibly, compared with big enterprises, SMEs have greater flexibility and flexibility in business decisions and staff inspiration, so SMEs could make rapid response to the changing market.

Thirdly, SMEs are the fastest growing scientific and technological innovation forces. Modern technology has two effects on the development direction of industrial technology and equipment and product: on the one hand, it develops toward the direction of large-scale and centralization; on the other hand, it also develops toward the small and decentralized direction. Products of small and decentralized production provide favorable conditions for the development of SMEs. Under the conditions of new technological revolution, the founders of many SMEs are normally scientific and technical personnel from large enterprises and research institutes, or university professors, and they frequently set manager, owner and inventor in one. So a new technological invention can be immediately put into practice. Since the 1970s, new technology-based SMEs have mushroomed, and they achieved great success in micro-computers, information systems, semiconductor components, electronic printing, and new materials. Many SMEs have rapidly grown to the world-famous companies only in a few years or more than 10 years, such as Hewlett-Packard, Microsoft, Yahoo, Sony and Xerox.

Fourthly, SMEs have poor ability to withstand operational risks and to raise fund. Enterprises are divided into four categories according to different financing channels: public offering financing, bank loans, issue bonds and private lending. There are a large number of SMEs in China, and most SMEs are using small-

scaled production mode, which is difficult to achieve the requirements for listed companies. Therefore, mostly SMEs in China cannot be listed to finance. However, issuing corporate bonds in China is strictly controlled by the government, which not only requires high conditions, but also needs to go through a rigorous approval. So only a few large state-owned enterprises have issued corporate bonds at present. Issuing enterprises bonds is unrealistic debt financing channels for SMEs. In fact, most SMEs hope to finance by bank borrowings, however, commercial banks prefer to lend to the strong and large enterprises, and many SMEs are shut out by many kinds of harsh conditions.

4.2 The Main Content of Small and Medium-Sized Enterprises Soft Power

The main operating parts of SMEs soft power are five aggregation forces: foresight followed the trend, environmental resilience, resource integration force, cultural guidance and value of innovation.

Trend predicted force is the first soft power of enterprises, so enterprise soft power is also known as enterprise soft force which is a developing potential energy. This potential energy ensures that the enterprise is able to be certain the general direction of economic development to determine in advance the goal of industry trends. The general direction of soft power resource integration is management efficiency.

Environmental resilience is the second soft power of enterprises. Enterprises should tap the potential demand in the economic trend of the market, identify opportunities, and develop countermeasures according to the industrial development objectives identified by the enterprises. Where to go is decided by the enterprise first soft power. How to go is determined by the enterprises second soft power. From the view of enterprise organism functions, the ability to adapt to environmental change or contingency processing capacity to environmental change event, activity characteristics, belong to the activities of business thinking, and it reflects in the tactical action. Ability to respond to environmental change is the ability to review business trends foreseen.

Resource integration force is the middle soft power of enterprises, and it is the foothold that soft power role in the hard power, the meeting point of a combination of corporate strategy and tactics, and the most fundamental tasks in environmental survival and stage of life. Resource integration force created process model to match the new business operation, to ensure resources allocation optimal, standardized, orderly, efficient, and value-added. Multinational companies occupy the leading position in various industries, because they have the restructuring and integration capabilities. This system integration capability is their soft power, integrating global resources to board the industry leadership.

Culture-guided power is the fourth soft power of

enterprises, and it is the starting point to pursuit. Enterprises use the corporate value system to control and guide the thoughts and actions of all employees and stakeholders to reduce or avoid human risk, to achieve the standard operation, business collaboration, cooperation and win-win. Cultural guidance focuses on the integration of human resources, to develop and strengthen good habits, reinforce corporate personality gene, pave the way for value innovation. Cultural integration is to allow the entire staff to reach a consensus on the corporate mission, vision and values, consistent communication, as the future operations guideline, which will explain, regulate business behavior.

Value innovation is the highest level soft power. It is using the future vision to guide the present management to prepare for the future survival. Based on the before four powers play, in accordance with the requirements of effectiveness, efficiency, performance, and create new value to meet the individual needs in the market, the resources to attain optimal utilization and maximum value-added, and excess profits. The so-called future vision is to use unique values to control and guide the current resource integration, to make resources integration surpass the profits return to maximize value creation.

4.3 The Problems in Building SMEs Soft Power

4.3.1 The Enterprise Culture Building Is Only Surface, Ignoring the Subjectivity of Employees

Currently, in addition to a small number of enterprises to build advanced enterprise culture, the majority of SMEs culture building is not working well. Some companies believe that corporate culture is to create beautiful corporate environment, and focus only on clothes, factory standard, factory emblem “face” works; Some companies view corporate culture as cultural and sports activities, there are many dance halls, a gym, community; some companies specifically designed their own rules and regulations to simple and resounding slogan as the corporate culture. In fact, only see the system layer and physical layer of the corporate culture; just ignore the most important spiritual layer construction.

In the process of building a culture, entrepreneurs play a huge role, but the advocacy role of the entrepreneur is not a substitute for the main role of the staff, corporate culture is the shared values of entrepreneurs and employees, however, the main body of the staff have been ignored in the process of many companies building a corporate culture. SMEs, especially private enterprises or family enterprises, business operators are self-centered, and employees as a cheap labor force attached to the enterprise, the policy measures developed jointly by the entrepreneurs and their relatives, the entrepreneurs decide to take staff, the staff did not have the right to participate and know. In the building of enterprise culture, a top-down approach has mainly been taken; bottom-up communication and feedback is lack, employees can only passively accept and obey. In addition, staff training and

career prospects is contempt in the process of business planning, cause the employees feel confused for their future career prospects and lost their power struggle.

