

2014

BioTechnology

An Indian Journal

FULL PAPER

BTAIJ, 10(18), 2014 [09865-09871]

Study on the mechanism of corporate social capital and dynamic ability impacting on enterprise intelligence growth

Zhao Yan¹, Peng-Jie Sun^{2,*}¹School of Accounting, Fujian JiangXia University, Fuzhou, (CHINA)²Logistics School of Linyi University, Linyi, (CHINA)

E-mail : 1074136095@QQ.com

ABSTRACT

Taking the Internet Economy Era as the research perspective, defining the concept of enterprise social capital and dynamic capabilities, delimitting enterprise intelligence growth, discusses the mechanism of enterprise social capital and its dimension affecting enterprise intelligence growth, investigates the mechanism of dynamic capabilities and its dimension influencing enterprise intelligence growth. Results show that enterprise social capital is the resource basis and resource protection of enterprise intelligence growth, the various dimensions of enterprise social capital play different role in safeguarding resources. Dynamic capabilities is the safeguarding ability and the key power of enterprise intelligence growth, the various dimensions of dynamic capabilities drive to achieve the targets of enterprise intelligence growth. Enterprise social capital is Adhesives between dynamic capabilities and enterprise intelligence growth, enterprise social capital is catalyst of dynamic capabilities converting to enterprise intelligence growth, dynamic capabilities is architects of converting to enterprise intelligence growth. Enterprise social capital and dynamic capabilities are the two wheel of driving enterprises intelligence growth, they are mutual synergy, they jointly drive and guarantee achieving the target of enterprise intelligence growth.

KEYWORDS

Enterprise social capital; Dynamic capabilities; Enterprise intelligence growth.



INTRODUCTION

Domestic and foreign scholars have long been concerned about how enterprise social capital and dynamic capability affect the enterprise growth, the research results have been fruitful. But when the theoretical basis of the traditional enterprise growth has been completely subverted or are being subverted by the internet economy era, it is a theoretical problem on how enterprise grow up in the internet economy era, it also is a practical issue. For these questions, the existing literatures discuss less in-depth. For that reason, this paper takes the internet economy era as the research background, incorporated simultaneously enterprise social capital, dynamic capabilities and enterprise intelligence growth into the framework of theoretical analysis, investigates the mechanism of enterprise social capital influencing enterprise intelligence growth, explores the mechanism of dynamic capabilities affecting enterprise intelligence growth, dissects the mutual relationship between enterprise social capital and dynamic capabilities, thus reveals the internal mechanism of enterprise intelligence growth in the internet economy era.

THE LITERATURE REVIEW

Since the 1990s, domestic and foreign scholars began to pay attention to the function of enterprise social capital promoting enterprise growth. By combing the existing research literature, the existing research literatures studied the effect of enterprise social capital to enterprise growth from four aspects. The first is positively related between entrepreneurial relationship network and enterprise growth, the research contents mainly including: the expansion of entrepreneur relationship network and enterprise development^[1], the progressive relationship between social relationship network of small business owners and enterprise growth performance, the difference of longitudinal and external relationship network of entrepreneurs impacting enterprise growth, etc. The second is that enterprise social relationship network is conducive to enterprise growth, the research contents mainly including: the network centrality impacting the level of enterprise growth^[2], the embeddedness of relationship network affecting enterprise growth^[3], the evolution stage of network structure and the level of enterprise growth^[4], etc. The third is that entrepreneurs social capital plays a vital role in enterprise growth, the research contents mainly including: the matching relations between entrepreneur social capital and every stage of enterprise growth, the internal mechanism of entrepreneurs social capital influencing enterprise growth, etc. The fourth is that enterprise social capital has a positive effect on enterprise growth, the research contents mainly including: social capital improving the future development of enterprise^[5], Social capital affecting the success rate of enterprise growth^[6], etc.

