

# Analysis of Enterprise Business Strategy Based on Business Ecosystem

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**Abstract.** From the perspective of the future development trend of strategic management theory, business ecosystem (BET), commercial Mode and dynamic capability of enterprises are the mainstream trends of the future development of strategic management theory. At the same time, it indicates that there are some internal relations and inevitable laws among them that deserve scholars' attention. The structure of BET can be examined from two perspectives. According to the closeness and importance of members in the system, BET can be divided into four subsystems: core ecosystem, competition system, support system, society and natural environment system. According to the different roles played in their respective business networks, enterprises can be divided into four types: network core type, dominant type, profit-taking type and gap type. The research on the evolution from leading enterprises to BET is a relatively new research field, but with the development of economic society, it is the only way for enterprises to survive and develop that enterprises and their stakeholders form a BET with competitive advantages through loose confluence. It is hoped that it can give reference to enterprises in the complex business environment and help them achieve long-term development.

**Keywords:** Business ecosystem, Enterprise strategy, Strategic coordination

## 1. Introduction

In the environment of economic globalization, the competition among enterprises has evolved into the competition among BETs. Business model is one of the important research objects of management. The commercial Mode covers all kinds of trading relationships and connection ways between enterprises, between departments of enterprises, even with customers and between channels, and well explains how an enterprise can achieve profitability and what kind of support it needs, such as resources, manpower, finance and so on [2]. As an enterprise, the most fundamental thing is to achieve profitability in order to achieve rapid development. Under the influence of world economic integration, open innovation, etc., the way enterprises compete has also undergone important changes. It is no longer the competition between individual industries and enterprises, but the competition between BETs after disaster. Co-evolution is a more important concept than competition or cooperation. These efficient companies have developed new business advantages by learning and leading the economic co-evolution. They all realize that they are living in a rich and dynamic opportunity environment, and they should harmoniously combine the contributions of network members through potential innovation centers, thus bringing huge benefits to customers and producers [3].

In the BET, the value sharing attribute and interface connection attribute of enterprises on the value network determine the value strategic model of enterprises. Enterprises with different value strategic models play a differentiated role in building the BET [4]. The focus of BET research is to help enterprises establish multi-level, network like organizations that are conducive to coordinated development among enterprises, that is, to consider enterprise development and commercial Mode innovation from the perspective of BET. In terms of the group management system, the strategic management, asset management, financial management, personnel management, accounting management and information management systems have not been established, which makes the internal transaction costs of the group enterprises very high [5]. From the perspective of the group's business portfolio, the correlation of diversified industrial clusters is relatively low, and there is basically no relationship between the various industries. The driving effect of the overall interest development cannot be reflected at all. The parent and subsidiary companies lack the proper strategic synergy, and the resource allocation is basically ineffective, resulting in the high management cost of the group company. Not only that, for enterprises in a certain enterprise network, the importance of their own performance is greatly reduced. On the contrary, the structure and characteristics of their own enterprise network often have an important impact on enterprises [6]. Therefore, only by considering oneself

as a member of the BET to formulate strategies can we achieve more significant and lasting development. For better development, an enterprise must work together with its partners, allies and standard setters [7].

In today's world, the dynamic uncertainty of enterprise environment is increasing day by day. Under this background, the strategic management theory of "BET" is expanding and surpassing the traditional strategic analysis framework. If the ability is recognized and adjusted according to the BET in which it is located, how to build a commercial Mode based on dynamic ability and design a commercial Mode that is more in line with market demand is the expectation of enterprises, which is an urgent problem to be solved in the process of strategic management practice. Based on this, this paper intends to examine the identification and adjustment of enterprises' dynamic capabilities from the perspective of BET, and then build a commercial Mode that is conducive to enterprises' participation in market competition, and an operable model from the theoretical perspective.

