

# Research on the Relationship Between Soft and Hard Power of Enterprises

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**Abstract**—Since the concept of enterprise soft power was put forward, experts and scholars have shifted their research from the perspective of international politics to enterprises. They are mostly involved in the concept of soft power on the definition, characteristics, structural models, methods, which means that aspects of the study of soft power is more specific, but they ignore the hard power of the enterprise to explore. Reading a lot of relevant literature, based on the study of soft power, I defined the hard power and systematically defined the relationship between soft and hard power by using the triangle principle and DNA double helix model.

**Keywords**—*enterprise soft power; enterprise hard power; the relationship between hard and soft power*

## I. INTRODUCTION

As soon as the concept of soft power was put forth, it was recognized by a large number of scholars, and its concept was introduced into enterprise organizations from the perspective of international politics. The connotation, characteristics, structural model, research methods and training construction of enterprise soft power studied in depth, but there were also some problems. Firstly, there is ambiguity in the definition, weak systematic explanation of soft power of enterprises, and no distinction between international organizations and enterprise organizations. Secondly, the structural model and research methods are relatively simple. Thirdly, in the construction of enterprise soft power, most researches are conducted around soft resource, which is one of the functional mechanisms of soft power, while hard resources are often neglected, so the construction research of enterprise soft power cannot be grasped as a whole. On the whole, experts and scholars have conducted comprehensive and specific researches on enterprise soft power, but they have ignored the research on hard power, failed to see that hard power is the premise and foundation of soft power development, and ignored the powerful driving force of the interaction of soft and hard power on organizations. In view of this, this paper combs the relevant research results from the concept definition and mutual relations of enterprise soft and hard power, explores the research field of enterprise soft and hard power, and opens up a new path for the proposal of enterprise competitive advantage.

## II. LITERATURE REVIEW

After the Cold War, American scholars have systematically considered the development model of the United States, and proposed that power is a kind of ability to achieve one's desire through influencing others, which can be reflected by means of coercion, purchase, temptation and attraction. At the same time, they divided comprehensive national power into two forms: hard power and soft power. They believed that soft power refers to "the ability to achieve expected goals through attraction rather than coercion or inducement", and hard power is "the ability to control others to achieve desired goals through the threat of military punishment other promise of economic rewards."

Joseph suggested that when a country's economic, military and other hard power is developing rapidly, like China, the neighboring countries tend to unite against it with the happenings of frightened due to guard against something. Nevertheless, if the country can develop in economic and military power at the same time improve the soft power to show attractive, it will cause less external performance of dangerous and the possibility of surrounding countries union will decrease[1]. Therefore, in the face of the theme of The Times of peace and development, focusing on the use of "carrot" and "stick", which means relying on traditional hard increasingly not conducive to solving problems and international issues. While soft power, relying on consultation, cooperation and other means, has become an increasingly important choice. Li (2012) proposed that the soft power's performance in the company's external was the enterprise social prestige, the enterprise brand, industrial integration and the actual control ability to industry networking [2]. Zhang(2011) stressed that one of the important ways to enhance the soft power of enterprises was to build enterprise culture[3].

Shao(2004) pointed out that soft power of enterprises is imperceptible to employees. It is the long-term value identification and code of conduct in each employee's mind, and it is gradually formed through long-term publicity, cultivation and education accumulation[4]. Zeng(2005) believed that enterprise soft power is a kind of ability, which is not the mandatory behavior of the enterprise on employees, but the enterprise makes the cohesion and centripetal force of the company improve through infecting and attracting subordinates, so as to achieve the expected purpose of the enterprise[5]. What's more, Liu(2006) studied the model construction of

corporate image power and the evaluation of corporate soft power, created 15 indicators related to brand promotion power, and divided corporate image power into three elements, namely, corporate cultural cohesion, corporate reputation appeal and product brand innovation power[6]. From the perspective of value identification of stakeholders, Li (2013) put forward that enterprises not only pursued the maximization of their own benefits, but also benefited maximization of stakeholders, so that the ability of stakeholders to generate value identification of enterprises is enterprise soft power [7].

### III. DEFINITION OF HARD POWER AND SOFT POWER

Based on previous research interviews and literature reading, I comprehensively considered the views of other scholars and the differences between national organizations and enterprise organizations.

The author proposes that hard power refers to the ability of enterprises to obtain competitive advantage via the occupation of natural resources, social resource, enterprise resource and related factors of scarce resources, and utilizing direct (stop buying and selling, economic returns, etc.) and indirect (price down, monopoly policy, etc.) ways to have an impact on existing and potential competitors, control of the situation and achieve the expected goals of the enterprise. Moreover, elements of enterprises hard power are composed of tangible and intangible resources. It can be seen that the hard power of enterprises is not only based on tangible material resources, but also requires excellent corporate culture and scarce management skills acquired through long-term accumulation. Apparently, IBM's evolving corporate culture of excellence is a significant part of corporation strength.

