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# Influence Factors and Improvement Recommendations for Core Competency of Township Enterprises

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**Abstract** Core competency of township enterprises may be influenced from the property right, technology, scale operation, financial management and talent. In view of these influence factors, township enterprises should conduct technological innovation, bring into full play functions of talents, promote corporate culture of township enterprises, attach great importance to development of core products and innovation of relevant systems, and establish market information platform for township enterprises.

**Key words** Township enterprises, Core competency, Promotion, Recommendations

The core competency is a guarantee for survival and long-term development of enterprises in intense market competition. In the process of development of township enterprises, failure to form high core competency is an essential factor restricting their development. If lack of core competency, even if enterprises have excellent market opportunity and obtain rapid development, such development trend will disappear with deterioration of market condition. Therefore, it is required to study the core competency of township enterprises.

## 1 Connotation of core competency of township enterprises

A core competency is a concept in management theory introduced by American business strategy management scholars C. K. Prahalad and Gary Hamel in *Harvard Business Review* in 1990. Core competency is a unique ability that a company acquires from its founders or develops and that cannot be easily imitated and give the company one or more competitive advantages, in creating and delivering value to its customers in its chosen field<sup>[1]</sup>. With reference to this definition, the core competency of township enterprises can be defined as core capability of township enterprises in international operation in the condition of economic globalization. For example, in Chongqing Municipality, there are many township enterprises whose rapid development greatly supports construction of Chongqing's economy. In the economic globalization, it is particularly important for township enterprises in Chongqing Municipality to have unique core competency.

## 2 Influence factors of core competency of township enterprises

### 2.1 Property right

The core competency of township enterprises

is mainly influenced from property right, technologies, scale operation, financial management, and talents. Some township enterprises have the problem of unclear property right and rights and obligations, leading to information asymmetry between the owner and operator. Besides, vacancy of property right subject and ambiguity of government and enterprise seriously influence enthusiasm of operators and fairness of benefit allocation. Indistinct property right is the deep level reason influencing rapid development of township enterprises.

**2.2 Technologies** Most township enterprises have low level of technologies. They rely mainly on extensional expansion and input of specialized households. Backward technologies and outmoded facilities are their major problems. Few township enterprises have state-of-the-art technologies. In this situation, they will remain in inferior position in the intense market competition. Particularly in current time, such township enterprises have the danger of dying out. Some township enterprises have technological advantages in technological patents, technical know-how, production technologies and equipment, and these advantages form their core competency and lay solid foundation for their development<sup>[2]</sup>.

**2.3 Scale operation** Most township enterprises are small. They have few funds, weak technological force, simple management level, and separate investment, so it is difficult for them to form scale merit and consequently they will remain in inferior position in the market competition. In addition, there is a widespread problem of imperfect financial management in township enterprises. Accounting personnel have low quality, financial system is not perfect, financial supervision is not strict, and business accounting is not scientific. For example, in some township enterprises, fund collection, cashier and accounting are undertaken by one person. There is neither system of respective care of money and books, nor checking system. Setting and use of accounting items are improper. It is impossible to reflect the entire process of every business systematically.

**2.4 Talents** In the times of knowledge becoming equal to capital or even knowledge employing capital, the function of human

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capital for competitiveness of enterprise is undoubted. At present, major workers of township enterprises in Chongqing Municipality are still migrant workers. Most township enterprises are short of talents. Developing natural resources can not do without human resources. Lack of high level technologies and scientific management is an essential factor restricting township enterprises in lifting their core competency.

### 3 Recommendations for promoting core competency of township enterprises

**3.1 Improving product quality of township enterprises through technological innovation** Township enterprises should attach great importance to science and technology, increase input scientific and technological input, and make technological innovation, transform their economic growth mode, and make adjustment of industrial structure. Through making progress in cost saving labor-intensive technologies and technological innovation, township enterprises can increase their economic growth, ensure constant economic growth, and obtain strong development stamina and vigorous vitality. It is recommended to further improve financing channels of township enterprises and attach importance to the integration of production, teaching and research. Like township enterprises in Rongchang County of Chongqing Municipality, government sets up platform to bring into full play advantages of cultivation technology of Rongchang Campus in Southwest University, which realizes unprecedented development of relevant township enterprises, great increase of their core competitiveness and a characteristic township enterprise development road. Furthermore, technological innovation should have appropriate starting point, while township enterprises should establish perfect technological innovation mechanism.

**3.2 Bringing into full play functions of talents in the development of township enterprises** People and talents are key factors influencing the core competitiveness of township enterprises. It is particularly important to bring into full play functions of people and talents in building and promoting the core competitiveness of township enterprises. However, talent is a fuzzy concept and there is no definite judgment and exact definition. For enterprises, talents are those people who recognize core value concept of enterprises, have high professional quality and working skills, and can constantly create value for enterprises. If a worker can keep his minds on his own work, untiringly increase working efficiency, and produce high performance, he is a talent for the enterprise<sup>[3]</sup>. Taking this as judgment criterion, every worker is a talent and every worker can become a talent. The key lies in whether an enterprise can effectively manage talents and bring into full play their potential. It is recommended to establish suitable human resource management mechanism for township enterprises. Chinese enterprises do not lack excellent talents, but lack suitable mechanism and system for cultivation and guidance of talent growth. Namely, they lack soil and stage for growth of excellent talents and lack excellent ecological environment for human resources. Therefore, it

is recommended to learn internationally advanced and scientific internal management system to bring into full play functions of human resources. Core competitiveness of enterprises consists of many factors, but the fundamental role lies in human resources. Thus, no matter setting up brands, or making technological innovation, it is inseparable from human resources. In view of this, enterprises should formulate appropriate human resource strategy, and integrate various factors to form their unique core competitiveness with the aid of excellent human resource management mechanism.