Scholars have paid attention of the relationship between dynamic capabilities and enterprise growth, many scholars studied the relationship from three aspects. The first is the relationship between dynamic capabilities and enterprise growth, the research contents mainly including: the logic relationship between dynamic capabilities and enterprise growth, the internal relationship between dynamic capabilities and enterprise growth, etc. The second is the mechanism of dynamic capabilities influencing enterprise growth, the research contents mainly including: the mechanism of dynamic capabilities affecting enterprise continued growth, the path relations of dynamic capabilities influencing enterprise growth, etc. The third is constructing the theoretical model of dynamic capabilities impacting enterprise growth, the research contents mainly including: the mechanism model of dynamic capabilities influencing enterprise growth, the model of dynamic capabilities sustaining enterprise growth, the theoretical model of dynamic capabilities regulating small and medium-sized enterprises growth, etc.

To sum up, some scholars studied how enterprise social capital influenced enterprise growth, other scholars researched how dynamic capabilities affected enterprise growth, research results are fruitful, gained many valuable conclusions, these conclusions play a certain guidance to enterprise growth. But there are also some research deficiencies to existing research literatures: the first is less discussion on the mechanism and characteristics of enterprise growth in the internet economy era; The second is less analysis on how enterprise social capital and the various dimensions affect enterprise intelligence growth; the third is rarely analysis on how dynamic capabilities and its various dimensions influence enterprise intelligence growth.

THE MECHANISM OF ENTERPRISE SOCIAL CAPITAL AFFECTING ENTERPRISE INTELLIGENCE GROWTH

Enterprise social capital is the sum of enterprise utilizing trust and specification to obtain various resources. Enterprise social capital accomplishes an important relations resources of organization, it facilitates the flow of information, it also promotes the exchange and integration of resources. Enterprise social capital mainly is divided into the relationship capital between enterprise and governments, the relationship capital between enterprise and bank, the relationship capital between enterprise and suppliers, the relationship capital between enterprise and clients, the relationship capital between enterprise and intermediary institutions, the relationship capital between enterprise and community, the relationship capital between enterprise and employees, the relationship capital between enterprise and other enterprises. Enterprise social capital is the guarantee and adhesives of resources of enterprise. Resources of enterprise constitute material guarantee and solid foundation of enterprise intelligence growth. Therefore enterprise social capital is also the resource basis and guarantee of enterprise intelligence growth. The interpretation of the mechanism is in Figure 1.