4.3.2 Brand Operations Mismanagement

Firstly, SMEs fail to make use of brand route transmission. To blindly believe in advertising, many SMEs ignore all the marketing activities of the brand core value to the commander of the enterprise, not only have little effect, but also increase marketing costs and not conducive to the healthy development of the brand. Consumers began to cast doubt on advertising after food safety incidents in 2008. When SMEs are making brand communication, they should comprehensively understand the business conditions and scientific orientation. Such as Samsung Group had used Seoul Olympic Games, the use of clever and rigorous planning of promotional reach clever input, high output effect, entered the world’s digital industry giants.

Secondly, SMEs often lack the correct theoretical guidance and market research. When the brand culture, product development objectives, business philosophy, product content is not clear, they were on the big packaging, resulting in a huge waste of corporate resources. In the face of fierce competition, indiscreet using some the tactical of short-term effects end up hurting the brand image (the most typical one is price war), there is no scientific brand system.

Thirdly, SMEs lack awareness of brand protection in China. Well-known trademark have been registered up more than 200 overseas and 15 percent of China’s trademark application cannot be registered outside. Wang Zhi He in Germany has been registered, Liu Biju has been registered in Canada, Tong Ren Tang has been registered in Japan. SMEs lack of strategic vision, resulting in many high-quality product or service trademarks are registered overseas.

5. THE WAY OF ENHANCE THE SMES SOFT POWER

5.1 Strengthen the Scientific Management Level Is an Important Manifestation of the Soft Power

Scientific management can not only improve work efficiency and results quality and significant cost savings. The first is to improve the management system, enterprise management laws to go by. The second is to implement the process management, and traceability of the work. According to the plan-implementation-monitoring-enhance (PDCA cycle) closed-loop management principles, enterprises should design the work process, pay attention to the interfaces of the different processes, achieve a seamless connection, avoid part of the interrupt or vacuum appears. The third is to strengthen the information management, and improve the range of management and efficiency. Enterprise information systems Management framework is built, enterprise

knowledge encoding, knowledge base, knowledge networks, the establishment of departments and individuals working platform is created, and networked office is realized. The fourth is emphasis on information feedback. Personnel every level should timely manner the progress of work back to the previous level, in order to facilitate the work plan, adjust and optimize.

5.2 Enhance Innovation Capacity

Innovation is the sustainable development potential and fundamental motivation. The level of innovation capability is directly related to the strength of enterprise competitiveness. Firstly, promoting scientific and technological innovation system, including a clear innovation objective, building a platform for innovation, and the formation of the innovation team, and improve the innovation system and build a culture of innovation to form the basis of conditions conducive to technological innovation and institutional mechanisms. Secondly, it is necessary to grasp the core technology research currently lead the development of enterprises, but also concerned about the basic theoretical study of the forward-looking to the future development of reserve talents and knowledge. The third is to establish the concept of open innovation, strengthen cooperation and exchanges with domestic and foreign enterprises, universities, research institutes, and emphasis on self-learning capacity building, innovation starting point to accelerate the innovation process, and promote achievements. Fourthly, to create an environment of innovation, support and encouraging employees to participate in innovation.

5.3 Improve Corporate Cohesion

The cohesion of the enterprise shows the business more attractive to employees, the overall strength of the enterprise work and competition. Cohesion has become a business to maintain the existence and development enhance the overall function of the necessary conditions to achieve strategic objectives. The main ways of enhance corporate cohesion: First, a good incentive mechanism. Enterprises encourage employees to participate in all their affairs, give full respect to their advice for work and positive evaluation, material and spiritual rewards to their sense of team. Objective and impartial assessment, evaluate the performance of workers, job training, job adjustment included in the scope of the awards. Secondly, workers create personal development conditions. Understand the desire and the overall quality of staff development to assist them in career planning, to provide them with personal development proposals, to create the conditions for development, and to truly feel the love of the enterprise, enhance their sense of belonging. The third is to create a communication of information, knowledge sharing environment.

5.4 Cultivate Corporate Culture

The corporate culture is the value of an enterprise

philosophy, is the code of conduct and ethical guidelines which employees jointly compliance with, is one of the key factors for sustainable development of enterprises. Fostering the enterprise culture should focus on the following tasks: Firstly, the corporate culture must reflect social responsibility. An enterprise without social responsibility is not supported by the people; their development will not be lasting. Therefore, to serve the community, socially responsible, honest and trustworthy, such as people-oriented concept, is an integral content of the corporate culture. Secondly, the corporate culture should reflect the characteristics of the enterprises themselves. The main businesses of the enterprises are vastly different, enterprises only according to the actual to fit their own cultural ideas, to unified workers, stimulate the enthusiasm of the workers. The third is the way of promote the innovation culture. Cultural propaganda is not just slogans, to integrate the culture into the iconic event, a typical case and representative figures, totally passed to the workers so that workers passively accept the conversion to improve the quality of the staff and workers and the quality of the corporate image.

5.5 Ongoing Performance Evaluation of Enterprise Soft Power Strategy

Performance evaluation is the most effective method to protect related management practices, and ongoing performance evaluation strongly protect all levels sustained attention of managers on the construction of soft power. The focus of the building evaluation of soft power is to curb the managers in order to achieve the short-term performance goals to expense the long-term interests of the organization, which make a departure from the corporate strategic objectives. It requires correctly construct the performance culture in the organization, in order to effectively guide the management and staff consciously maintain long-term interests of enterprises.

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