

A Research on Competitive Power of Sports Industry in Henan Province Based on the Diamond Model

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Based on Porter's Diamond Model, the thesis analyzes the influential factors involving competitive power of sports industry in Henan Province in terms of productive factors, demanding situation, relevant supporting industries, strategies and organization as well as competitors of enterprises, governmental factors, and opportunities; then it explores strategic measures to improve competitive power of sports industry for the purpose to promote healthy and speedy development of sports industry in Henan Province.

Keywords: Sports Industry; Competitive Power of Sports Industry; Diamond Model; Henan Province

Introduction

Sports industry in Henan province has developed step by step since 1980s. Although it is late in beginning time, sports industry in Henan province develops very fast, with its field constantly expanding, its scale constantly enlarging, its quality improving, and its benefit obviously increase. Comparing to the sports industry in developed provinces, however, its competitive power is weaker, with the following problems: small scale, imperfect structure and system and low degree of market of sports industry. Based on Porter's Diamond Model, the thesis try to analyze the factors influencing the development of sports industry in Henan province, and discuss the strategic measure to promote the competitive power of Henan's sports industry.

Analysis on Factors Influencing Competitive Power of Henan's Sports Industry

Diamond Model is suggested by the famous strategic management Michael Porter, who comes from Harvard Business School of the U.S. Porter believes that there are four factors which decide industrial competitive power of certain kind: productive factors, demanding situation, relevant supporting industries, strategies and organization as well as competitors of enterprises and the performance of competitors. These four factors have bidirectional effect to form into diamond system. (See the following chart) Besides, there are other two affecting factors: government and opportunities [1]. Opportunities cannot be controlled, while the governmental policy cannot be ignored. Therefore, this thesis analyzes the factors influencing the competitive power of Henan's sports industry and the correlations, so that we could know the current situation of sports industry in Henan province.

Diamond System Influencing the Industrial Competitive Power of Henan's Sports Industry

Productive Factors

The necessary productive factors for industrial development fall into two kinds: one is primary factor of production, that is

natural resources, climate, geographic position, unskilled or half-skilled labors of our province in sports industry; the other is advanced factor of production, including the needed communication system, modern transportation, higher educational human resources and academic researches of all schools and so on. [1] Our province is abundant of labor resources, unique natural resources and distinguishing national and traditional sports culture, which form the favorable primary factor of production for the solid competitive power of Henan's sports industry. However, what matters in enhancing the industrial competitive power is the advanced factor of production, and our province is weak at that. At the view of the development of industrial competitive power, the impact of primary factor of production on the advantages of industrial competitive power is weaker and weaker; vice versa, the advanced factor of production is more and more important. Therefore, one enterprise can only rely on advanced factor of production so that they could have the high level competitive advantages of unique products and product technology and so on. However, the improvement of advanced factor of production is in need of longer time on labor force, abundant and continues investment. From the current status of the development of Henan' economy, at the present stage the development of Henan's sports industry still relies on primary factor of production. Porter believes that, competitive advantages built on primary factor of production are always weak, while those based on advanced factor of production can long last. Meanwhile, only with continuous creation, the advantages of elements could last. [1] The essence of competitive power of modern sports industry is the completion of science and technology. To gain advantages of the international competitive power, Henan province must enhance high quality of sports industry. Therefore, Henan's sports industry could not be confined in primary factor of production such as labor resources and natural resources, but we could have the aid of advanced factor of production such as modern communication, higher education human resources and all academic researches and so on.

Demanding Situation

Demanding situation is the character required by the domestic market on sports industry. In Porter's Diamond Model, he points out that home market is the driving force for the industrial development, which could encourage the improvement and innovation of one enterprise. [1] He also believes that if the scale of domestic market is sizable, the traits and organization of domestic market would affect the understanding of one enterprise and the reflection on the demand of consumers. According to data of investigation, the following is the existing feature of home demand in our province: great market capacity. But in the progress of cultivating advanced market, the demand in lower market is large with the competition in price, and lack of differences. What's more, consumers do not usually find fault with products. Their taste and idea of products are increasing, but the supply of sports industry often lags behind their demand. What we also should pay attention to is that, because of the uneven consumption ideas of urban and rural residents, the total level of sports consumer is general low, which haven't formed into creative force for enterprises of sports products. So far, the sports material and service products in Henan province takes outcomes of low science and technology content and low additional value as principal thing. And their industrial competitive power mainly reflects in labor-extensive production and management, which is one of the factors that leads the barren competitive power of Henan's sports industry.

