Enterprise Strategic Rhythm and Competitive Advantage

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Abstract

The purpose of the enterprise strategic rhythm is to describe the dynamic characteristics such as the speed and variability of the enterprise strategic activities as time changes. Because competitive advantage is the key to survive and develop in dynamic environment, enterprises need to take a series of strategic activities to obtain competitive advantage. However, even the same type of strategic activities will produce different results due to differences in the implementation process. Therefore, it is very important to study the influence of strategic rhythm on the competitive advantage of enterprises from the perspective of time. By combing and analyzing 45 literatures in the field of strategic management based on time perspective, this paper carries out theoretical research on strategic rhythm in the process of strategic activities. Firstly, it defines the concept of enterprise strategic rhythm, and summarizes the dynamic characteristics of enterprise strategic activities as "strategic rhythm". Secondly, from the two dimensions of speed and variability, the enterprise strategic activities are divided into four basic strategic rhythm types: low speed low variation, high speed low variation, low speed high variation and high speed high variation. Thirdly, the paper combs and analyzes the causes of strategic rhythm from the three aspects of managers, enterprises and external environment, and then analyzes the influence mechanism of strategic rhythm on competitive advantage from the two time dimensions of speed and variability, thus forming the research framework of corporate strategic rhythm and competitive advantage. Finally, the future research direction is proposed to lay a foundation for further research on the strategic rhythm of enterprises.

Keywords

Strategic rhythm; Dynamic characteristics; Competitive advantage.

1. Introduction

How to obtain competitive advantages to achieve sustainable development has always been the core topic in the field of strategic management. However, in a rapidly changing market environment, the duration of a firm's competitive advantage is inherently unpredictable (Eisenhardt and Martin, 2000), so firms often need to adopt a series of strategic activities to gain competitive advantage. Among them, time is the basic factor affecting the effect of strategic activities, and even the same type of strategic activities may produce different effects due to different implementation processes (Tang et al., 2012). Therefore, time is also regarded as an important strategic resource. Giving full play to the role of time and grasping the rhythm of strategic activities play an important role in obtaining competitive advantages for enterprises (Davis et al., 2002).

This leads to two important questions: First, what factors shape a firm's strategic rhythm? With the extension of time, corporate strategic activities need not only to shape a suitable strategic rhythm according to managers' preferences, abilities and their own conditions, but also to make timely responses according to the dynamic changes of the environment. Second, how does the strategic rhythm affect the competitive advantage of enterprises? Because of the heterogeneity of the enterprise's own resources and capabilities, even the same strategic rhythm has different
impacts on the enterprise. For example, V. ermeulen and Barkema (2002) found that the irregularity of international expansion of enterprises has a negative impact on the profitability of overseas subsidiaries. On the contrary, Lin (2012) ’s research based on family enterprises shows that regular international expansion of enterprises is not conducive to their adaptation to the dynamic changes of the international market. Therefore, it is an important issue of theoretical and practical significance to analyze the causes of strategic rhythm and explore the influence mechanism of different types of strategic rhythm on competitive advantage.

Although strategic rhythm is a key issue in the study of enterprise strategic management, it has not been paid enough attention to. At present, the analysis of strategic rhythm has not formed a unified concept and framework, both the definition of its concept and the construction of theoretical framework are worthy of further study. In view of this, by combing and analyzing 45 literatures in the field of strategic management based on the time perspective, this paper tries to promote the research on strategic rhythm from the following five aspects: First, the concept of strategic rhythm is defined from the time perspective, and the dynamic characteristics of the development of corporate strategic activities over time are summarized as "strategic rhythm"; Second, the basic types of strategic rhythm are divided from the two time dimensions of "speed" and "variability". Thirdly, the paper analyzes the reasons of strategic rhythm from the three aspects of managers, enterprises and external environment, in order to analyze how enterprises grasp the strategic rhythm suitable for their own resource conditions from the root; Fourthly, from the two dimensions of "speed degree" and "variability", we analyze how strategic rhythm affects the effect of enterprise strategic activities, that is, how strategic rhythm helps enterprises to shape and obtain competitive advantages. Fifth, in view of the shortcomings of the existing research, this paper puts forward the future research direction of strategic rhythm to be explored and specific feasible operational suggestions.

