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Diamond model based value evaluation and exploration of the competitiveness of sports industry

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ABSTRACT

Diamond Model plays a key role in improving the core competitiveness of sports industry; it also has a positive evaluation effect on the constructive direction of the core competitiveness. These two aspects exert positive effects on the overall development environment and goals of sports industry, thus more objective evaluation should be made on the influential factors. This paper first focuses on the basic overview of the Diamond Model, exploring effectively the model construction from influential factors. Then combined with the sports industry policies of our country, this paper analyzes and summarizes the limitations of the policies, thus enforcing the self-evaluation effect of the Model and achieving the ultimate goal of this research. Focusing on the analysis of two independent variables, one is government, the other, the chance, this paper analyzes the rational allocation of resources of the sports industry by the government, thus making the policy more adaptive and aim-focused and making the Model evaluate objectively on the core competitiveness of sports industry. At the same time, by this way this paper will allow the Model to play a strong support role in the construction of sports industry bodies, thus providing solid theory foundations for the Model to maximize its application value and self function.

KEYWORDS

Diamond model; Sports industry; Core competitiveness; Value evaluation.



INTRODUCTION

The improvement of core competitiveness of sports industry can't be made without effective supports from various influential factors. But, in terms of the importance, two independent variables including (1) government and (2) chance play a decisive role in industrial restructuring and the optimization of industrial development environment. This paper mainly researches on aspects including basic overview of Diamond Model, influential factors of the core competitiveness of sports industry and analysis of the sports industry policy; in order to make the evaluation more objective and to make the researching process more scientific and reasonable.

BASIC OVERVIEW OF THE DIAMOND MODEL

The diamond model, also known as Rhombus Theory, is an economics model developed by Michael Porter in his book *The Competitive Advantage of Nations* where he published his theory of why particular industries become competitive in particular locations. Porter believes that four factors decide the competitiveness of industries: One is factor conditions; second is firm strategy, structure and rivalry; third is demand conditions; fourth is related and supporting industries. These factors interact with each other, thus forming the Diamond Model as Figure 1^[1]. Apart from the four factors, there are two exogenous parameters, (1) government and (2) chance. The chance can't be controlled and the effect of government's policy can't be ignored. This model has been widely recognized and valued by academia and industry after publishing and many scholars expands the theory according to actual situation of different countries in its practice, such as multi - factor model of diamond and double diamond model.

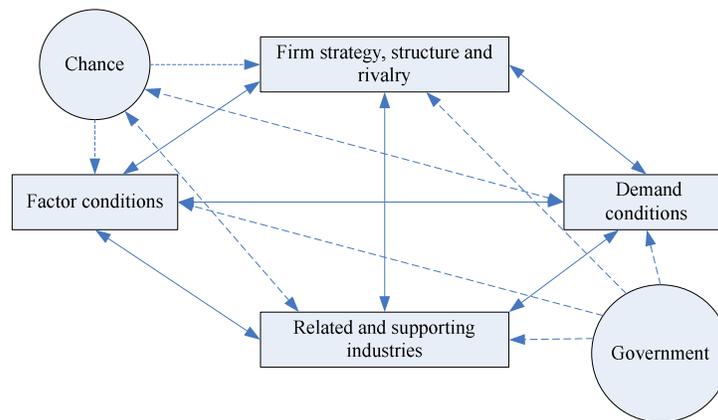


Figure 1 : The porter diamond

FACTORS AFFECTING THE COMPETITIVENESS OF CHINA'S SPORTS INDUSTRY.

Porter believes that four factors decide the competitiveness of industries; these factors interact with each other, thus forming the Diamond Model, as is shown in Figure 2. Apart from the four factors, there are two exogenous parameters, (1) government and (2) chance. The chance can't be controlled and the effect of government's policy can't be ignored.

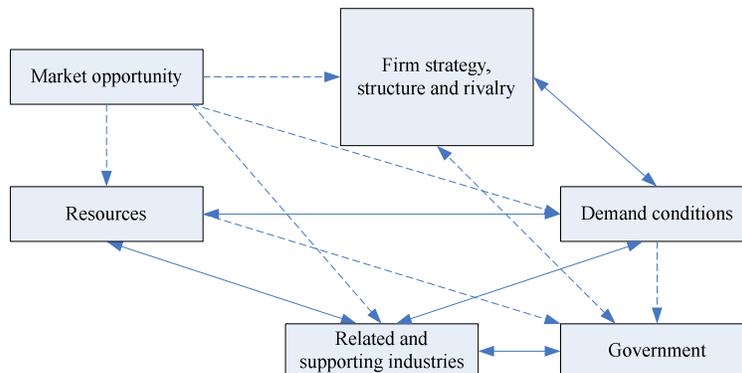


Figure 2 : "Diamond system" affecting the competitiveness of China's sports industry

Factor conditions

Two kinds of factor conditions should be needed in in proving core competitiveness of sports industry. First kind of factor is named as basic factor which refers to effective extraction and utilization of natural resources. The other is called

advanced factor which is about the application of related science and technology and effective development of scientific research.

