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## Discussion on the Relationship between Human Resource Conditions, Core Competencies, and Competitive Advantages of Enterprises: A Case Study Based on China Southern Airlines

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### Abstract:

*On the basis of analyzing the human resource conditions and core competencies of enterprises, this article explores the impact of human resource conditions and core competencies on the competitive advantage of enterprises. Through theoretical analysis, the human resource conditions of enterprises are regarded as congenital conditions, which are divided into three directions: skills and knowledge level, communication and cooperation ability, and communication and incentive mechanism; Divide the core competencies of the enterprise into four dimensions: personnel, technology, organization, and information capabilities. And explore how the inherent conditions and acquired capabilities of enterprises have a comprehensive impact on their competitive advantage. Based on this, empirical analysis is conducted using the case of China Southern Airlines to verify its theoretical hypothesis.*

**Keywords:** *Human resource conditions, core competencies, competitive advantages, China Southern Airlines*

### 1. Introduction

Since the 1990s, human resources, core competencies, and competitive advantages of enterprises have become the main concepts of enterprise strategy theory. Strategy theory believes that the competitive advantage of enterprises is built on the foundation of enterprise resources and capabilities. Many Chinese scholars have explored the connotations and relationships among human resources, core competencies, and competitive advantages of enterprises based on different research backgrounds and purposes. Representative studies such as He Jiangjun (2011), Shu Yan et al. (2014), Niu Ting (2015), and Zhao Hui (2016) have reached a consensus on exploring the impact of human resource conditions and core competencies on a company's competitive advantage. However, none of the above studies have revealed how human resource conditions and core competencies have a comprehensive impact on a company's competitive advantage. This article attempts to reveal this impact, taking human resources of enterprises as innate conditions and core competencies as acquired capabilities. It explores how innate conditions and acquired capabilities of enterprises have a comprehensive impact on their competitive advantages, thereby bringing economic

advantages to enterprises. An empirical analysis is conducted using China Southern Airlines as an example.

## 2. Theoretical analysis

### 2.1 The connotation of human resource conditions

In 1954, management scientist Peter Drucker regarded human resources as a special resource with four characteristics of "coordination, integration, judgment, and imagination" in his book 《Management Practice》. It must be developed and utilized through effective incentive mechanisms to bring foreseeable economic value to enterprises. Desler et al. (2009) believed that human resources are effective management of employees, and pointed out that human resources include analyzing the work undertaken by employees, developing demand plans and recruiting employees, cultivating employees' skills and knowledge levels, providing bonuses and benefits to employees, and communicating with employees in person; Zhao Shuming (2021) believes that human resources refer to individuals with labor capabilities who create material and spiritual wealth for society by engaging in physical and intellectual labor. However, there is no complete classification method for measuring human resource conditions in the academic community. Therefore, based on the definitions of experts and scholars, this article defines enterprise human resources as the collective term for various types of labor personnel that can promote enterprise operation, and divides human resource conditions into three directions: skill and knowledge level, communication and cooperation ability, and communication and incentive mechanism.

### 2.2 The connotation of core competencies

Core competence, also known as core competitiveness, is defined by two foreign scholars, Prahalad and Ganri Hammer, in the 1990 Harvard Business Review as the accumulation of knowledge within an organization. They believe that enterprises use this ability to effectively coordinate the organic combination of production technology and various knowledge. Subsequently, Barton, a representative of the core competence theory based on the knowledge perspective, stated that "core competence is a collection of internal knowledge within an enterprise, including technical systems, management systems, value norms, and employee knowledge and skills. Domestic scholars have also made many definitions of core competence, which are basically different. Therefore, based on a comprehensive analysis of the definitions of experts and scholars, this article defines core competence as a unique and irreplaceable ability of enterprises, which brings competitive advantages to enterprises through continuous mastery of knowledge and technology. Core competence is divided into four dimensions: personnel competence, technical competence, organizational competence, and information competence.