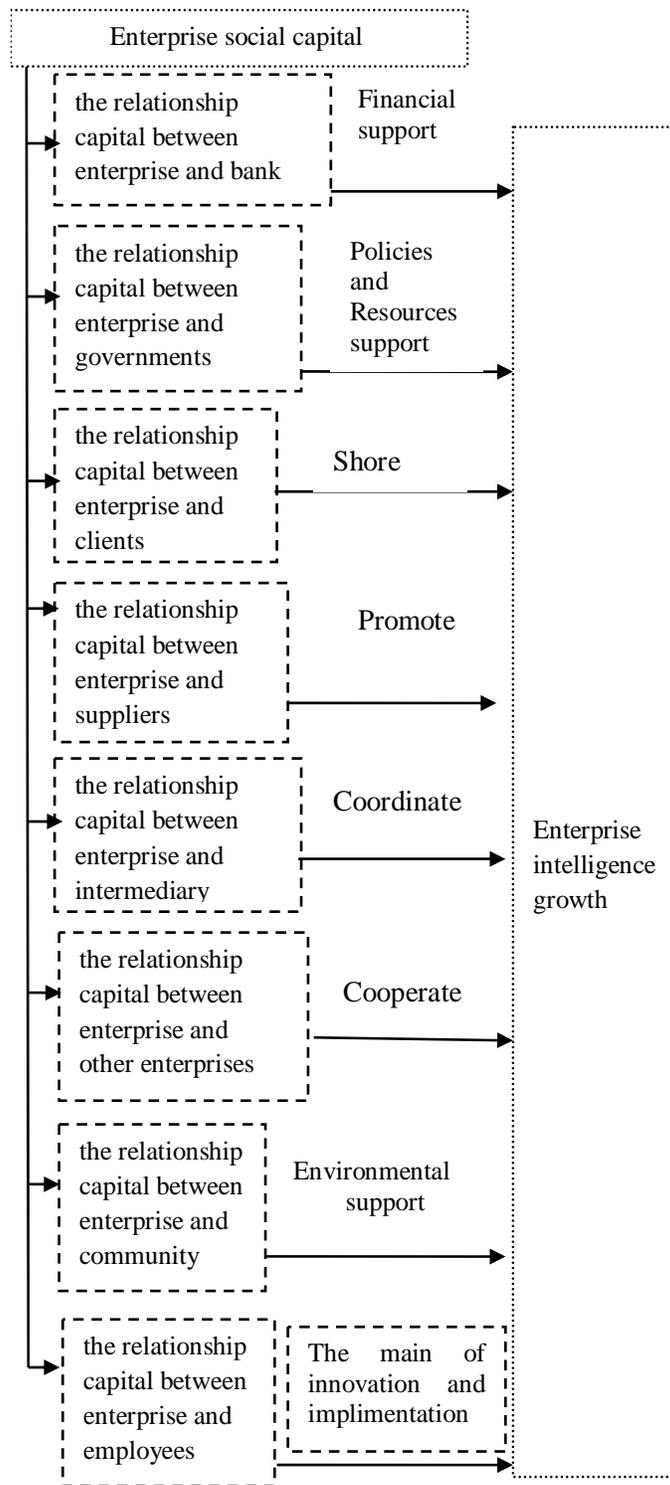


Figure 1 : The mechanism of enterprise social capital affecting enterprise intelligence growth

The various dimensions of enterprise social capital have different functions on enterprise intelligence growth.

The relationship capital is the internal social capital of enterprise between enterprise and employee. It is one of the determinants whether enterprise realizes intelligence growth, it is also the main body of enterprise innovation, and it is the source and carrier of dynamic capabilities. So culturing and rebuilding new talents are the key of enterprise intelligence growth in the internet economy era.

The relationship capital is the external social capital of enterprise between enterprise and supplies. It is also the propellant of whether enterprise achieve intelligence growth. In the internet economy era, the relationship capital between enterprise and suppliers transforms cooperation relationship from the original game relationship. Enterprises only realizes the functions of the internet in supply chain level, suppliers supply raw materials and other items in the lowest cost on longer,

suppliers need to participate actively the process of the front-end design of enterprise. According to the design need, suppliers determine the supply demand. Win-win and cooperation relationship capital between enterprise and suppliers becomes the impetus of enterprise intelligence growth.

The relationship capital between enterprise and other enterprises is the external social capital of enterprise, economic transformation and market transformation become a trend in the internet economy era, resources of every enterprise are limited, the best choice reacting rapid market response is to implement resources integration and innovation. So the relationship capital between enterprise and other enterprises becomes the booster of enterprise intelligence growth.

The relationship capital between enterprise and clients is the external social capital of enterprise, it is also zero distance, customers have individuation and variability. The inherent requirement of good relationship capital is that customers participate product design and sales. Enterprises need to make use of the internet to cooperation and innovation with customers, enterprise demands to implement the internet products, internet marketing and overall operating the internet.

Thence, enterprises build the three-dimensional relationship with customers, and make the relationship capital between enterprise and customers become the supporting power of enterprise intelligence growth.

The relationship capital is external enterprise social capital between enterprise and governments. Enterprise establishes independent and autonomous relationship with governments. The relationship becomes mutual support and interdependence, it is also a competitive partnership. Thus, good relationship capital between enterprise and governments is the accelerator of enterprise intelligence growth.

The relationship capital between enterprise and intermediary institutions is the bond of resources coordination and innovative coordination, and it is an important source of dynamic capabilities, it enhances the level of dynamic capabilities, so it helps enterprise intelligence growth.

The relationship capital is environmental elements of enterprise intelligence growth between enterprise and community, community can directly bring positive influence or negative influence to enterprise, this will lead to smooth or frustration of enterprise intelligence growth, so it is safeguard of enterprise intelligence growth.