Demand conditions

Demand conditions means to effectively explore according to domestic demand for product and its own characteristics. It is not only the most important factor in the model but also the key factor in directing the industry development. At the same time, it can help company innovate continuously. When the development of sports industry reaches a certain scale, it should fully reflect the demand direction of customers^[2].

Related and supporting industries

The related and supporting industries have a positive effect on particular competitive industry from Porter's diamond, strengthening its existing advantages. The competitive industry should be under the coordination of related and supporting industries, so that it can grow rapidly. In this way, pillar industries could be established and the business could be expanded.

Firm strategy, structure and rivalry

Only by combining the strategic direction of the industry with the social needs of different people can industry meet the social demands, thus improving its core competitiveness. The core of sports industry is the relevant sports enterprises. The advantages of the enterprises are the core competitiveness during its development, so more attention should be paid on its development strategy.

ANALYSIS ON CHINA'S SPORTING INDUSTRY POLICY

Policy could exert a positive guaranteeing effect on industry development. The sports industry policy is the effective intervention made by the government to improve industry's core competitiveness^[3]. The main function of policy is to make up the shortfall of the market development, thus integrating and configuring industry's own resources and optimizing industry's structure.

TABLE 1 : Sports policies in China

	Total number of policies(piece)	Total number of policies related with sports industry(piece)
Law	1	1
Administrative laws and regulations	8	3
Chinese Communist Party documents	6	3
Departmental rules	41	16
Regulatory documents	27	7
local legislation	244	183

As early as 1993, the National Sports Commission (NSC) at the time made relevant request for the industrialization of sports market and set related policies for it. This was the first time that China formulated policies for the sports. We can understand the related policies for the sports from the web site of China's State Sports General Administration (specific information is shown in TABLE 1). We can find that the publication of these policies keeps consistent with the development of sports industry through effective arrangement of related policy. And these policies all refer to capital input, and to some extent emphasize diversification of capital input. This contributes to diversified pattern of sports industry in China. Policies on local sports industry development are relatively comprehensive and could propels rapid development of local sports industry, among which policies on market management and market guidance of sports are major. However, this not only reflects positive aspects but also the negative sides. The negative sides are that the policies are not very comprehensive and aim-focused because there are no effective policies on solving problems that occur frequently in market development, such as tax, finance, and land resource allocation^[4]. The solution to solve these problems is to formulate related policy based on the goals of improving core competitiveness of sports industry.

CONSTRUCTION OF POLICY ON CHINA'S SPORTS INDUSTRY BASED ON DIAMOND MODEL.

For the governments, the key to improve the core competitiveness of sports industry is accurately grasp the direction of policy, which hides in the diamond model. From the perspective of advantage theory, policies should be more aim-focused, that is to say, the policies should integrate the four fundamental factors and two exogenous variables, which is shown specifically in Figure 3: However, in original thoughts of model construction, chance is a variable beyond government, which couldn't be effectively controlled by people. But, from the view of social economic development, this variable is linked internally with government as the government's position is relatively vital. However, the government not only influences the four fundamental factors such as factor conditions, strategy and structure but also the chance. In

implementing the policy on construction and development of sports industry, we should treat relevant policies on resource integration pre-configure and consumption stimulation as the breaking point, building good relations between sports and sports industry, promoting the rapid development of sports industry and providing solid protection for the perfection and fast development of sports industry.

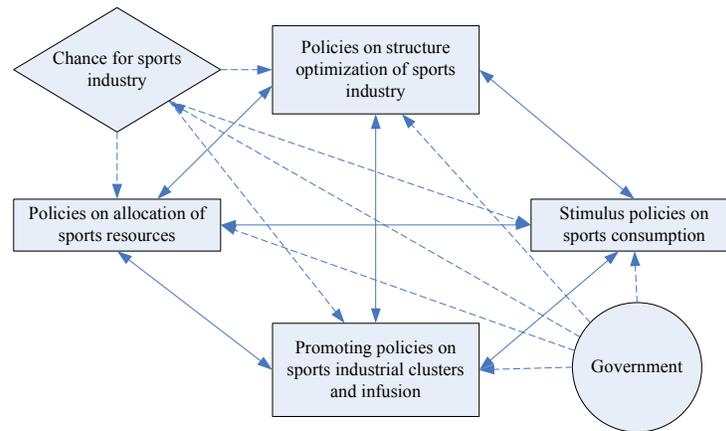


Figure 3 : Policy on China's sports industry based on diamond model

Factor conditions-policies on sports resource allocation

Perfecting the market mechanism has a certain role in promoting scientific allocation of some sports resource, but not the key role; however, from the perspective of resource integration, advanced resource promotes the core competitiveness of sports industry significantly, so the government should integrate the advanced resource and allocate them scientifically. In terms of the policies, the scientific allocation of human resources mainly focuses on personnel training, selecting, encouraging and so on. Though relevant regulations about them have been made, overall standardization isn't formed^[5]. Combined with mobility of human resources, we should strike a balance between the sports industry in less developed areas and areas with Less liquidity in sports, thus gradually strengthening the communication and cooperation in sports between the developed areas and less developed areas, enlarging the range of personnel agency of sports industry and achieving the goal of balanced development of talents in sports industry. We should strengthen polices on integrating and allocating scientific technology resources. Taking national sports development as an opportunity and by means of policy support, we should lead the combination between modern science and technology and Chinese traditional sports, forming industrial chain of traditional sports, realizing the scientific transformation of sports industry and improving its quality. For example, bringing digital and information technology into the training equipment of traditional sports will vigorously support research work in sports. However, with policies and regulations as the basic support means, the scientific allocation of land resources should be done based on actual situation in different areas. In this way the development of sports industry could be consistent with land resources and effective legal foundation could be provided.