**3.3 Improving corporate culture of township enterprises** Corporate culture is the rich ore having high potential value<sup>[4]</sup>. Corporate culture is not multi-purpose, but enterprises can not do without corporate culture. Corporate culture refers to the shared values, attitudes, standards, and beliefs that characterize members of an organization and define its nature. It is the pervasive values, beliefs and attitudes that characterize a company and guide its practices. It is deeply rooted in an organization's goals, strategies, structure, and approaches to labor, customers, and investors, as well as the greater community. As such, it is an essential component in any business's ultimate success or failure. According to our survey, corporate culture of most township enterprises in Chongqing Municipality remains in oral form. They think that shouting slogans or writing something on the board is corporate culture. In fact, the establishment of corporate culture also needs elaborate design, careful construction, and patient and insightful cultivation. Construction and improvement of corporate culture contain concern for people and assumption of responsibilities. Township enterprises of Chongqing Municipality should learn excellent corporate culture of famous enterprises. For example, they can learn Haier corporate culture, taking social responsibility in the first place and benefit and profit in the second place, returning for the society, responsible for shareholders, customers, workers, and integrating with the whole society. Township enterprises should fulfill their social responsibilities, improve their comprehensive competitiveness, operate their enterprises within the limits of laws, and pay taxes in accordance with regulations.

### 3.4 Attaching importance to development of core products

To survive at market, enterprises should constantly develop new products and develop their own core products. For example, Galanz Enterprise Group was once a township enterprise. Its microwave oven has lower price and better quality than other domestic and foreign products, bringing Galanz to be an internationally famous brand. Then, Galanz has its unique core competitiveness. Taking Chongqing Municipality as an example, township enterprises can develop their core products from tourism, agricultural products, and animal husbandry. They can decompose their existing technological combination, especially key technologies, and extend core technologies. Besides, they should bring into full play functions of technologies in expanding new products and fields, and support implementation of diversified operating strategy using core technologies. In addition, they should make untiring innova-

tion in core technologies, to keep them in leading position in their industry. Innovation of core technologies should include constant update of existing core technological combination and keep their advance, follow closely new revolutionary technologies, constantly analyze potential business opportunities, absorb new technologies, eliminate obsolescent technologies, and make transformation and improvement of core technologies.

### 3.5 Relevant institutional innovation of township enterprises

In the opinion of representative scholar D. North of the institutional innovation, scientific and technological progress play an essential role in economic development, but the key function lies in the institution, and institution is the guarantee for promoting economic development and creating much more wealth<sup>[5]</sup>. Therefore, institutions must be changed closely following technological innovation. It is recommended to make breakthrough in technological innovation, take innovation of property right system as breakthrough of modern enterprise system, and take flexible functional change of township government as booster of raising core competitiveness of township enterprises. Government promotion is a great characteristic of township enterprise. After establishing modern enterprise system, township government should play the role of macro regulation and provide policy support for development of township enterprises. It is recommended to guide smooth progress of township industrial structural adjustment, provide reasonable exit mechanism for venture capital, reduce development risk of township enterprises, and pave road for upgrade of township industrial structure.

### 3.6 Establishing market information platform for township

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general manager responsibility system in accordance with simplified, unified and high efficient principle. Also, it is recommended to make bold exploration of multiple technology and economy integrated development mode. Especially, we advocate and support large-scale consolidation and optimization of existing technologies, funds, and market and management personnel.

### 3.3 Further strengthening scientific and technological innovation ability of enterprises

At the early stage of establishment, enterprises rely on scientific and technological achievement reserve and talent reserve of original research and development institutions, but their sustainable development mainly depends on their scientific and technological innovation ability. Therefore, agricultural scientific and technological enterprises should establish close cooperation, strengthen scientific and technological innovation ability and cultivate innovation talents, put 3 – 5% of total revenue in research and development, and gradually increase the percentage, to improve autonomous innovation ability.

### 3.4 Strengthening external environment construction of agricultural scientific and technological industrialization

It is recommended to increase fund input and improve the fund in-

**enterprises** Information is guide of commodity production and is intangible wealth. Due to scientific and technological revolution, information volume of modern society increases sharply. Therefore, establishing information system to obtain, process and use information has become important precondition for enterprises keeping core competitiveness. It is recommended to effectively launch and implement e-commerce. Township enterprises can establish business relationship with domestic and foreign market through internal network, external network or Internet. Through this, township enterprises can obtain large volume of information, reduce product cost, increase product quality, and improve their enterprise and product popularity. In addition, it is recommended to further optimize management of township enterprises. At present, management has become a hot topic of every enterprise. However, most township enterprises have low management level, which is an essential reason for their lack of competitiveness.

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put mechanism. Relevant departments and local government may increase support for agricultural scientific and technological industrialization through spanning plan, achievement conversion fund project, harvest plan and special project of agricultural scientific and technological industrialization, select some excellent projects and increase the development of agricultural scientific and technological achievements. Besides, it is recommended to strengthen protection and management of agricultural intellectual property right. It is required to regulate market behavior in the process of agricultural scientific and technological industrialization and safeguard lawful rights and interests of scientific and technological innovation entities on the basis of *Law of the People's Republic of China on Progress of Science and Technology* and *Regulations on Protection of New Crop Varieties*. Besides, it is recommended to guide agricultural enterprises and agricultural scientific research institutions, colleges and universities establish and improve intellectual property right management system.

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