### 2.3 The Connotation of Competitive Advantage

Competitive advantage is the core content of enterprise strategic management, and British economist Chamberlain first proposed the concept of competitive advantage in his 1939 "Monopoly Competition Theory". However, many scholars both domestically and internationally have studied the connotation of competitive advantage from various perspectives, but these theoretical studies have not truly revealed the essence of competitive advantage, resulting in incomplete definition and some ambiguity in understanding it. The representative viewpoint among them is: Schindler proposed that "competitive advantage is a unique market advantage, and enterprises can obtain aspects that other competitors do not have by allocating resources"; Porter pointed out in his book "Competitive Advantage" that a company's competitive advantage stems from how much value it can create for customers; Ma Gang (2006) believes that a company's competitive advantage comes from having unique resources and capabilities, and it is a manifestation in the market that can be measured by relevant financial indicators. In summary, this article believes that a company's competitive advantage is the overall combination of advantageous resources such as production technology capabilities, organizational structure, and human capital, which can surpass competitors and create value for customers.

### **3. The impact of human resources and core competencies on competitive advantage**

#### **3.1 The impact of human resource conditions on competitive advantage**

The essence of enterprise development is to utilize the tangible resources (including material and financial resources), intangible resources (including technology, reputation, culture), human resources and other internal resources owned by the enterprise to adapt to the constantly changing external environment. How to utilize the changes in the external environment to bring development opportunities to the enterprise and establish a sustainable competitive advantage has become the focus of enterprise attention. Among them, human resource management is an essential part of enterprise development. Nowadays, employees have become the most basic source of motivation in enterprise development, and human resources are the effective management of employees' various tasks, thereby establishing a unique competitive advantage of the enterprise and achieving maximum economic benefits. Zhao Xiaoming (2009) mentioned in the article that Barney, a representative figure of corporate strategic management theory, holds the view that strategic human resources have four characteristics: scarcity, irreplaceability, difficulty in imitation, and value. These four characteristics are the core ways for enterprises to obtain sustainable competitive advantages. Scarcity indicates that human resources are different from other resources, and different individuals have differences in their cognitive abilities; Irreplaceability indicates that employees have specificity, as the increase in work experience increases the value; The difficulty of imitation indicates that the culture and normative norms formed by the enterprise over a long period of time have formed a psychological tacit understanding while employees gradually understand and master them; Value indicates that the knowledge and technology possessed by workers can bring value to the enterprise.

Drawing on the above research perspectives, this article believes that human resources conditions can be achieved by recruiting and selecting outstanding talents, cultivating their skills and knowledge levels, communicating and cooperating abilities, timely communicating and valuing employees' various needs in the workplace, establishing effective reward mechanisms, encouraging employees to work actively, making them irreplaceable high-quality talents, and thus bringing value added to the enterprise to obtain sustainable competitive advantages. How does human resources affect a company's competitive advantage? Based on the above analysis, this article regards human resource conditions as the innate conditions for enterprises to obtain competitive advantages, and proposes hypothesis 1: Human resource conditions have an impact on the competitive advantages of enterprises from three directions: skill and knowledge level, communication and cooperation ability, and communication and incentive mechanism, thereby improving the economic benefits of enterprises.

#### **3.2 The impact of core competencies on competitive advantage**

Core competence is the ability that an enterprise continuously accumulates in various aspects such as technology, manpower, and capital during its long-term development. It can enable the enterprise to create value for customers and itself in the business process with greater superiority, and gain a competitive advantage by surpassing competitors. Zhou Xing et al. (1999) argue that developing countries have neglected the cultivation of core competencies in the process of technology introduction, leading to a vicious cycle. In order to break the vicious cycle, they propose that developing countries should build core competencies from five aspects: technology, knowledge, management, information, and values, in order to gain competitive advantages; Nie Kai (2016) believes that core competitiveness is an important link for enterprises to gain market competitive advantages and promote their development. It is composed of nine elements, including strategy, decision-making, organization, employees, system, culture, brand, platform, and innovation.

