

# Evaluating Corporate Competitive Advantages Through Managerial Economics

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**Abstract:** This paper conducts an in-depth analysis of enterprise core competitiveness from the perspective of managerial economics. First, it elaborates on the concept and connotation of enterprise core competitiveness, pointing out that core competitiveness is the source of maintaining long-term competitive advantage for enterprises. Second, from the perspective of managerial economics, it explores the formation mechanism and influencing factors of enterprise core competitiveness, such as enterprise resources, capabilities, knowledge, and management, and analyzes the relationship between enterprise core competitiveness and performance. Finally, it proposes strategic suggestions for enhancing enterprise core competitiveness. The research in this paper aims to provide theoretical support and practical guidance for enterprises to understand, cultivate, and improve their core competitiveness.

**Keywords:** Core competitiveness, Managerial economics, Strategy.

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## 1. Introduction

In the current business environment of increasingly fierce global competition, the importance of enterprise core competitiveness is prominent. It is not only the cornerstone of enterprise survival and development but also the key to maintaining long-term competitive advantage in the market. This paper, from the perspective of managerial economics, conducts an in-depth discussion on the concept and connotation of enterprise core competitiveness, aiming to help enterprises better understand and cultivate their core competitiveness.

## 2. The Concept and Connotation of Enterprise Core Competitiveness

### 2.1. The Concept of Enterprise Core Competitiveness

Enterprise core competitiveness refers to a comprehensive ability formed during the long-term development of an enterprise, characterized by uniqueness, difficulty to imitate, and irreplaceability. It originates from the internal resources and capabilities of the enterprise, including various aspects such as technology, knowledge, management, and culture. Through effective integration and synergy, it enables the enterprise to maintain a competitive advantage in the market. This ability is reflected not only in the current market performance of the enterprise but also in its future development potential.

### 2.2. Characteristics of Enterprise Core Competitiveness

**Uniqueness:** Enterprise core competitiveness is formed through long-term practice and experience accumulation in a specific environment, possessing unique personal characteristics that are difficult for other enterprises to simply copy or imitate.

**Value:** Core competitiveness can create long-term value for the enterprise, improving its market position and profitability. It can not only meet the current development needs of

customers but also anticipate and satisfy their potential needs.

**Dynamism:** Enterprise core competitiveness is not unchangeable; it needs to be constantly adjusted and optimized with changes in the market environment and the enterprise's own development. Therefore, enterprises need to continuously engage in technological innovation, management innovation, and cultural innovation to maintain core competitiveness.

### 2.3. The Relationship between Enterprise Core Competitiveness and Competitive Advantage

There is a close relationship between enterprise core competitiveness and competitive advantage. On one hand, core competitiveness is the foundation and source for enterprises to gain competitive advantage. Enterprises with strong core competitiveness often occupy advantageous positions in market competition, satisfying customer needs and expectations by providing high-quality products and services, thereby enhancing customer trust and loyalty and forming stable competitive advantages. On the other hand, gaining and maintaining competitive advantages can further strengthen and improve an enterprise's core competitiveness. By continuously expanding market share, enhancing brand awareness, optimizing supply chain management, and other methods, enterprises can acquire more resources, providing strong support for the cultivation and enhancement of core competitiveness [1].

## 3. Reflections on Core Competitiveness from the Perspective of Managerial Economics

### 3.1. Cost Perspective

From a cost perspective, an enterprise's core competitiveness is closely linked to customer value perception. When choosing products or services, customers are concerned not only with price but also with the value they obtain. This value perception is often related to the customer's consumption time and the benefits gained from consumption.

For example, if a service can provide a large amount of useful information or meet specific needs for customers in a short time, customers will perceive this service as having high value, even if its price is relatively high. Therefore, from a cost perspective, an enterprise's core competitiveness lies in its ability to provide higher-value products or services at lower costs. Enterprises should focus not only on their production costs but also on deeply understanding customer needs and expectations. At the same time, enterprises need to continuously innovate their products and services to meet growing customer demands and proactively guide customers to more fully obtain the product value under the same conditions.

### **3.2. Management Perspective**

From a management perspective, an enterprise's core competitiveness is closely related to its internal management and organizational efficiency [2]. An efficient and orderly enterprise can often better mobilize employees' work enthusiasm, unleash their creativity, and ultimately form strong competitiveness. However, various motivational and interest conflicts may exist within an enterprise. These conflicts often stem from the incompatibility of motivations among participants, i.e., differences in value orientations and interest pursuits between individuals. When this motivational incompatibility reaches a certain degree, it can lead to reduced operational efficiency and intensified internal contradictions, thereby weakening the enterprise's core competitiveness. Therefore, from a management perspective, improving an enterprise's core competitiveness requires resolving internal motivational conflicts and enhancing organizational efficiency. This demands that the management and employees maintain consistent concepts and goals, resolving internal contradictions and mobilizing employee enthusiasm through effective communication and incentive mechanisms. Meanwhile, enterprises need to establish scientific and reasonable personnel mechanisms and management systems to optimize human resource allocation and improve management efficiency.

