



Study on the Evaluation Index System of International Competitiveness of Chinese Private Express Delivery Enterprises

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Abstract

With the deepening of Chinese express market openness, Chinese private express delivery enterprises are facing global competition in domestic and foreign express markets. To achieve sustained and stable development, Chinese private express enterprises have to seize international market share and improve their international competitiveness. According to the factors influencing the international competitiveness of Chinese private express enterprises and its present situation, based on the connotation of international competitiveness of enterprises and characteristics of express industry, the evaluation index system is set up in this paper to make up for the deficiency of Chinese private express enterprises and enhance their international competitiveness.

Key words: Chinese private express delivery enterprises; International competitiveness; Evaluation index system

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INTRODUCTION

Chinese private express delivery enterprises most of which were established in the 1990s start relatively late,

but they develop rapidly due to the huge market demand. With the development of global economic integration and express market internationalization, internationalization becomes the issue which Chinese private express delivery enterprises have to face. Production internationalization and international trade development also strongly push Chinese private express delivery enterprises internationalization. Meanwhile, domestic express market becomes increasingly saturated along with high cost and fierce competition, private express delivery enterprises start to exploit international market to seek new profit growth point. In this paper, the scientific index system is set to guide enterprises to exploit international market and become bigger and stronger in the international market.

1. LITERATURE REVIEW

Along with the deepening of global economic activity and global competition for enterprises, enterprises' international competitiveness, as the direct embodiment of international competitiveness of a country, has gradually become the focus of domestic and foreign scholars. Michael E. Porter (1985) proposes the value chain theory, and indicates that the competitive advantage of enterprises stems from the strategic links actually creating value within enterprises. Prahalad and Hamel (1990) put forward the core competence theory that as the combination of core resources and capability inside enterprises, the core competence of enterprises is unique and inimitable. There are two ways to interpret international competitiveness of enterprises internationally. One is *Report on Competitiveness* published by WEF in 1985, it indicates enterprises' international competitiveness is a kind of ability that enterprises design, produce and sale products and provide service at a more attractive price than domestic and foreign competitors in their respective environment at present and in the future. The other is Michael E. Porter (1990) in his *The Competitive Advantage of Nations* suggests that international competitiveness of enterprises

is the ability that enterprises compete in the international market with global strategy.

The complete and unified evaluation index system for international competitiveness of enterprises has not been built domestically. And there is less research about enterprise international competitiveness domestically. Wu (1997) thinks the enterprise international competitiveness is the ability to exceed competitors and create wealth steadily in international market. Jin (2003) defines enterprise competitiveness as comprehensive ability that the enterprise could provide products or service in competitive markets continuously and effectively to make profits and grow. If the competitive markets consist of nations worldwide, this kind of competitiveness of enterprises is its international competitiveness. Zhang (2001) believes that international competitiveness of enterprises is relevant to the game theory, so it is shown up through the comparison with current and potential competitors. And international competitiveness of enterprises is a dynamic concept which includes four aspects: exterior competitiveness, firm capability, firm resources and institutional competitiveness. Ren (2007) summarizes four types of components of enterprise international competitiveness which includes environment factors, resource factors, capability factors and potential factors.

2. THE STATUS QUO OF INTERNATIONAL COMPETITIVENESS OF CHINESE PRIVATE EXPRESS DELIVERY ENTERPRISES

In recent years, Chinese private express delivery enterprises have actively opened up overseas markets. SF Express, as the pioneer of domestic express industry, opened Singapore market in 2010, and opened South Korea, Malaysia, Japan and America markets successively in the following years. In 2014, many private express delivery enterprises, such as STO Express, YTO Express and Yunda Express etc., entered into the international market.

When entering into the international market, most importantly private express delivery enterprises have to face challenges of international competitors. Up to 80% of the international express market has long been dominated by four international express delivery giants, namely UPS, FedEx, DHL and TNT. Four international express companies have abundant human, material and financial resources, rich market experience, sound management system, high international brand awareness and advanced logistics techniques. Through years of successfully developing overseas markets, foreign advanced express companies focus their own international competitiveness on three aspects: logistics networks, logistics techniques and service quality.