The relationship capital is the guarantee of financial resources between enterprise and banks. Internet economy is changing the operation model of banks. The internet drive enterprise establish new relationship with bank, enterprises share the weal and the woe with banks. Therefore, this relationship capital provides financial support for the enterprise.

THE MECHANISM OF DYNAMIC CAPABILITIES INFLUENCING ENTERPRISE ENTERPRISE INTELLIGENCE GROWTH

Dynamic capabilities is the ability that enterprises achieve sustained growth of quantity and quality in the complicated environment. It not only includes the insight capabilities, integration and reconstruction ability, innovation capabilities and optimization capabilities, but also includes coordination capabilities, agile capabilities, security capabilities and mobile capabilities.

The rise and development of the internet economy are profoundly changing the game rules and competition situation of business world. Enterprises are facing a big challenge in the internet economy era. Enterprises only rely on dynamic capabilities and resources to react the challenge. Dynamic capabilities determine the boundary of enterprise intelligence growth. Dynamic capabilities influence the structure and performance of enterprise intelligence growth, it provides the source of power for enterprise intelligence growth, and drives enterprise intelligence growth. Thus, dynamic capabilities is the key source of power and support force for enterprises.

The various dimensions of dynamic capabilities have different influence on enterprise intelligence growth. The interpretation of the mechanism on dynamic capabilities impacting on enterprise intelligence growth is in Figure 2.

Insight capabilities is the first step of enterprise intelligence growth. It insight into environmental changes. It conduces to identify and predict how environment affects enterprise intelligence growth. Insight capabilities is the key of efficiency and effectiveness insighting into environmental change. Enterprise may use profession analysis as the important point, utilizes large data to analyze and estimate in order to discover and identify market opportunities. These help enterprises timely change and transfer strategy. These maintain the development potential, and enhance the competitive advantage. Therefore, insight capabilities are the previous step and important conditions.

Integration and reconstruction ability is an effective means and the inherent requirement that enterprises deal with dynamically changing environment. Resource reconfiguration capabilities provide the possibility for enterprise obtaining long-term competitive advantage^[7], resource reconstruction implements new resources potential replacing old resource potential. Integration and reconstruction ability is the essential requirement of dynamic capabilities, and the target process of dynamic capabilities. It contributes to the spiral of dynamic capabilities, and provides a strong foundation and powerful guarantee.

Innovation capabilities is the core competencies and essential requirement of dynamic capabilities. Enterprises only carry out transformation and innovation, develop new products and technologies, explore the innovation of business model, accelerate service and products innovation, and achieve sustainable competitive advantage. These only ensure the target of enterprise intelligence growth. Thus, continuous innovation capabilities is the eternal power of enterprise intelligence growth.

Optimization capabilities is the support strength of enterprise intelligence growth. Rapidly changing environments often lead to the enterprise process management to become ossified, enterprises need to adjust the management platform

structure utilizing the internet thought. Enterprises simplify management process,achieve driven business integration,and optimize the business infrastructure. Enterprises also actively establish a centralized and unified management platform and a relatively complete process system,promote the connecting parts of the process to run smoothly. So it can improves the efficiency of enterprise resources.

Coordination capabilities is the guarantee of enterprise achieving intelligence growth. The internet facilitates the information exchange and information sharing,so enterprises need to build the collaborative ecosystem and exploit the collaborative ecosystem to furnish the support of innovation resources. Thus,it can stimulate innovation potential of employee and obtain the supply sources of various materials,also expand product market and coordinate the relationships between enterprise and various stakeholders.

