



Contents lists available at SEI

Management & Engineering

journal homepage: www.seiofbluemountain.com



The Development and Innovation of Enterprise's Strategic Management Based on Dynamic Ability

Yuejun LIU *

School of Economic & Management, Zhongyuan University of Technology, Zhengzhou 450007, P.R.China

KEY WORDS

Dynamic ability,
Business strategy,
Management innovation,
Strategy establish,
Strategy control

ABSTRACT

This paper links the dynamic ability theory to strategic management theory, summed up and compared the business strategy management theory of different schools, and think that the management system of business strategy based on dynamic ability should be the inevitable choice of enterprises reply the changeable environment day by day. Compared with traditional strategic management of enterprise, the strategic management system based on dynamic ability can meet the change of enterprise's external environment condition even more in constitute and control mode by strategy. Emphasize that the all and the one participates in making strategy, especially emphasize that shifted down the center in order to strengthen the fast reaction ability of changes of the market; Strategy control through constructing the motive mechanism, the mechanism of studying and the mechanism of matching, realize the transition that from diagnostic control mode to the preventatively control mode.

© ST. PLUM-BLOSSOM PRESS PTY LTD

1 Introduction

J.R.Commons used "strategic factor" in its work "Institutional Economics" for the first time in 1934, cause people to enterprise attention of "strategic factor" in the business activities. Mintzberg divide the management theory of the business strategy into ten schools, i.e. the design school, the planning school, the positioning school, the entrepreneur school, the cognitive school, the learning school, the power school, the culture school, the environmental school and the configuration school. Main theory view and method of these schools have certain limitation and adaptability under the environment of management which modern enterprises face. For example, the design school divides business strategy static behavior into strategy form and implement stages, thus isolates the dynamic connection between the two stages, neglects the comprehensive consideration of the enterprise's internal condition; The planning school overly emphasizes the application of the rational analytical method, thus neglected the influence of sensorial respect and enterprise's external environment condition to strategy establishment; The positioning school depends on the choice of the enterprise's industry excessively, neglects the analysis of the factor inside enterprise relatively, etc. It is exactly because of some limitations that the strategic management theory existed in the past and enterprise's management environment are becoming more dynamic and complicated, make the dynamic ability theory that in pursuit of carrying on integration of resources rapidly and obtain

* Corresponding author.

E-mail address: lyj@zzti.edu.cn

the competition advantage that under the dynamic environment develop gradually. Under this kind of background, the concept of “dynamic ability” was put forwarded at first by Teece in 1997, pursuing the source of enterprise’s persistent advantage of competition under the dynamic environment. The proposition of the dynamic ability concept, adapt to the change of the modern enterprise's management environment, thus make renewal and cultivation of ability become a constant continuous dynamic course.

2 Theory Origin of Dynamic Ability

There is a similar concept to dynamic ability in early days that P.R Lawrence and J.W.Lorsch put forwarded the concept of “combining ability” in 1967. Thereafter, R.Amit and P.JH.Schoemaker think “ability is the ability of disposing resources, usually realize the result of a will by the way of combining with procedure organized”, “this kind of ability can be considered as one intermediate goods produced inside enterprises, so as to improve the production efficiency of resources or offer strategic flexibility”, this concept has already included dynamic ability actually. B.Kogut and U.Zander distinguish the resource distribution ability and the general function ability clearly, the concept of combinative capabilities that they define play the same tune on different musical instruments as the dynamic ability defined by Teece, et al. later on. R.Herderson and I.Cockburn divide the ability to organize into component competence and architectural competence, the former means some ability knowledge, is the daily basic capacity of solving the problem, for instance resource, knowledge and technical know-how, etc. The latter means the ability to utilize composition ability or develops the new composition ability according to the current demand. Furthermore, some concepts such as Collective Knowledge put forward by J.C.Spender and Organizational Architecture put forward by R.Nelson have more or less similarity with dynamic ability too.

It was Teece who had important contribution for the development of dynamic ability. The thesis of Teece, et al. published on “Strategic Management Journal” in 1997 thought, Dynamic capabilities is the ability that “combines, constructs and resets domestic and external of company, in order to meet the ability that the fast environment changes”, among them, “dynamic” mean that keep identical and upgrade the ability of enterprises with the environmental change, what “ability” emphasized is to combine and dispose the ability of the inside and outside resource, so as to make enterprises meet the needs of changing in environment. It has reflected enterprises are under restrain in set routing and positioning on the market, obtains a kind of integration capability of the new competition advantage.

3 Constitute Element of Dynamic Ability and the Characteristic of the Strategic Management on the basis of Dynamic Ability

3.1 Constitute element of dynamic ability

3.1.1 Obtain resources ability

Obtaining resources ability refers to enterprise relying on the inside existing resources to obtain external resources, i.e. the ability for added value of regeneration of resources. Including attracting the joining of new enterprises, the human resources, respects such as the slope of the government policy, etc.. The existing resources had by oneself of enterprise are that it obtains outside foundation and assurance of resources ability.

