



Study on Path Dependence in Enterprise Soft Power Promotion

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Received 7 September 2012; accepted 15 November 2012

Abstract

In Enterprise Soft Power Promotion, the soft culture power of the promoting process, technological innovation, and system arrangements are two crucial issues. Technological innovation inherent to a certain degree of path dependence, and institutional change for business development has certain path dependence. The phenomenon is highlighted in the small and medium-sized enterprises and private enterprises, whose development will have both positive and negative effect. Then how to profit and avoid loss will directly affect the upgrade of soft culture power.

Key words: Soft power; Path dependence; Technological innovation; System innovation

LI Yanping, LIU Guiying (2012). Study on Path Dependence in Enterprise Soft Power Promotion. *Management Science and Engineering*, 6(4), 53-56. Available from: <http://www.cscanada.net/index.php/mse/article/view/j.mse.1913035X20120604.ZR0195>
DOI: <http://dx.doi.org/10.3968/j.mse.1913035X20120604.ZR0195>

INTRODUCTION

As the main part of micro-social innovation, the improvement of soft power in enterprises depends on not only technical equipment of the supplier, also the technical performance requirements proposed by the users of their products, which actually represents the future of enterprise direction of technological innovation. The latter interaction needs the support of the bridge and make it a smoother flow of the system (or

policy). Therefore, in order to improve the soft power, the technological innovation of enterprises and institutional related arrangements are two crucial issues. One is technological innovation inherent to a certain degree of path dependence, which will hinder the development of enterprises. We innovate in order to increase its soft power and get a breakthrough, the other is the enterprise development system changes that is a certain degree of path dependence. This phenomenon is highlighted in the small- and medium-sized or private enterprises, the development of its enterprise may have both positive and negative effect.

1. PATH DEPENDENCE THEORY AND SOFT CULTURE POWER

Path dependence economics thinks that the consequences of a process of path dependence are that stochastic nonlinear dynamic systems with positive feedback mechanism, once affected by some kind of accident, will be along a fixed trajectory or path of evolution has been down even if better alternative to the established path is difficult to be changed, namely the formation of an “irreversible self-reinforcing trend of” (Witt, 1993). Enterprise of the good path will play the role of positive feedback through the inertia and momentum, resulting in a flywheel effect, business development and enter a virtuous circle, while bad path will play the role of negative feedback, as the doom loop, companies may will be locked in some kind of inefficient state which led to a stand still. These choices into the locked state, when they are to be working, become very difficult.

If you want to play the enterprise independent innovation ability truly, the only way to promote soft power is to rely on its own core technology to develop their own independent the R & D capacity, to improve the overall level of technology accumulation, to shape the

ongoing technology innovation stream and to shape the core competitiveness of enterprises based on technology and innovation according to the path dependence theory. It means, few enterprises can achieve the requirements in our country. Most enterprise's economic strength and technical strength are very limited and there is a strong path dependence, which depends on foreign technology and is lack of independent research and development capabilities. In this case, how to mobilize all social resources for independent technological innovation became the key to increase its soft power.

1.1 Existence of Technology "Black Hole"

To enhance the soft power, the government has increased investment in science and technology. While the investing conversion efficiency is still low and the investments are useless, hovering in the "black hole". This issue is a major bottleneck which is currently restricting China's enterprises to develop in depth. There is no unified, accurate measurement in China. It is common to use up the money, no scientific and technological achievements described inaccurately, to escape responsibility easily. It is difficult to transfer intensive from the extensive. And "more problems should be solved to a geometric base increase, if more people involved in research and development in a project to the arithmetic base." (JU, 2005). For a same product, Chinese engineers participate in research is almost double than engineers in the United States, and the quality of the engineers of our country requirements and training, the promotion system have been seriously affecting the innovative capacity of the state-owned enterprises.

Therefore, to the root of technology dependence in China, one important reason is lack of institutional innovation, especially small and medium-sized enterprises' habitual dependence, as well as private enterprises for the inherent system's long-term formation of social, personal ideology.

1.2 Problems of Enterprise System Path Dependence

Today, there are several following situations for the system transformation path dependence during the enterprise promotion of soft power:

1) Path dependence to Chinese traditional culture for enterprise property right system changes.

China is a country with the most lasting and deep cultural traditions where the family has not only become the core of the Chinese social life, economic life and cultural life, even become the dominant elements of political life. Market economy rules in a state of transition in Chinese society, gradually establishing the family support component of the creation and development of non-public enterprises in the cracks has developed with the family rules. Our social evolution today, our cultural traditions, belief systems, all these are fundamental constraints. Growth and development in the Chinese

cultural tradition up enterprises, changing the path of evolution of the system of property rights can not be free from the influence of cultural traditions.

2) Ideological path dependence.

Ideology is a pattern of behavior, by which it offers people a "worldview" to make behavior of decision-making more economical. The path dependence of change of property rights system to the ideology mainly refers to China's long-standing socialist and communist ideology preferences. National-public ownership economy is the main body of the national economy, while non-public economy has been different degrees of discrimination. In this case, the enterprise system changes inevitably constrained and has to pay a certain amount of emancipating, the risk and cost which are enormous. Sometimes companies will face disasters, so owners tend to keep the original property rights arrangements, to use other ways to solve the obstacles caused by the irrational system of property rights. The so-called "red hat" enterprises reformed and opened in 80ths are in this model. Although the government has repeatedly promoted the status of non-public economy, the shift in ideological field is not so fast.