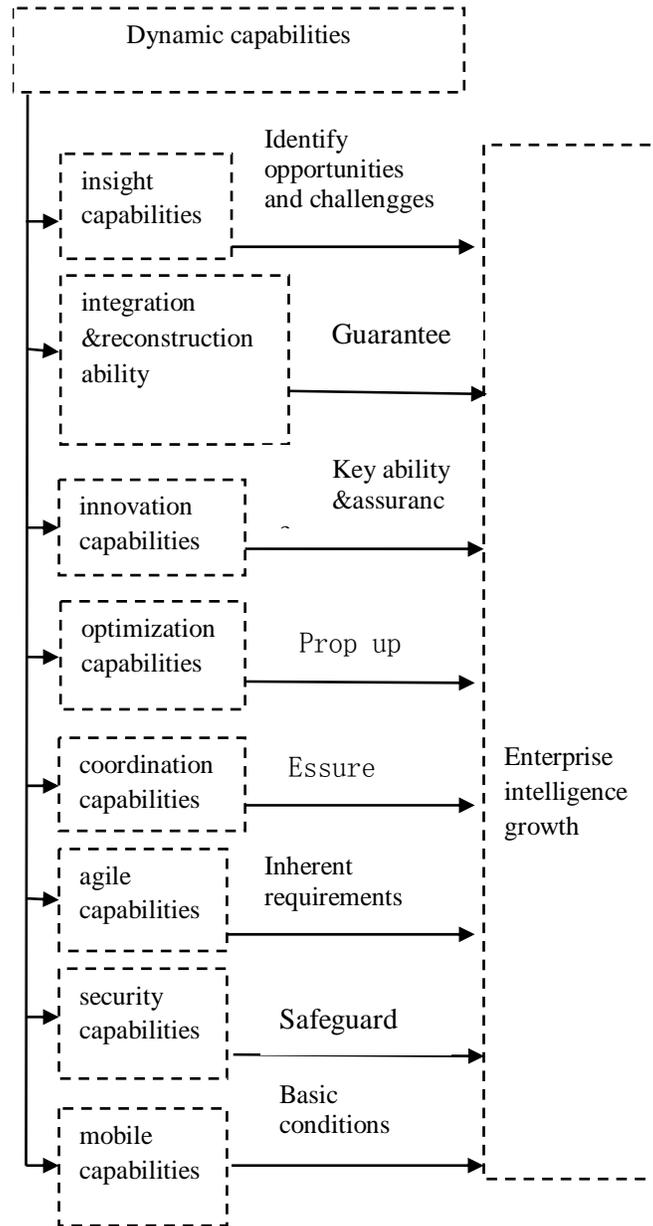


Figure 2 : The mechanism of dynamic capabilities influencing enterprise intelligence growth

Agile capabilities is the objective requirement and important factors. The internet economy brings much uncertainty to enterprises. Enterprises utilize agile capabilities to discern the low efficiency and inappropriate business. Agile capabilities help quickly identify business problems and find rigid process. Then,enterprises find the disparity of development direction in future. It also fast drives the integration and optimization. So agile capabilities is the inherent requirements of enterprise intelligence growth.

Security capabilities are objective demands of enterprise intelligence growth. complicated and changeable environment bring too much potential risks to enterprise,this risks seriously comber enterprise intelligence growth, enterprise need to utilize security capabilities resolving the risks. So enterprise attaches great importance to the safety management and

compliance operation,also handles the relationship between prosecution and security. Thence, security capabilities is the objective requirement of enterprise intelligence growth.

Mobile capabilities is the guarantee of fast delivery on product and service. The internet economy era is changing production,sales and supply. In the era of market demand and customers needs changing quickly,mobile capabilities ensure enterprise delivering timely products and services. It helps enterprises quickly complete business transactions,this makes the damage of the uncertainty and change reduced.

Thus, mobile capabilities is the basis and internal requirement of enterprise intelligence growth.

In conclusion,from above analysis,enterprise social capital influences dynamic capabilities and enterprise intelligence growth,dynamic capabilities affects enterprise intelligence growth,dynamic capabilities also effects enterprise social capital. The interpretation of the mechanism on enterprise social capital and dynamic capabilities commonly influencing enterprise intelligence growth is in Figure 3.