Relevant and Supporting Industries

According to Porter's diamond theory, relevant and supporting industries and advantageous industries shares weal and woe, and one advantageous enterprise is not alone, which develops with the domestic relevant mighty industries. Therefore, the main industry develops only when its relevant upstream or downstream industries develop. This truth could also apply in sports industry. The definition of sports industry is one set with many organizations and departments that provide the productions and service on sports productions, so as to satisfy people's demand on sports event, performing activities and participating in body-building. [4] The competitive power of sports industry could also separate from the supports forming by the relevant and supporting industries. In recent years, with the steady development of pillar industries in sports industry, relevant industries such as sports tourism, sports insurance, and sports brokerage industry and so on also develop and boom step by step, but facing with great pressure and challenges as well. Take sports tourism for example, with the rich sports tourism resources; Henan province has successfully developed two unique activities of sports tourism: National Shaolin Wu Shu Festival in Zheng Zhou, China and National Annual Meeting on Shadowboxing in Jiao Zuo, China, Shi Ren Mountain all have gained great economic benefit and band effect. Many tourism departments see the tremendous business opportunities behind sports tourism. Other provinces cultivate and develop their sports tourism as well, and because of the high substitutability of resources, which shock the infant sports tourism in Henan province. Thus it can be seen that is one of the factors that deters competitive power of Henan's sports industry.

Strategies and Organization and Competitive Patterns of Enterprises

According to Porter's diamond theory, the structure and

management pattern of one enterprise can adapt to the competition of market, only if its strategies could satisfy the need of different customs. The sports enterprises are the core of sports industry, and the competitive ability of sports enterprises directly affects the comprehensive competitive power of sports industry. That we could say that the strategic competitive power of enterprises is the core competitive power of sports industry. [6] With large population, Henan province has a tremendous market of sports products, but we do not have self-owned brand. What's even worse, we do not have one national famous enterprise, and Henan's products haven't been seen at the sports Expo. The clothes of famous Henan player Deng Yaping have been produced by other provinces. Therefore, the urgent problems of Henan's sports products are: how to make full use of the intangible assets, and how to develop famous products with market potential. Henan's sports industry is weak in enterprise strategies, organization and competitive pattern: small scale of enterprises, the low market operation, and shortage in high level elites of management, poor products creative ability, hard skill creation and poor anti-risk ability and so on.

In Porter's diamond model, there are two variable factors: opportunities and government except the four basic factors. Having joined in the WTO, and successfully having held the 2008 Olympic, gives the sports industry and market in our province sever challenges and developmental opportunities: 1) beneficial to furthering opening up, which makes Henan's economy adapt to the economic globalization; 2) beneficial to capital importing and improvement of capital structure of sports industry; 3) beneficial to promoting the adjustment and optimize of inner structures of sports industry; 4) beneficial to enhancing all kinds of sports enterprises; 5) beneficial to increasing citizens' sports consumption.

The government factor is the last variable one in diamond model. Porter believes that government cannot create one competitive industry without foundation, and they could only lead and manage base on other factors in diamond model. [1] The role of government falls on the rational and on-time policy of sports industry, completion of laws and rules, their supports on sports industry and standardization of sports market and so on. Porter's competitive theory holds that the role of government is aiding factor, and we could not weaken government's role according to the situation and economic status in our province. In the contrary, government plays a indispensable part in the process of enhancing the competitive power of sports industry.

From the previous analysis, in a short time span, Henan province would maintain the advantages of its primary factor of production characterized in labor resources and natural resources, but we are lack of the advanced factor of production which has the competitive advantage. Though the potential market need of sports industry is large, our sports products and service products is still mainly low scientific contain and low adding value. They industrial competitive power has an expression in labor-extensive production and management, which makes the supply, fall behind the need. Besides, the weak of relevant and supporting industries has badly affected the enhancement of the competitive power of sports industry. Government plays an important role in the development of sports industry. Furthermore, sports industry faces both opportunities and challenges in front of WTO and 2008 Olympic.

The Strategic Measures that Enhance the Competitive Power of Henan's Sports Industry

To implement Personal-training Strategies, and to Build a Team of Excellent Entrepreneurs

Talents are the keys to the development of sports industry. And the shortage of managing talents has restrained the development of sports industry in Henan province. Therefore, all levels of governmental sports administrative departments should find and cultivate managing talents in all channels and forms, in specific; they could organize on-the-job training and further education for the managing departments. Also, they could recruit managing talents to work in sports operating department, and set up operating management majors in the sports academies or work with Finance and Economics Colleges to set up relevant majors to cultivate comprehensive managing talents in sports. So that, we could build a team with high quality, well business and familiar with international sports transaction, which could provide sufficient talents and mental support to Henan's sports industry and the development of sports market.