3.1.2 Organize managerial ability

Organize managerial ability means the ability of enterprises guarantee the whole enterprise's high efficiency finishes the scheduled target by organizational management such as planning and design, rules and regulations, communicate, coordinate, encourage, restriction etc. and the ability of combine resources. Achieve most optimum distribution of resources; the utilization of resources is most effective by the resource-sharing between each department and exchanges of different information inside enterprises.

3.1.3 Learning and innovation ability

Learning and innovation ability is a core of the dynamic ability. Dynamic ability emphasizes the malleability of ability, overcome the rigidity in key ability by pioneering innovation. The organization promotes the promotion of innovation ability through studying. As to whole enterprise, learning include the common evolution of individual, department and whole enterprise, the learning ability is the motive force source of that enterprises obtain new knowledge, new technology promote technological innovation, the foundation of promote enterprises to upgrade and evolve. According to innovation ability, the innovation of enterprise should mainly reflect in such aspects as system innovation, technological innovation and innovation of brand.

3.1.4 Adaptability to changes

In order to make the competition advantage in the dynamic competition, can't only satisfy enterprise's present existing customer, should also strive for the future customer. Enterprise through a constant organize learning, discern potential market chance, recombine and change inside and outside resource, improve or innovate its product and service rapidly, in conformity with the requirement for changing in environment; Finishes the adjustment of resource structure, ability structure, personnel structure or institutional framework inside enterprises in a low cost and rapidly. Meet the requirements for respects such as its variety, quality, service, price, etc. of the market, in order to rush to hold and utilize the business opportunity that the dynamic environment offered before the rival, in order to realize the dynamic renewal of enterprise's ability.

3.2 The difference between the strategic management on the basis of dynamic ability and traditional strategic management of enterprise

Comparatively speaking, based on dynamic ability business strategy have pioneering, adaptability and innovative further with traditional enterprise strategic management (vide the Table 1).

Table 1 Compare of the strategic management on the basis of dynamic ability and traditional strategic management of enterprise

Mode \ Difference	Traditional strategic management	Strategic management on the basis of dynamic ability
Constitute mode	Concentration of powers	Separation of powers
Control mode	Diagnostic control mode	Preventatively control mode

In the Table 1, the making mode of strategic management on the basis of dynamic ability things only the employees at the production line could collect the information of the protean environment, the information of industry and the information of market first. At the aspect of control mode, traditional strategic management emphasizes the thought of diagnostic control mode, namely confirm a standard in advance, the control system monitor the target around this standard, find the deviation, correct in time, its main purpose is to guarantee the controlled target is under the scheduled standard state forever; But strategic management on the basis of dynamic ability lay particular emphasis on nontraditional controlling thought and mode. For example, some unconventional control mode that preventatively control mode, system of religion, system of forbidden zone and interactive system and so on. In addition, enterprise through the mutual cooperation of several kinds of modes in the choice of strategy control mode, guarantee enterprise in a situation that the environment becomes more and more complicated, should deal with the feedbacks and questions of the strategy implement course at leisure.

4 The Construction of the Strategic Management System on the Basis of Dynamic Ability

Though a lot of enterprises have corresponding dynamic ability, also have the inside or outside resources that exert its dynamic ability, but still a lot of enterprises meet the result is deviate from enterprise's fixed development goal in the course of strategic management, or the final strategic frame can not totally reflect the intention of the person who makes strategy.

This needs enterprises setting up a series of corresponding mechanisms, and then guaranteeing enterprises can play and use their dynamic ability effectively. The mechanism said here means that keeps the roller chain of the correlation between key elements such as various ability and resource, etc. in enterprises.

4.1 Set up the motive mechanism

The construction of the motive mechanism is that enterprises obtain the assurance of competing for the advantage in the environment of the dynamic change continuously. The setting-up of the motive mechanism is the precondition that enterprise's dynamic mechanism forms, the motive mechanism sets up under the circumstances that the pressure of external environment condition and internal motive force act on together.

It mainly refers to constructing the internal motive mechanism to construct the motive mechanism, through optimizing the internal environment of the motive mechanism, including the decision or influence factor that the motive mechanism forms. As the Figure 1 shows, the influence factors mainly include such as building the advanced corporate culture and fostering the spirit of entrepreneurship; Set up and implement corresponding system, for instance modern enterprise system, enterprise innovative system and incentive system, etc., construct a piece of evolution which advances enterprise's competitiveness and motive force mechanism promoted systematically.