In contrast, there are numerous private express delivery enterprises in China, but they are small scale, scattered, and less competitive on the whole. Only a small number of large-scale enterprises expand overseas markets, such as SF Express, STO Express and YTO Express, but most of these enterprises are still at an early and exploratory stage in opening up overseas markets. In the view of enterprises themselves, there are many deficiencies existing in Chinese private express delivery enterprises, such as lack of funds, low staff's professional quality, backward information construction, unadvanced technology and the poor management concepts. From the external market environment, there are also factors leading to the backward development of private express delivery companies, such as backward related laws and regulations of express industry and low market entry barriers domestically etc. So when exploring international markets, private express delivery enterprises face multiple challenges, such as the serious lack of funds, technical equipment and international talents, lower international brand awareness, and the lack of the understanding of politics, laws, economies, society and culture of over 200 countries and regions worldwide.

In light of above problems, the whole condition of international competitiveness of Chinese private express delivery enterprises is not optimistic. There is a huge gap between Chinese private express delivery enterprises and the four international express delivery giants in the areas of technological level, staff's professional quality and information degree, etc. In order to stand up to the four international express giants as an equal in international express market, domestic private express companies may take at least 20 years.

3. INFLUENCING FACTORS OF INTERNATIONAL COMPETITIVENESS OF CHINESE PRIVATE EXPRESS DELIVERY ENTERPRISES

3.1 Characteristics of Express Industry

Enterprise competitiveness is not only related to products or service offered by enterprises, but is also influenced by characteristics of its located industry. With different industry characteristics, enterprises' competitiveness evaluation index systems are different. With the progress of modern society and rapid development of market economy, express industry's characteristics are more obvious. Express industry has characteristics of service, timeliness, network, security and economies of scale. Detailed descriptions of these characteristics are as follows:

3.1.1 Service

Express industry is classified as the tertiary industry, namely the modern service industry. Express industry is the industry to transport goods, but it doesn't create new products during the entire transport process. And

the industry only provides transport services. Therefore, service is one basic feature of the express industry.

3.1.2 Timeliness

Express industry, as the name implies, must highlight the characteristic of fast speed. Express industry's target customers are those who are more sensitive to goods transit time. The time requirement for goods transfer in the express industry is higher than other transportation industries'. So timeliness is the core feature of express industry.

3.1.3 Network

Network construction of express industry includes two aspects: one is transportation and distribution network. Transportation network is constituted by planes, trains, autos and other vehicles; distribution network, attached to transportation network, is the area coverage of receiving and sending express items. The other is information network. Information network refers to manage and control express information, reduce express cost and improve the degree of logistics automation through modern information technology.

3.1.4 Economies of Scale

Express network has clear directivity of real objects network. Under the condition of local congestion or insufficient utilization of express network, the availability and flexibility of cross dispatch of material flow on each network line is poor. For example, international express and domestic intercity express are long-distance transportation, enterprises need vehicles and airplanes etc. for the two types of business. These vehicles are regarded as company's fixed costs, in other words, the more business volume, the less company's apportioned fixed costs. So the material flow on each network has requirement of economies of scale.

3.1.5 Security

Actually express delivery is an enclosed operation process. So the whole process must be monitored in real time to ensure the safety of express. This security mainly includes two aspects: one is that express can reach the hands of recipients in perfect condition; the other is to ensure the security of relevant information about recipients, senders and express.

3.2 External Environment

3.2.1 Politics and Laws

According to the commitment when our country joined the WTO in 2001, foreign-invested enterprises are permitted to operate Chinese domestic express delivery business independently four years later in 2005. Our government encourages foreign advanced express companies to enter domestic express market. Premier Li Keqiang chaired a State Council executive meeting on September 24, 2014, which decided to open domestic express market further and promote fair and orderly competition among domestic and foreign enterprises. These policies intensify competition for domestic express market,

but, most importantly, these advanced technologies and experiences introduced from foreign express companies inject fresh energy to domestic express market and are helpful to revitalize national express brand. Meanwhile, our country promulgates relevant laws and regulations, such as the new Postal Law in 2009 and Administrative Measures for Express Delivery to Business License. These laws and regulations raise the market entry threshold for the express industry, whereas they regulate express market and especially play an important guiding role in the development of private express delivery companies.