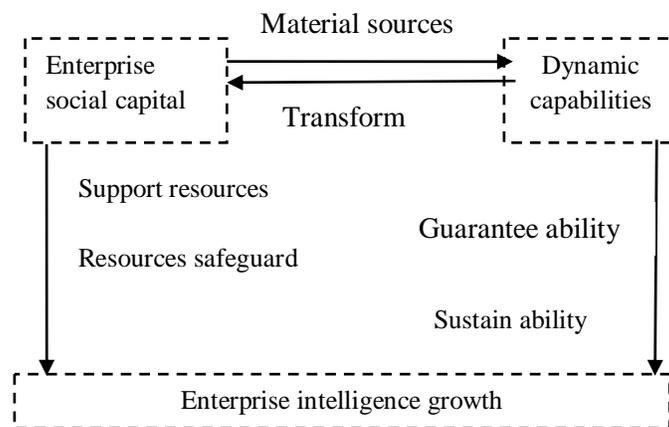


Figure 3 : The mechanism of enterprise social capital and dynamic capabilities influencing enterprise intelligence growth

CONCLUSIONS

With the particularity of the internet economy affecting the mode and path of enterprise growth as the research perspective,this paper analyzes how social capital and dynamic capabilities influence enterprise intelligence growth. These conclusions are as follows.

First,enterprises demand the resources indemnification and ability support in order to comply the target of enterprise intelligence growth. Enterprise social capital is the resources guarantee,dynamic capabilities is the ability support.

Second,enterprise social capital is the source and the starting point of dynamic capabilities,enterprise social capital is the material source and the indemnification forming and enhancing dynamic capabilities. Dynamic capabilities is the catalysts and processing machine that enterprise social capital transforms various abilities. It is interaction between enterprise social capital and dynamic capabilities,they commonly drive enterprise intelligence growth.

Third,enterprise social capital is the material basis of intelligence growth. Various dimensions of enterprise social capital have different function to enterprise intelligence growth,mutual synergy of these dimensions drives enterprise intelligence growth.

Fourth,dynamic capabilities maintains the developmental potential ability^[8],dynamic capabilities is the core strength and the critical power of enterprise intelligence growth. Various dimensions of dynamic capabilities have different effects on enterprise intelligence growth,various dimensions of dynamic capabilities affect the degree of the degree of quantitative change and qualitative change. They profoundly influence the speed of enterprise intelligence growth,also impact on the sustainability of enterprise intelligence growth. Insight capabilities is first step of intelligence growth,Resource integration and reconstruction ability is the base of enterprise intelligence growth, innovation capabilities is the key ability of enterprise intelligence growth. Optimization capabilities and agile capabilities are the boost power of intelligence growth,coordination capabilities and security capabilities are the guarantee of intelligence growth, mobile capabilities are the accelerating ability enterprise intelligence growth.

REFERENCES

- [1] S.Gordon; Redding, *The Spirit of Chinese Capitalism*, Berlin:Walter de Gruyter Inc, (1993).
- [2] W.W.Powell; "Neither Market Nor Hierarchy:Network Forms of Organization", *Research In Organizational Behavior*, **12**, 295-336 (December 1990).
- [3] R.Gulati; "Network Location and Learning: the Influence of Network Resources and Firm Capabilities on Alliance Formation", *Strategic Management Journal*, **20(5)**, 397-420 (May 1999).

- [4] M.Franco, H.Haase; “ Network Embeddedness: a Qualitative Study of Small Technology-based Firms”, International Journal of Management and Enterprise Development, **11(1)**, 34-51 (**January 2011**).
- [5] J.Florin, M.Lubatkin, W.Schulze; “A Social Capital Model of High-Growth Ventures”,The Academy of Management Journal, **46(3)**, 374-384 (**March 2003**).
- [6] P.S.Adler, S.Kwon; “Social Capital :Prospects for a New Concept”,Journal of Management Review, **27(1)**, 17-40 (**January 2002**).
- [7] K.M.Eisenhardt, M.Martin; “Dynamic Capabilities: What are They?”,Strategic Management Journal, **21(10)**, 1105-1121 (**October 2000**).
- [8] O.E.Willamson; “The New Institutional Economics: Taking Stock, Looking Ahead”,Journal of EconomicLiterature, **38(3)**, 595-613 (**March 2000**).