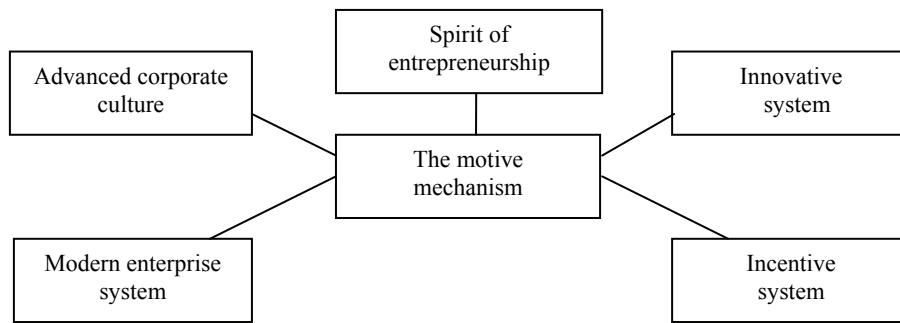


Figure 1 Primary influence factors of the motive mechanism

4.2 Set up the mechanism of studying

Study is a foundation of enterprise's development, and the sources of creativity and competitiveness, it is influencing and determining all respects of enterprise's lasting evolution. Some domestic and international managerial experts think, the most successful enterprise will be organized by a kind of study type in the future --Can enable all members of different levels with single-hearted devotion, and the organization of constant study. Build and improve the mechanism of studying of enterprises, enable and organize to the studying type to organize and march towards, it is the fundamental guarantee of promoting competitiveness of enterprises.

Enterprises will meet various different states in formulation and implementation course, in order to enable the business strategy to adapt to this kind of change, person who makes strategy and relevant personnel inside enterprises should predict these states in advance, and obtain the ability to deal with these states by constant study, this needs enterprises to set up corresponding study mechanism.

The effective study mechanism not merely facilitates developing one batch and having good knowledge storing and consultant expert of experience, and is substantiating and upgrading the knowledge of enterprises and information resources and can offer the convenient condition for management of strategy constantly, and in conformity with change of the external environment condition. In encouraging the atmosphere of study, impel enterprises to grow into the studying type to organize, encourage cooperating together and group's study, set up and study and learn to share the system, set up and regard network technology as the knowledge of enterprise supported and exchange the platform, impel enterprise's knowledge to have no obstacle to exchange, set up CKO. Among them the task of CKO lies in launching, promoting and coordinating the governing plan of knowledge, impel the knowledge of enterprises to turn into the physical assets, realize the appreciation of enterprise's knowledge, thus establish the foundation for enterprise's formulation, implementation and control.

4.3 Set up the mechanism of intercommunicate

With the rapid development of the information technology and fierce change of enterprise's management environment, intercommunicate of business strategy and environment become the focus of attentions. One kind of flexible strategic thought that advocates enterprise should meet changing, make changing, and utilize changing in order to improve its competition under the dynamic environment voluntarily. In nowadays dynamic complexity environment, how to catch and tackle every chance and challenge that the environmental change create alertly and rapidly, become the key that the enterprise gets success in competition. The mechanism of intercommunicate is that the enterprise makes rapid, timely reaction under the continuous changing, complexity, incertitude of environment. Mainly solves the problem that the adaptability to changes immediately of enterprises and can be in the foundation of predicting the future, make the business strategy, dispose in advance and adopt the positive action according to the change of the environment in actual function.

The precondition of set up the mechanism of intercommunicate is that enterprises must collect and handle the information of the external environment condition in time, thus make the fast reaction according to the change of the situation. Enterprises only make the internal condition (including resources and ability) match with the external environment condition (the chance that environment offers) of changing dynamically, will form the compete advantages and promote enterprises to grow up continuously. The setting-up of intercommunicate mechanism corresponding with this becomes one indispensable elements of enterprise in the dynamic environment day by day; it is determining whether the business strategy could take shape intercommunication with the change of the environment.

5 Conclusion

With the further acceleration of economic globalization, the management environment that enterprises face will be more complicated and dynamic. Enterprises will meet more complicated influence factors in carrying on strategic management. In order to adapt to these constantly changeable management environments, enterprises must upgrade and use dynamic ability as soon as possible, and upgrade various ability in order to obtain the compete advantage constantly. Meanwhile, different enterprise management

environments need different business strategies too, inside and external environment condition is the starting point and foundation that enterprises make strategy and carry on strategic management. The dynamic management environment needs enterprises to study constantly, through study and use the dynamic ability of enterprises to discern the developing direction of enterprise's stratagem, thus obtain the lasting competitiveness.

References

- [1]. WU Xiaobo. Review of the Dynamic Capabilities Perspective in the West. *Social Sciences Abroad*, 2006, (2), p18-25
- [2]. G.Verona & D.Ravasi. Unbundling Dynamic Capabilities: An Exploratory Study of Continuous Product Innovation. *Industrial and Corporate Change*, 2003,12 (3): 577-606
- [3]. Zollo M. & S. G. Winter. Deliberate Learning and the Evolution of Dynamic Capabilities. *Organization Science*, 2002, (13): 339-351
- [4]. CHEN Jixiang. *Strategic Management*. Shanghai People's Publishing House, 2004:404-413 (in Chinese)
- [5]. ZHANG Xiaojun. Dynamic Capabilities Based on Harmonious Management Theory. *Journal of Management Sciences in China*, 2010, (4): 1-9 (in Chinese)
- [6]. LIU Ligang. Research on Corporate Flexible Strategy Based on Dynamic Capability View. *Soft Science*, 2009, (6): 98-105 (in Chinese)

Reproduced with permission of the copyright owner. Further reproduction prohibited without permission.