3) Dependent on the path of existing laws, regulations and policies.

With the deepening of market economic reforms and understanding improvement of the private economic role, government lay down and confirm the status and role of non-public economy, which is of great significance to the development of private economy, but the existing laws and imperfect regulations are still the constraints to private enterprises. For example, some new situations in the development of private enterprises can not be found in the legal provisions or it takes too long time to make the regulations in law.

4) Dependent on path of current market environment.

The development of enterprises associated with the entire market system. China's enterprise system changes required for managers and capital markets are not yet ripe and a huge moral hazard for the market, the integrity of a serious problem. The change of the system of property rights may lead to business property, loss of earning power and Institutional change. The high cost of private entrepreneurs can not easily be reformed. Style of government intervention and legacy of the original planned economy, some of the disputes arising from property rights arrangements by government officials or the network of relationships are more effectively than the market so that the initial property rights arrangements continue to work and the reform of significance means nothing.

5) Dependent on path of company's existing system arrangements.

After the formation of a system, it will form some kind of vested interests of pressure groups and organizations who are in the existing system, which has a strong demand

for such a system, and strives to consolidate the existing system and impedes further reforms, even if the new system is more efficient than the existing system. Majority of SMEs in China is basically to take a single ownership structure, which makes the start-up members of the family members or private enterprises keep interests and businesses closely linked and safeguard their own interests. They also will strengthen the existing system of property rights arrangements.

2. ENTERPRISES OUT OF PATH DEPENDENCY, INSTITUTIONAL INNOVATION FOR ENHANCE SOFT POWER

The new institutional economics says, the most fundamental impact factors are not price, not technical, but the system to economic activities and social activities. Research shows that about 30% of the contribution of rapid economic growth in last 20 years is from the system of innovation. Many practices of real economic facts verify that the system innovation can enhance the importance of soft power. Technological innovation in the United States has remained the highest in the world-class level, which is closely related to the institutional environment conducive to technological innovation and the United States. In the process of economic development in China in the past, the widespread tendency of emphasis was on technical innovation and the light of institutional innovation. We know that the material elements of the productive forces can not exist in isolation, which play the role of certain institutional arrangements. Due to different institutional framework, the combination of the productivity of material elements lead to significantly different effectiveness. If the most advanced machinery and equipment are installed in the inefficient institutional environment, its efficiency may also be low, not as good as manual operation. To arouse the enthusiasm and creativity of the human capital professionals, it is necessary to design an appropriate institutional arrangement to provide sufficient incentives for human capital owners. Northrop, institutional economists, says the reasons for the rise of the Western world are the development of an efficient economic organization. The soft power of China's emerging in SMEs development is undoubtedly a useful inspiration.

1) Innovation of enterprise organizations.

Companies must change the way of research, production, marketing, internal coordination among the various aspects of poor, weak management, arbitrary, vague property rights situation, abandon the formal organizational structure, learn from the advanced experience of foreign business organization and management, in order to realize the implementation of a new organizational models and management practices. Organizational structure of enterprises by the traditional

pyramid-style multi-level centralized management model should be changed to a flat decentralized cooperation, property rights management.

2) Innovation of enterprise operating mechanism and operation mode.

The enterprise property rights, formation of corporate governance structure, indicate that the basic construction has been completed. At this time, we also need better operational mechanism and operation mode corresponding to jointly promote the production and business activities of enterprises. Therefore, taking operation mechanism and operation mode effectively is the crucial part of enterprise development. The face of rapid changes needs to be the person's ability to increase competitive advantage. Therefore, people-oriented, relying on incentives and inspiring, enlightening, induced a flexible management, these implementation of set of effective talent incentive mechanism can create a system of bringing out the best environment.

3) Innovation on management methods and management tools.

Management is the eternal theme of enterprises. In China, backward management methods and management tools are the current outstanding problems of the enterprise. There is great potential on management innovation to achieve the optimal allocation of factors of production and to improve production efficiency.

4) Innovation on newly created SMEs culture.

The corporate culture is the humanistic power for enterprise development, including establishing people-oriented, shaping values as the core culture management model. Many SMEs, due to the long history of development, paid insufficient attention to the cultural construction of insufficient capital investment. At the same time, SMEs in the cultural construction without historical baggage, can establish a new system of corporate culture with the aware of the importance of corporate culture.

5) Innovation outside enterprise system.

It is necessary to make greater efforts in the following aspects that are the transformation of government functions, improvement of the market economy mechanism and vigorously developing the venture capital industry to promote scientific and technological innovation of high-tech SMEs. The fourth is the reform of the housing, health care, social security system. Fifth, Government should provide a series of institutional support, such as actively helping small and medium-sized enterprises to improve the accounting system, the reform of state-owned commercial bank corporate credit rating criteria, the formation of the guarantee institutions, the development of non-state small and medium banks, re-division of small-scale taxpayer standards, reducing small-scale The taxpayers of value-added tax rate, giving the high-tech SMEs preferential fiscal and taxation policies and so on.

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