Firm strategy, structure and rivalry-policies on the optimization of Sports industry

Among the main components of China's sports industry, manufacturing of apparel and footwear and headwear is weak, also the core industry doesn't grow rapidly, so the core competitiveness in sports industry is not so strong. But, with the fast development of modern society, leisure sports and competitive sports have been the two fundamental factors in social sports, which represent the fundamental direction of sports development. So, strengthening the core competitiveness means developing leisure sports and competitive sports. In terms of optimization for traditional sports industry, we should on the one hand constantly encourage leisure sports and competitive sports; on the other hand scientifically optimize their market environment, with the government's policies as the key methods. Several measures should be taken to encourage them. First, effectively cutting the tax on them; Second, rescinding tax on obscure items and giving corresponding subsidies on the necessary taxes; Third, providing effective policies on tax for leisure sports and competitive sports. By taking these measures, we can provide good environment for the development of recreational sports, and promote the development of relevant service industry concerned with it, thus effectively powering the combined development of sports industry. In terms of the financing of sports industry, The Government should formulate relevant policies to broaden the financing channels, reduce barriers to financing and provide a favorable security conditions for the development of leisure sports industry. Thanks to incomplete openness of China's capital market, private sports enterprises have difficulty in financing. As a result of it, the development of sports industry are suffering bottleneck is not in line with the direction of modern sports development. Under this circumstance, the core competitiveness of sports industry will be weakened, thus the sports industry monopoly will be ensued and the balance of the development of sports industry will be significantly impacted. In addition, China's credit policy is still in relatively closed period, which restricts the funds and developing scale of small and medium-sized enterprises, impacts its developing initiatives and accelerates monopolization in sports industry. So the core competitiveness in sports industry can't achieve new breakthroughs. So the government should continue to introduce more flexible policies on the financing channels of sports industry, properly liberate the financing credit so that the financial institutions could play an

active role. In addition to that, the government should ease policies on the credit of small and medium-sized manufacturing enterprises of sports, so that the key enterprises could gradually expand around; its industrial chain could be extended continuously; sufficient power could be provided for the improvement of core competitiveness.

CONSTRUCTION OF THE DIAMOND MODEL OF ETHNIC TRADITIONAL SPORTS CULTURE AND TOURISM

With a long history and rich connotation, the ethnic traditional sports culture has not only characteristics such as territoriality, nationality, diversity, heritage, integration of developmental nature, entertainment, and vulnerability, but also the value function of recreation, health care, education and national amalgamation. Also, it is a precious cultural heritage in developing cultural tourism and carrying forward the national spirit, as well as an important part of sports tourism under the background of the rapid development of cultural industries. Construction of the diamond model of ethnic traditional sports culture and tourism with strong points.

The model could provide theoretical guidance for developing tourism resources of ethnic traditional sports culture. From Figure 4, we can see that the model includes abundance of resources, economic conditions, the destination image, the level of competition in the industry, four fundamental factors and two auxiliary factors including (1) government and (2) chance. All these factors contact and interact with each other and commonly construct the model of ethnic traditional sports culture and tourism.

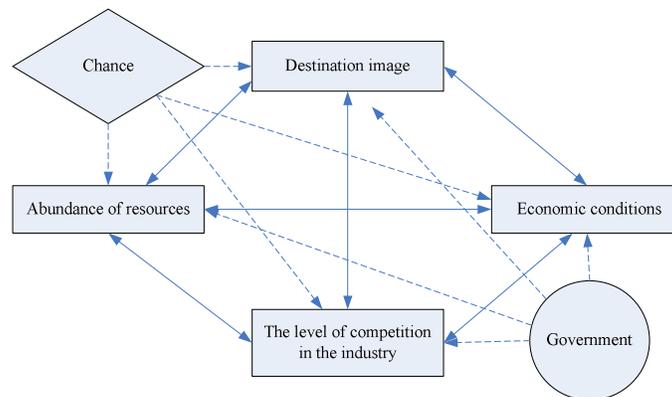


Figure 4 : The diamond model of ethnic traditional sports culture and tourism

CONCLUSION

Above contents are the study on diamond model's value evaluation and exploration of the competitiveness of sports industry. During the process, the paper mainly research on factors affecting the competitiveness of China's sports industry and construction of policy on China's sports industry based on diamond model. In the process, the value of diamond model is fully showed. Effective feedback should be provided for the construction of policy on China's sports industry, so that the model's value could be improved continuously.

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