Drawing on the above research perspectives, this article believes that corporate human resources can enhance employees' knowledge and skill levels through training, as well as enhance their overall knowledge structure and quality. The experience accumulated by employees during the process of improvement is one of the advantages for enterprises to occupy a position in market competition. Due to the increasingly fierce

market competition in a complex external environment, enterprises are organizing various dispersed human and technical resources to work effectively, thus mastering unique technological capabilities and the ability to timely obtain relevant information in the market, and accurately read and process information within the enterprise organization. This is also a prerequisite for enterprises to achieve sustained competitive advantage. How do core competencies affect a company's competitive advantage? Based on the above analysis, this article regards core competence as the acquired ability of enterprises to obtain competitive advantage, and proposes hypothesis 2: Core competence affects the competitive advantage of enterprises from four dimensions: personnel ability, technical ability, organizational ability, and information ability, thereby improving the economic benefits of the enterprise.

#### **4. Case Empirical Analysis**

##### **4.1 Case Company Introduction**

China Southern Airlines Group Co., Ltd. (hereinafter referred to as China Southern Airlines) is a subsidiary of China Southern Airlines Group, with its headquarters in Guangzhou. It was officially established on February 1, 1991 and successfully listed in China in 2003, with the A-share code of "600029". It is currently the largest air transportation company in China with the most transport aircraft, the most developed route network, and the largest annual passenger volume. As of 2021, The Southern Airlines fleet has a fleet of over 800 aircraft and has opened 654 international and domestic routes to multiple cities around the world. Moreover, China Southern Airlines has outstanding flight capabilities and is currently the only airline in China that can independently cultivate pilot capabilities. It has trained over 3000 outstanding pilots and established the largest flight training center in Asia through a joint venture with the globally renowned flight simulator manufacturer CAE.

##### **4.2 Case study design and selection**

The selection of China Southern Airlines for case analysis is mainly based on the following considerations: firstly, China Southern Airlines is the airline in China's civil aviation transportation industry with the most transport aircraft, the most developed route network, and the largest annual passenger volume; Secondly, compared to other civil aviation companies, China Southern Airlines has a significant competitive advantage in terms of enterprise resources and capabilities; Thirdly, China Southern Airlines is a listed company, providing convenience for obtaining various aspects of the company's information through multiple channels.

##### **4.3 Collection of case related information**

This article mainly obtains relevant information through the official website of China Southern Airlines, search engines such as CNKI and Baidu, as well as industry research reports, and other channels. It collects relevant information from China Southern Airlines through multiple channels as much as possible to obtain valuable information, thus making the empirical analysis conclusions of the case more in line with reality.

##### **4.4 A Case Study on the Influence of Human Resource Conditions and Core Competences on the Competitive Advantage of Enterprises**

###### **(1)The impact of human resource conditions on competitive advantage**

This article believes that human resource conditions include three directions: skill and knowledge level, communication and cooperation ability, and communication and incentive mechanism. China Southern Airlines is a comprehensive airline with a complete pilot recruitment and training system in China. Since 1993, China Southern Airlines has partnered with Beijing University of Aeronautics and Astronautics to establish the Flight Academy, and has established the Southwest Australia Flight Academy in Australia. China Southern Airlines has also invested in establishing a training center responsible for training the theoretical knowledge and technical abilities of the recruited management personnel, crew members, flight personnel, and transportation personnel. In recent years, China Southern Airlines has been committed to strengthening cooperation and exchange with other companies to establish a long-term, comprehensive and

mutually beneficial strategic partnership through bilateral exchanges and cooperation. For example, in 2016, China Southern Airlines signed a memorandum of cooperation with Bell Helicopters at the 11th China International Aviation and Aerospace Exhibition. The two sides plan to cooperate in flight training, maintenance training and other aspects; In 2019, a comprehensive cooperation agreement was signed with Vietnam Airlines Group to establish a fully covered aviation hub, aiming to promote connectivity and exchange between China and other countries, and enhance the company's competitive advantage. China Southern Airlines has established a "people-oriented" management philosophy and a compensation strategy that is integrated with the compensation system and business strategy. This compensation strategy is an organic component of China Southern Airlines' human resource management and a mechanism to motivate employees to participate in work and actively contribute. It is also clear that incentives are inclined towards key positions, high-quality, skilled, and highly contributing employees in the enterprise, and towards management, technology, and Knowledge and other factors that determine a company's core competitiveness are tilted, stimulating employees' work potential and creativity, and gradually enhancing the company's competitive advantage.