In addition, different from the competition of national organization, the enterprise hard power concept emphasizes direct and indirect effect, which means that enterprise of rival power is through some strategies applied to consumers and other stakeholders, indirectly by the reaction of stakeholders in the competition, the above argument does not exclude the influence enterprise the stakeholders by direct means, and the most national level competition is direct military war and economic sanctions. Enterprises' hard power is not only exerted on the outside of the enterprise, but also on the inside of the enterprise in many cases, such as rich returns, so as to achieve the expected goal by controlling the internal and external situation of the enterprise and obtain competitive advantages.

From the definition of enterprise soft power by experts and scholars, they all put forward that enterprise soft power is an immaterial ability from different aspects and angles comprehensively. However, there are still some problems, such as ambiguity in the definition and weak systematic description of enterprise soft power.

Different from hard power, the embodiment of enterprise soft power emphasizes on gaining spiritual recognition through influencing and attracting existing and potential competitors, so as to control the situation and achieve the expected goal. From what has been discussed above, we can see that the ultimate goal of both hard power and soft power is to gain competitive advantages and achieve sustainable development.

In order to achieve this goal, the main body of the enterprise must know when to use the hard power, when to use the soft power, and under when to make joint efforts. Moreover, only by knowing the relationship between the two, the mechanism of action and the impact on the enterprise can make it.

### IV. THE RELATIONSHIP BETWEEN ENTERPRISE SOFT POWER AND HARD POWER

Joseph explains the relationship between soft power and hard power more integrally in his book *Destined to Lead*, arguing that the difference between the two "is simply the nature of behavior and the resources that constitute power". First of all, from the perspective of behavior, hard power is "imperative power - the ability to change him do - depends on the ability of threats and inducements", soft power is assimilation power - the ability to shape his person expect - to be able to use attractive culture and ideology to make other countries unable to express their interests preference by means of controlling agenda to counsel ".

#### *A. Enterprise Soft Power and Hard Power are Different from Each Other*

First of all, they are different in nature. Enterprise soft power is an attractive, homogenizing, creating and mobilizing force. With the help of attractive corporate culture, ideology, values and system, it makes competitors gasp in admiration and stakeholders proceed without hesitation. Corporate hard power is a kind of coercive force that achieves its own goals by controlling competitors and stakeholders. Secondly, they have different ways of utilizing the resources and different effects. Through communication and consultation, enterprise soft power subtly influences competitors and stakeholders to achieve a win-win situation and achieve the effect of subduing the enemy without fighting, just as IBM, who had benefited from the comprehensive competitiveness shown to its rivals through its strong soft power. The hard power of enterprises, by means of price suppression, policy monopoly and economic temptation, forcibly controls rivals and stakeholders, which often works in the short term but does not last long. Moreover, there are different opportunities for the use of the two. In the daily operation of the enterprise, we should pay attention to the use of the soft power of the enterprise. When the soft power is hard to play a role or ineffective in the face of some emergencies, the hard power is needed to solve the situation in critical moment.

#### *B. Soft Power and Hard Power Complement Each Other and are Indispensable.*

1) *Both soft and hard power are indispensable for an enterprise:* After painstaking research, the author found that the relationship between enterprise soft power, enterprise hard power and enterprise comprehensive power is like three sides of a triangle, in which enterprise comprehensive power is like the hypotenuse of a triangle, and enterprise soft power and enterprise hard power are the two short sides of a triangle. First, the length of the hypotenuse length depends on the edge of the other two Angle and the angle between them. Given a

certain Angle, the length of the two sides determines the length of the hypotenuse; when the length of the short side is determined, the larger the angle, the longer the hypotenuse will be, in other words, the stronger the soft power and hard power of the enterprise are, the stronger the comprehensive strength of the enterprise will be. With the soft power and hard power of enterprises tend to be stable, the larger the angle of interaction between them, the wider the horizon will be, and the greater the competitive advantage of enterprises will be. Secondly, there is no triangle with any short side approaching zero, that is to say, the soft power and the hard power of the enterprise complement each other. If one party approaches zero, the enterprise's overall competitive advantage will disappear. Third, different length ratios and action angles of the two short edges can combine different enterprise comprehensive strength. In other words, when an enterprise encounters different situations, it can obtain different enterprise comprehensive strength by adjusting the size of enterprise soft and hard power as well as the Angle of action, namely, the field of vision. The interaction between soft and hard resources constitutes the source of enterprise's soft and hard strength, which makes the soft and hard strength spiral upward in the interaction. The potential advantages of the soft and hard strength can be brought into play, resources can be saved, and the maximum effect can be achieved with the least consumption, so as to enhance the competitive advantage of the enterprise and realize the sustainable growth of the enterprise. As is shown in Fig.1.