2. Strategic Rhythm and Competitive Advantage Theoretical Framework

Competitive advantage is a concept that covers many dimensions and levels, and is usually conceptualized as advantageous conditions and strategic advantages over competitors, which can help enterprises create more value (Barney, 1991; Peteraf and Barney, 2003). The main way for enterprises to obtain and maintain competitive advantage is through round after round of strategic analysis, strategic selection and strategy implementation, and a new round of strategic activities will be started after the end of the previous round of strategic process. It goes without saying that time must be a factor that cannot be ignored in the enterprise strategy activities. Time is a scarce, valuable and imitable resource, and appropriate time strategy is a competitiveness for enterprises (Stalk, 1988). In a complex and changing environment, enterprises incorporate the time factor into strategic management, and doing the right thing in the right way at the right time is the ultimate manifestation of their competitiveness (Gao Xuanwei et al., 2011). Therefore, proper strategic rhythm is an important source of enterprise competitiveness and competitive advantage. By adjusting the process of strategy execution and finding the right strategic rhythm, enterprises can make the maximum use of their resources and capabilities and obtain better strategic performance. In other words, it is very important for enterprises to implement strategy through proper strategic rhythm to obtain competitive advantage.

In the rapidly changing dynamic environment, time is a key strategic resource. Only when an enterprise finds a strategic rhythm that matches its own resources and capabilities, can it make the best use of its resources and capabilities with the help of time. So, how do companies find the right strategic rhythm to gain a competitive advantage? This becomes a critical issue in a rapidly changing context. As a complex system, the enterprise's strategic activities are affected by many internal and external factors, so the first step to find the appropriate strategic rhythm
is to accurately identify the reasons that produce or affect the strategic rhythm. First of all, at the individual level within the enterprise, as the strategic decision-maker, managers’ time concept and rhythm style affect the overall tendency of the enterprise strategy execution process. On the one hand, the manager’s own resources and abilities affect his strategic decision-making ability; on the other hand, it directly affects the choice of enterprise strategic direction; on the other hand, it determines the support degree of the manager’s preference for his own rhythm style; Therefore, managers’ time concept, rhythm style and their own resources and abilities are important reasons that affect the strategic rhythm of enterprises at the personal level. Secondly, at the enterprise level, its own resources and capabilities are the basis for supporting corporate strategic activities, and the changes in the nature and content of strategic activities fundamentally determine the accumulation of relevant experience and knowledge in the process of corporate strategy implementation. Therefore, resources and capabilities are an important reason for generating strategic rhythm at the enterprise level. Finally, at the external level, because enterprises are seeking survival and development in a dynamic environment, they need to adjust their strategic activities according to the changes of the macro environment. Among them, the development of business network enables enterprises to connect with other enterprises through business network and conduct information exchange and resource cooperation. With the increase of communication intensity, the stronger the closeness of their strategies, the greater the impact on the rhythm of battle strategy. Therefore, the external macro environment and other enterprises are also important reasons for the production of corporate strategic rhythm.

The analysis of the causes of strategic rhythm is helpful for enterprises to actively shape the types of strategic rhythm from the root, but how different types of strategic rhythm affect the effect of corporate strategy and the acquisition of competitive advantage is the primary significance of grasping corporate strategic rhythm. Therefore, the second step for enterprises to find the strategic rhythm that matches their own resources and capabilities is to deeply understand the influence of strategic rhythm types on competitive advantage and its mechanism. Based on literature review and theoretical analysis, this paper constructs a theoretical framework of enterprise strategic rhythm and competitive advantage, which covers the causes of strategic rhythm, the corresponding types of strategic rhythm, and the influencing mechanism of strategic rhythm affecting competitive advantage, etc., and can be used to analyze how enterprises devote themselves to finding strategic rhythm suitable for themselves. And make full use of the role of time to develop their own resources and capabilities, so as to obtain competitive advantages. Based on the theoretical framework constructed in this part, the fifth and sixth parts of this paper will further explain the theoretical framework: the fifth part analyzes the reasons for the emergence of strategic rhythm, and the sixth part analyzes the mechanism of strategic rhythm affecting competitive advantage.