To Implement Consumption-pushing Strategies, and to Promote the Development of Sports Industry

Fundamentally speaking, the cultivation and development of sports industry depends on the capacity and structure of sports consumption, that is, without the enhancement of the level of sports consumption, there is no development and booming of sports industry, and no to talk about the competitive power of industry. The driving force of the development of sports industry is the popular and persistent need of sports consumption. In 21 century, citizens in urban parts and some advanced rural parts of Henan province, have the ability of sports consumption, whether it could convert into actual consumption depends on the national sports ideas and consumption habits. There are several things we should do to implement consumption-pushing strategies. First, we should grasp the opportunities of 2008 Olympic, and lose no time to inspire the intentions of sports consumption and transform their consumption idea. Once we have the heat spots in sports consumption, the development sports industry of Henan would speed up. Second, we should adopt kinds of ways to increase the level of citizens' sports consumption that is, we should set up diversified sports service system, lead and guarantee they participate in various fitness activities, and expand the community sports to draw more people to participate so that we could expand the sports market. Third, we should give great impetus to the hypostatization of associations, and hold kinds of sports activities with the help of associations- increasing members, expanding teams and active the sports market. Further, we should mating up contains of the teaching reforms in high schools and colleges, which add the proportion of entertainment sports projects, and the skills in sports consumption.

To Perfect Policies of Sports Industry and to Provide Necessary Policy Support

The governmental industrial policies play an important role in pushing the development of industry. In recent years, sports administrative department have made efforts on the policies of setting up sports industry, and they have gained primary result. However, there are still shortages of policy support in several areas of sports industry, which restrains the development of sports industry. Therefore, government could make the base point of policies at leading sports fitness, which needs whole

set policies with enough investment, constructions of investment in capital, society equity financing, taxation, sports lottery, and also sports funds, and to form multilevel system of policies and good atmosphere for the development of sports industry.

Fixed Position and to Forulate Feasible Development Plan

Body building is the major function of sports, and spending money on health is the common concept. So providing fitness fields and sales of fitness production is one profitable market. [8] With large population, the sports consumption idea and standard in Henan province has increased, so that the situation of fitness recreation industry of sports develops well. Comparing to the seaside developed city, Henan province do not have high-quality and professional Gyms and can hardly carry on some famous sports events. Even some provincial level sports events usually have limited influence. That is to say, consumption level is decided by economic level, and in consumption structure of Henan's sports industry, the appreciating consumption falls behind participating consumption. As improvement of hard condition needs mass capital and no fundamental effect in short time, the development of athletic show industry of sports should go steady and step by step. Under these situations, Henan province should emphasis fitness and entertainment market, and makes the athletic show market of sports the leading force, which advocates scientific and healthy concept of fitness and adjust their consumption structure. Besides, Henan province should also cultivate sports production market- to complete and expand the sports lottery market, to push forward the sports human resources market and to form the sports consultant market. To set up a well structured and functional sports market system is the necessary step to optimize the structure of sports industry, and also the basic of the development of sports industry.

Take Strong Precedence to the Development of Wu Shu Industry

Henan is the original places of two big sorts of Quan- Shao Lin Quan and Tai Ji Quan. It is well known that Shao Lin Kong Fu stands out throughout the world, and Shao Lin Kong Fu spreads all over the world. Here in Henan, we have strong atmosphere of Kong Fu and world-famous Chinese Kong Fu, which draw the attention of many Kong Fu fans to take part in Wu Shu competitions. The improvement of Wu Shu athletics pushes the development of athletic competitions and tourism economy forward. So far, Shao Lin Wu Shu of Songshan has set up a transnational culture and show media company, which performs hundreds of show abroad. Henan province also holds an arena contest named Wu Lin Feng, which has upheld the spirit of Shao Lin Wu Shu, and created great economic benefit. [5] Therefore, we should give full play to the advantages and resources of Wu Shu industry in Henan province, and develop tourism and training on "Shao Lin Kong Fu". Furthermore, we should explore relevant markets of sports industry, so as to realize its society and economic value in commodity economy society. Around Deng Feng city and Wen County in Jiao Zuo city, we draft shows and training of Wu Shu athletic competition and lay down the production and sales of Wu Shu production, and the developing measures of Wu Shu tourism. Last, we should advance the international competitive power of Henan's

sports industry at the breakthrough point of Wu Shu industry.

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