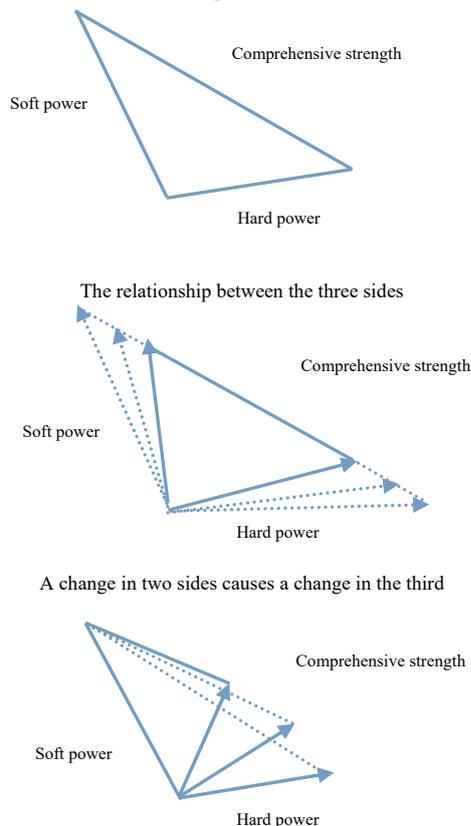


Fig. 1. A change in Angle causes a change in the length of the third side

2) *They complement each other, promoting and restricting each other:* First, the successful application of either hard power or soft power will promote and enhance the other party. For example, when many competitors tried to encase the microwave oven market that Galanz had invested a lot of money in, it adopted the appropriate price strategy to maintain its market share, making it the first place in the microwave oven market and creating a large number of enterprise hard power resources. Based on the hard power resources, it provides a strong backing for the establishment of Galanz soft power, and then generates super attraction to its stakeholders, strengthens the competitive advantage of the enterprise, and builds the empire of household appliances industry. Therefore, to some extent, enterprise hard power is a firm backing for enterprise soft power to some extent. On the other hand, enterprise hard power is a beneficial supplement to enterprise soft power. At the same time, the proper use of soft power will greatly strengthen the hard power of enterprises. Alibaba's name, for example, as the logistical system covering the whole country and even the world entered innumerable families, and their own purchase and sale of Alipay system is realized the online security, make the whole industry chain, successfully guide the consumer behavior, subtly prompted stakeholders agree with their values. Clearly, Alibaba's soft power plays a significant role in this process. Like a magnet, Alibaba and its excellent founder jack ma attract and accumulate a large number of resource elements. Their bargaining power over upstream suppliers and intermediaries has been steadily improved, and their control and influence over the market, policies and stakeholders have been strengthened. The soft power of Alibaba group indirectly improves the hard power of enterprises through the accumulation of resources, so as to obtain the competitive advantage of enterprises and realize sustainable development. The successful listing of Alibaba in the United States can well illustrate this problem. At the same time, the two are mutual constraints, the improper use of either side will affect the other strength reduction. 2008 was a turbulent year for dairy companies, as the improper use of hard power led dairy farmers to put too much melamine into raw milk for profit, which led to the detection of excessive melamine in various dairy products. On the surface, the damage is to the quality of the products, but in fact, the social reputation of the related enterprises has been sharply reduced, and the influence and attraction of the related dairy enterprises have declined at the same time, greatly damaging the soft power of the enterprises. However, the recovery of enterprise soft power is not a quick recovery of product quality. It requires the enterprise to invest a lot of human, material and financial resources to recover its vitality. A slightly careless enterprise may be on the verge of bankruptcy, which will damage the enterprise's hard power again to a large extent. It was only when COFCO stepped in in 2009 that the barrier was breached and Mengniu Dairy was able to breathe and gradually recovered its vitality. It can be seen that there is a mutual restriction relationship between the

two, in which any improper use of one party will implicate the other party, and the recovery of the other party affected by the other party is not short term can be achieved, need to invest a lot of resources. If the external environment deteriorates at this time, the disapproval of stakeholders, such as bank tightening or debt collection, will be fatal to the whole system.

#### V. CONCLUDING REMARKS

There is no doubt that enterprise hard power and enterprise soft power together constitute the comprehensive strength of an enterprise, and both of them complement each other. In today's globalization, the exertion of enterprise soft power can often get twice the result with half the effort, which can not only reach the expected goal of the enterprise but also enhance the competitive advantage of the enterprise and lay a foundation for sustainable development. Hard power can provide necessary guarantee for the development of soft power. A large number of researches show that enterprises with strong hard power and soft power are bound to have sustained advantages in comprehensive strength. For enterprises with weak hard power and strong soft power will continue to improve their comprehensive strength. The comprehensive strength of enterprises with strong hard power and weak soft power will continue to decline. The enterprise with weak hard power and soft power has no advantage in comprehensive strength. To realize the long-term competitive advantage of enterprise soft power, we must fully realize the relationship between enterprise soft power and enterprise hard power. When implementing enterprise strategy, we should not ignore any aspect, but realize the organic combination of the two to enhance the competitive advantage of enterprises and lay a solid foundation for sustainable development.

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