3. The Influence Mechanism of Strategic Rhythm on Competitive Advantage

As a strategic resource that has not been deeply explored, time determines how the resources and abilities of enterprises and their managers are used, which is the key point of this paper to emphasize the strategic rhythm. The above section distinguishes four basic types of strategic rhythm from the two time dimensions of speed and variability, analyzes the causes and manifestations of strategic rhythm, and points out that strategic rhythm will have an impact on an enterprise’s competitive advantage through speed and variability. This part will specifically analyze the mechanism of strategic rhythm’s impact on an enterprise’s competitive advantage from the two dimensions of speed and variability.
3.1. The influence mechanism of speed on competitive advantage

When speed is used to describe the speed of a strategic activity, it is mainly reflected in the decision-making speed and execution speed of the strategic activity. The speed of strategic decision determines the initial speed of enterprise strategic activities, reflects the reaction speed of internal and external environment changes, and lays the tone for the whole strategic rhythm to a large extent. The speed of strategy execution affects the process and final performance of the interaction between enterprises and the environment, and reflects the display process of strategic rhythm. The speed of decision making and the speed of execution will have an important impact on the competitive advantage of enterprises. On the one hand, speed affects the ability of managers. According to the view of first-mover advantage in classical economics, when enterprises are faced with market opportunities, managers need to take quick actions to seize valuable and limited resources (Gersick, 1994), and fast actions of enterprises are conducive to seizing opportunities and preempting opportunities (Xu Min et al., 2014). However, the limited rationality and limited cognitive scope of managers mean that search and decision-making are imperfect, and rapid strategic actions require managers to make many decisions in a short time, which increases the risk of information overload. In addition, the emphasis on rapid response is prone to fall into the "fast trap", that is, once a fast strategic rhythm is formed, it is difficult to jump out of it, which may lead to poor consideration and reduce the effectiveness of decision-making (Perlow et al., 2002). On the other hand, speed affects the ability of enterprises. Absorptive power is a firm's ability to identify and understand new knowledge and use this knowledge to create business outputs (Lane et al., 2006). Rapid strategic actions can further help enterprises adapt to the changing environment (Teece, 2007) and reduce the uncertainty of customers in various aspects (Homburg and Bucerius, 2005). However, the learning process is often continuous in nature, and sufficient time is devoted to complete the whole process of each strategic activity. Rapid strategy execution processes may exceed the limits of the firm's ability to take full advantage of and understand these changes, i.e. beyond the firm's ability to absorb (Cohen and Levinthal, 1990) or organizational learning (Hull and Covin, 2010). Therefore, whether the strategic rhythm is applicable to enterprises and how to obtain competitive advantage depends on the ability of managers and enterprises to grasp the strategic rhythm in time dimension.

When speed is used to describe the speed of the alternation of multiple strategic activities, it refers to the frequency of strategic activities, that is, the frequency, which represents the number of strategic activities occurring per unit time. A strategic activity does not exist alone and tends to have an impact on subsequent strategies, while time compression diseconomy absorptive capacity, organizational practices, experience, etc., are often assumed logical mechanisms. However, the influence of frequency on strategic effect has not been unanimously concluded, because the speed of strategic activity alternation affects the ability of managers and enterprises, and if it is beyond the scope of managers and enterprises' ability, it will cause negative effects. From the perspective of enterprises, the speed of strategic activity alternation affects the formation of corporate practices, the learning of experience and the absorption of knowledge. With repeated strategic activities, the firm can establish a stable routine (Amburgey et al., 1993), which in turn reduces the time required to initiate new strategic activities. In addition, strategic activities are believed to stimulate organizational learning and thus weaken organizational inertia. However, too high frequency, that is, the rapid alternations of strategic activities, will increase the risk of information overload, so that enterprises do not have enough time to learn and establish new practices (Levitt and March, 1988), in other words, rapid strategic pace will destroy the existing practices of enterprises (Klarner and Raisch, 2013; Vermeulen and Barkema, 2002), while it takes time to establish new organizational practices, enterprises implementing new strategic activities face huge adaptation costs and high complexity in seeking to develop new resources and capabilities, resulting in uneconomical
time compression (Dierickx and Cool, 1989; Hutzschenreuter and Voll, 2008). From the perspective of managers’ learning process, learning is an ongoing process, and the accumulation of experience takes time (Argote and Miron-Spektor, 2011). When the frequency is too high and strategic activities are alternating too quickly, managers may not have enough time to reflect on their early experiences, leaving managers with insufficient time to hone management skills. When the frequency is too low, managers are unable to retain what they have learned (Bergh and Lim, 2008).