## **4. Reflections on Core Competitiveness**

### **4.1. Whether Products Meet Market Demands**

The market acceptance of products is closely related to whether they can meet customer needs. If a product cannot provide obvious additional value to customers, or if its development and design are not based on a deep understanding and research of current customer needs, it will be difficult to gain wide market recognition even with advanced technology. Therefore, true core competitiveness lies in whether an enterprise can keenly capture market dynamics, create products that are both innovative and meet customer needs based on their actual demands.

### **4.2. Low Cost or Low Price Cannot Reflect Enterprise Core Competitiveness**

Although reducing costs and improving efficiency are important goals for enterprises, low cost or low price alone cannot constitute core competitiveness. This is because when customers choose products, they value more the overall value and actual benefits brought by the product. If an enterprise only attracts customers through price reduction while neglecting the quality of the product itself and service, such a competitive advantage is likely to be temporary. Therefore,

enterprises should focus on enhancing product added value and service quality while pursuing cost-effectiveness to form true core competitiveness.

### **4.3. The Importance of Scarce Resources**

Scarce resources can bring competitive advantages to enterprises to some extent, but this advantage is not equivalent to core competitiveness [3]. This is because scarce resources themselves cannot guarantee long-term success for enterprises; the key lies in how enterprises effectively utilize these resources and transform them into actual competitiveness. For example, technical certifications or market access qualifications obtained through scarce resources can only form true core competitiveness when enterprises transform these resources into employee skill improvement, product innovation, or service optimization.

### **4.4. Maintaining Long-term Enterprise Competitiveness**

The competitive advantages shown in enterprise production and operation management are often temporary because the market environment is constantly changing, and competitors are continuously improving. Therefore, to maintain long-term competitiveness, enterprises must constantly innovate to adapt to market changes and meet customer needs. At the same time, enterprises need to focus on cultivating employee skills and qualities, improving the overall learning ability and innovation capacity of the enterprise. This is beneficial for enterprises to remain invincible in fierce market competition.

## **5. Strategic Suggestions for Improving Enterprise Core Competitiveness**

### **5.1. Formulate Scientific and Reasonable Strategic Planning**

Formulating scientific and reasonable strategic planning is key to enhancing enterprise core competitiveness. Enterprises should clarify their development goals, market positioning, and competitive advantages, and based on these, develop strategic plans that fit their actual situation [4].

Utilize managerial economics principles for rational resource allocation. Enterprises should rationally allocate limited resources based on managerial economics principles to maximize benefits.

Improve human resource management. Human resource management is an essential component of enterprise core competitiveness. Enterprises should focus on talent recruitment, training, and motivation, establishing a comprehensive human resource management system. Through performance evaluation and compensation incentives, they can stimulate employee enthusiasm and creativity, enhancing overall enterprise performance.

Pursue maximum utility of talent groups. Enterprises should optimize talent group structure and synergy. This can be achieved by rationally setting up institutions, positions, and responsibilities to build an efficient and streamlined talent team. Additionally, enterprises should strengthen communication and collaboration among talents, fostering a positive team atmosphere and cooperative spirit, thereby improving overall talent group effectiveness.

## 5.2. Strengthen Organizational Learning and Knowledge Management

To strengthen organizational learning and knowledge management, enterprises need to build an open, inclusive learning organization that encourages knowledge sharing and experience exchange among employees. Simultaneously, enterprises should establish an effective knowledge management system to ensure efficient knowledge utilization and experience inheritance. Moreover, enterprises should focus on introducing and learning external knowledge and technology, helping to cultivate and enhance their core competitiveness and maintain a leading position in market competition.

## 5.3. Cultivate Innovation Spirit and Capability

Innovation is the inexhaustible driving force for enterprise development and key to enhancing core competitiveness. Enterprises should focus on cultivating employees' innovation spirit and capability, encouraging them to dare to try new things and methods. Simultaneously, enterprises should establish a comprehensive innovation mechanism, providing strong institutional guarantees and resource support for employees' innovative activities.

In the process of cultivating innovation spirit and capability, enterprises should focus on aligning with market and customer needs. By deeply understanding changes in market and customer needs, grasping industry and technology development trends, and conducting targeted innovation activities based on these, enterprises can not only meet market and customer needs but also lead industry development trends, further enhancing their core competitiveness.

## 5.4. Build a Positive Corporate Culture

A positive corporate culture is crucial for enhancing enterprise core competitiveness. Enterprises should create a distinctive corporate culture, including core values, business

philosophy, and behavioral norms. This can strengthen employees' sense of belonging and mission, reinforcing team cohesion and centripetal force.

## 6. Conclusion

In summary, in the increasingly fierce market competition, the construction and enhancement of enterprise core competitiveness are particularly important. Enterprise core competitiveness is the cornerstone of an enterprise's survival and development. Only by continuously improving their core competitiveness can enterprises remain invincible in intense market competition. Therefore, enterprises should highly value the cultivation and enhancement of core competitiveness and incorporate it into their long-term development strategy.

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