In summary, how do human resource conditions affect competitive advantage? Specifically, after years of training and development, China Southern Airlines has established a strong aviation transportation network with a solid theoretical foundation and a complete mastery of skills, forming a dense coverage of China, comprehensive coverage of Asia, and connecting Europe, America, and other countries; Secondly, China Southern Airlines has continuously communicated and cooperated with many other companies, establishing new and comprehensive strategic cooperation relationships; The third is that employees gradually align with the company's development strategy through a salary strategy that is linked to job content and salary, gradually improving their work ability and potential, and increasing their contribution to the company.

#### (2)The impact of core competencies on competitive advantage

This article believes that core competencies include four dimensions: personnel competence, technical competence, organizational competence, and information competence. In addition to establishing a flight academy and a training center to cultivate employees' knowledge and technical abilities in various aspects, China Southern Airlines and Civil Aviation University of China jointly established the "Civil Aviation Maintenance Engineering Technology Research Center" in 2017, achieving certain results in the fields of aircraft maintenance technology innovation, aircraft maintenance management APS theory, aircraft big data application, and aircraft health diagnosis. Currently, China Southern Airlines is at the forefront of domestic technology, We have achieved more than 20 pioneering achievements in the industry and have received multiple awards for scientific and technological progress and honors for invention patents. On the other hand, through independent research and development, cooperative development, and other forms, the organizational structure of the information system has been established. By integrating dispersed resources, adjusting the organizational structure, and reengineering business processes, the human resource management information system has been developed. This system is a comprehensive application platform for office management, personal affairs processing, and portal information management of China Southern Airlines, integrating knowledge management, business processes, and information processing, responsible for the organizational structure of personnel Training and recruitment, salary and benefits, performance evaluation, and other related management, with knowledge management as the center, provide effective assurance for timely communication and exchange within the enterprise through the collection and transmission of relevant information.

In summary, how do core competencies affect competitive advantage? Specifically, firstly, China Southern Airlines cultivates employees' ability to learn and master knowledge and technology through independent development and external cooperation; Secondly, China Southern Airlines has established a Science and Technology Committee, an Engineering Technology Research Center, and an IT Research

Institute to showcase its technological capabilities through independent research and innovation, overcoming technological challenges; Thirdly, China Southern Airlines has a mature information system and organizational structure, and its internal information organization network is becoming increasingly perfect. It has a certain level of ability in collecting and processing information, as well as unified planning and implementation management of organizational structure. This provides a strong guarantee for enhancing the market competitiveness and competitive advantage of enterprises, and creating better economic benefits.

## 5. Conclusions

This article analyzes the connotation of enterprise human resources and core competencies, regards human resources as innate conditions, and proposes that human resource conditions are divided into three directions: skill and knowledge level, communication and cooperation ability, and communication and incentive mechanism. Enterprise core competencies are regarded as acquired abilities, and are divided into four dimensions: personnel, technology, organization, and information capabilities; Furthermore, this study explores how the inherent conditions and acquired capabilities of enterprises have a comprehensive impact on their competitive advantages, and proposes corresponding theoretical hypotheses, which have been validated in the case of China Southern Airlines. The case study results indicate that China Southern Airlines' human resources and core competencies do indeed have an impact on the company's competitive advantage, thereby enhancing the company's economic benefits. Human resources, core competencies, and competitive advantage of enterprises are three closely related concepts in strategic theory, and are also important components in the development process of enterprises. In the process of development, enterprises need to formulate correct strategic plans, strengthen human resource management, and establish their core competencies in order to continuously strengthen competitive advantages in the market and assist in the long-term development of enterprises. Of course, the conclusion drawn in this article is based on case empirical analysis. If further conclusions are to be drawn, a large number of case empirical analyses should be conducted.

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