When exploring foreign markets, private express delivery companies have to face unfamiliar political environment abroad. The requirements of states for express companies are different. For example, the private express industry in the USA is managed collaboratively by four institutions: Federal Highway Administration (FHWA), Federal Motor Carrier Safety Administration (FMCSA), Federal Aviation Administration (FAA) and Environmental Protection Agency (EPA). Postal Regulatory Commission only has right to regulate the U.S. Postal Service, but has no right to administer American private express industry. Besides, according to American Aviation Law, the highest proportion of foreign capital participation in U.S. airline market is 25%. This shows that American industry protection and business rules are also very strict. Therefore, when Chinese private express companies explore international market, adapting to foreign unfamiliar political and legal environment is a big problem faced by them.

3.2.2 Market Environment

Under the present background of economic globalization, trade liberalization and global market integration, the worldwide express market is flourishing influenced by the popularity of digitization and information technology and the need for enterprises market expansion. The European and North American express markets formed earlier and develop more maturely, but they are so competitive. The express markets of the Asia-Pacific region and Latin America are emerging markets and develop rapidly in recent years, but they are also favored by express enterprises worldwide.

Although international market is participated by many express companies worldwide, it is really dominated by the four international express delivery giants. At present, global express market is almost carved up by the four enterprises. The four international express delivery giants occupy a higher market share in international express market with powerful global express network.

3.3 Internal Conditions

Internal conditions are the basic source of enterprise competitive advantage, and the key factors to improve enterprise competitiveness as well. Detailed descriptions are as follows:

3.3.1 Scale of Enterprises

One of the basic features of express industry is economies of scale. So the scale and strength of express enterprises have great effects on enterprise competitiveness. The larger the scale of express enterprise, the higher its economies of scale, accordingly technical equipment and the quality of human resources will get promoted. Conversely, if the scale of one express company is smaller, then its development will be restricted by market competition, such as rising cost and increasing price. Finally, the express enterprise market share gets declined, and the enterprise competitiveness is weakened. In short, strong enterprise scale is vital to express companies.

3.3.2 Quality of Service

Being an important part of modern service industry, quality of service has essential influence on the market competitiveness of express enterprises. Specifically, the higher the quality of service, the higher the customer loyalty and satisfaction, thus higher profit amount and strong competitiveness are produced.

3.3.3 Staff Quality

Staff is the spokesman of enterprise reputation. Especially for express enterprises, junior couriers deal with customers in the forefront of receiving and sending expresses. Customers can judge the integral level of an express company based on staff quality. So staff quality is crucial for express enterprises to develop markets and cultivate and maintain customer loyalty.

3.3.4 Information Technology Level

Along with the popularization of information technology, its development level decides enterprise competitiveness in the modern sense. This is especially true for express enterprises. All the business processes of express

enterprises, such as order receiving, sorting, packaging and transportation, need information technology tools. Perfect information technology network can achieve the real-time supervision of the whole express delivery process, reduce the issues of express loss, delay and damage and facilitate customer inquiries. Furthermore, enterprises are able to reduce costs and increase profits with the help of advanced information technology. If information technology strength is strong enough, it could produce the core competitiveness of enterprises.

3.3.5 Service Items

All the enterprise profits are achieved by providing products or services to markets. So enterprise competitiveness is finally shown through its products or services. Express enterprises provide goods transfer service, and their service items include same-day service, next-day service and third-day service etc. Hence, express enterprises should pay more attention to service items and quality, offer differentiated services, and strength the marketing of express service.