To sum up, this paper analyzes the theoretical explanation mechanism of speed to competitive advantage. Speed affects the effect of strategic activities mainly by affecting the ability of managers and enterprises themselves. In today’s rapidly changing competitive landscape, it is particularly important for enterprises to react quickly and seize the opportunity. However, not all managers and enterprises have the ability to respond quickly. When the high speed requires the ability to exceed the capacity, it will lead to the managers or enterprises to make wrong decisions and damage the effect of strategic activities. Therefore, time is an important strategic resource, and speed is an important dimension of the use of time. Only when the speed is matched with its own resources, can the role of time be brought into full play. On the other hand, even enterprises lacking in resources and capabilities can obtain competitive advantages by finding a suitable strategic rhythm in time and changing the process of strategy execution (Tang et al., 2012).

3.2. The influence mechanism of variability on competitive advantage

Variability refers to the degree of change in the time span from one strategic activity to another strategic activity, and also refers to the regularity of the time interval, and the degree of variation represents the regularity of the strategic rhythm. There is no unified conclusion on whether strategic rhythm variability can make firms gain competitive advantage: some empirical studies show that regular rhythm is more effective than irregular rhythm (Klamer and Raisch, 2013), because according to organizational learning theory and path dependence theory, Regular strategic rhythm helps enterprises to form the corresponding learning ability or management ability, to a certain extent, can reduce the reaction time for enterprises, reduce the related exploration costs; However, from the perspective of dynamic capability and enterprise elasticity, other studies find that regular strategic rhythm makes it difficult for enterprises to cope with the dynamic nature of the environment, so enterprises need to maintain a certain degree of flexibility to cope with environmental changes (Lin, 2012), and the response mechanism that enterprises have spent energy to establish may not be applicable due to the rapid changes in the environment.

It can be seen that how variability affects the strategic effect mainly depends on the balance between the reuse of empirical knowledge and environmental adaptation, both of which pose challenges to the capabilities of managers and firms. There is no regular strategic rhythm that can be adjusted in time according to changes in the environment, but it may destroy the predictability of strategic activities, and the accumulated experience in the early stage will be disrupted by sudden strategic activities, so managers need high management ability (Laamanen and Keil, 2008). Regular strategic rhythm enables enterprises to cope with strategic activities in accordance with previous experience and rules, so that enterprises can better predict possible situations in the process of strategy and the effect of strategy implementation. Meanwhile, with the continuous progress of strategic activities, enterprises can form a driving force to promote the smooth completion of subsequent strategic activities (Turner et al., 2013). However, regularity can impair the alertness of managers, who are easily swayed by expectations set in advance and are reluctant to make strategic changes beyond their plans. As a result, excessive regularity can also lead firms to allocate resources in a linear and continuous manner, which can inhibit creative ways of allocating resources.
To sum up, as another important dimension of time utilization, variability is particularly important for enterprises to balance the reuse of experience knowledge with the adaptation to environmental changes. In order to gain competitive advantage from the time dimension of variability, enterprises need to classify and manage their experience knowledge, sort out the knowledge with high universality in time, form conventions, and apply it to guide subsequent strategic activities. Especially for knowledge that is highly specific and can bring competitive advantages to enterprises, attention should be paid to the effectiveness of knowledge (Kok et al., 2019). In a dynamic environment, enterprises must set up mechanisms to monitor organizational alignment with the environment and give new strategic activities a trial period (Sastry, 1997). Therefore, managers need to maintain vigilance at all times, overcome inertia and blind spots caused by regularity, and respond to environmental changes in a timely and appropriate manner.

4. Conclusion

In the process of survival and development, enterprises will inevitably adopt a series of strategic activities to obtain competitive advantages. In order to understand why an enterprise obtains competitive advantages different from other enterprises in the same type of strategic activities, it is necessary to start from the perspective of time and conduct a more in-depth analysis and grasp of the process of strategic activities. Based on the review and review of relevant literature, this paper constructs a theoretical discussion on the concept, types, causes of strategic rhythm, and how strategic rhythm affects the competitive advantage of enterprises. This study highlights the key role of strategic rhythm in strategic decision-making and strategy execution, which will help to provide ideas for the analysis of competitive advantage of enterprises in the future.

Conflicts of Interest

The authors declare that they have no conflict of interest.

References