4. CONSTRUCTION OF EVALUATION INDEX SYSTEM

Starting with the current situation of international competitiveness of Chinese private express enterprises, combining with express industry characteristics and the connotation of enterprise international competitiveness, this paper designs a set of evaluation index system to reflect the international competitiveness of Chinese private express enterprises comprehensively. The system includes 8 first-level indicators and 21 second-level indicators. A brief explanation of the 8 first-level indicators is as follows:

Table 1
The Evaluation Index System of Chinese Private Express Delivery Enterprises

Target layer	Criteria layer	Elements layer
Evaluation of international competitiveness of private express enterprises	Domestic market scale	Market shares
		Annual turnover
		Growth rate of business
	Service quality	Business types
		Annual numbers of complaints
		Satisfaction of settling complaints
	Staff quality	Employee professional skills
		Education level of employees
		Service attitude of employees
	Network level	Network coverage rate
Network tracking and query functions		
Timeliness and security level	Pick-up response time	
	Rate of express delivery on time	
	Rate of express items loss and damage	
Information technology level	Technology r&d expense ratio	
	Management informatization degree	
	Company website functions	
Value-added services	Business types of value-added services	
	Customer satisfaction of value-added services	
Internationalization level	International market shares	
	International environment adaptability	

4.1 Domestic Market Scale

The scale economies effect of express industry is obvious, and market scale reflects the integral level of express companies. Enterprise's competitive strength is stronger with bigger market scale. On the other hand, domestic express market is the "base camp" of private express companies. Only domestic express market of private express companies becomes bigger and stronger, they have the guarantee to open up the international market.

4.2 Service Quality

Express service runs through every link of the work flow of express enterprises, and relates to customers directly. Service is one of the most basic characters of express industry. So service quality determines the difference of express enterprises. Differentiated and high-quality service is the core factor to win customer loyalty and satisfaction.

4.3 Staff Quality

Modern enterprise competition is the competition of talents ultimately. Staff quality eventually influences business income. For express enterprises, front-line employees communicate with customers directly. Their quality reflects the overall strength of express enterprises. It is necessary for express enterprises to train staff in many ways, such as strengthening service consciousness, updating service conception and communicating with customers correctly.

4.4 Network Level

The network mentioned here mainly includes distribution network and information network. The two kinds of networks are the guarantee of operation of express enterprises. Express enterprises require higher network and information level to extend market scale and offer diversified and differentiated services to customers. Hence, higher network level is one key factor to measure express enterprises competitiveness.

4.5 Timeliness and Security Level

Timeliness is not only the essential requirement of express enterprises to offer express service, but also the common requirement of clients on both ends. So, fast speed is regarded as the lifeline of express enterprises. Security is the premise for express enterprises to provide express service. Only with safe and reliable service can express enterprises win the favor of customers, build a good brand image and form stable and sustainable competitiveness.

4.6 Information Technology Level

In modern society, science and technology are changing rapidly. Information technology has become an essential part of the process of social and economic development. Information technology is widely used in modern express

industry to provide customers with convenient, high quality and low cost service. Because of the intense competition for domestic and foreign express markets and higher demands of express service, information technology level gradually becomes the focus of competition among express enterprises.

4.7 Value-Added Services

In contrast to development status of domestic express industry, foreign express industry is one of the high value-added industries in the modern service industry. If private express enterprises want to get rid of domestic market predicament and go into the international market, they must carry out value-added services creatively. Value-added service is the new profit growth point of today's express enterprise, and also an important way to enhance enterprise competitiveness.

4.8 Internationalization Level

Internationalization level refers to the degree of enterprises' participation in the international market, and it is the most straightforward and important embodiment of enterprise international competitiveness. Only adapting to the complex and volatile international environment constantly, can private express enterprises further expand the scale and gain good economic benefits.

SUMMARY

Nowadays under the wave of global economic integration, modern enterprise competition is the competition of science and technology, talents and information. To express industry, the competition among modern express enterprises is gradually transforming to the competition of network, service, talents and information technology. This paper has made an exploration in the construction of evaluation index system of private express enterprises international competitiveness. Starting from enterprise's internal conditions, based on "soft" indexes, the index system designed in this paper strives to reflect the connotation of enterprises international competitiveness and characteristics of express industry, and is expected to provide references for Chinese private express enterprises to exploit international market and enhance international competitiveness.

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