## 2. Strategic management model of business ecosystem enterprises

### 2.1 Production network in business ecosystem

In order to meet market demand, reduce transaction costs, reduce management costs and improve supply efficiency, enterprises in the BET have formed a vertically integrated production network system of division and cooperation. Each enterprise contributes value in the formation process of the final product [8]. With the rapid development of economic society and the rapid change of business environment, the traditional value creation logic is no longer applicable. The role of customers has also changed. Traditional value creation is caused by customer demand, but now customers can participate in the whole process of value creation and even realization, and customer suggestions will be fully considered in the process of value creation [9]. The competitors of traditional enterprises may only come from the members of their value chain or value network, but in the Internet business environment, enterprises in different industries may become competitors. A complex system contains many mutually independent, highly connected and interactive components [10].

Complexity should first be established on the basis of system theory, and then it needs to be combined with other characteristics of the system, and their interrelations further enrich the system theory. The hierarchy of BET includes two aspects: on the one hand, BET is a subsystem relative to society; On the other hand, the BET is a complex system, and it also contains many smaller subsystems. Such as BET factor, it is composed of two parts, one part is enterprise biological component and the other part is enterprise abiotic component. The structure of BET is the type, quantity and relationship of members in BET. Investigating the structure and specificity of BET will help us objectively and accurately grasp the emergence, development, leadership, self-renewal or extinction of BET, and help enterprises to formulate

strategies based on BET. Classifying the BET according to the closeness and importance of the relationships among the members in the system is not only helpful to identify the key members of the BET, analyze the core elements that affect the evolution of the BET, but also helpful for enterprises to identify and cultivate a complete set of intertwined relationships, and strengthen the development potential of enterprises. Network core enterprises can not only simplify the problem of how to connect a large and decentralized business network with customers, but also promote the entire ecosystem to improve productivity, enhance stability, effectively stimulate innovation, actively improve the overall health of the ecosystem, and benefit from it by providing other enterprises with a "platform" to use, Dominating enterprises that enable enterprises to achieve sustainable performance are vertically or horizontally integrated enterprises that occupy and control most nodes of the network.

If the products are divided into finished products, subsystems, modules and parts according to the integration level, the corresponding production enterprises can be divided into finished product manufacturers, first-level suppliers, second-level suppliers and third-level suppliers. Therefore, the typical production network formed in the BET is shown in Figure 2, and the finished product manufacturer is the core enterprise. Many second-tier suppliers and third-tier and lower-tier suppliers have the characteristics of niche enterprises, and they provide modules or parts to the higher-tier suppliers.

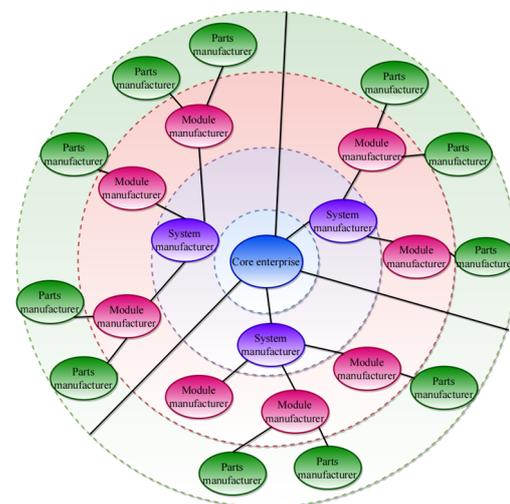
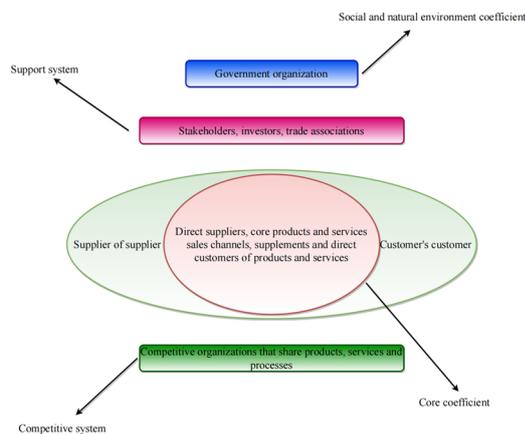


Figure 1 Production Network in Business Ecosystem

### 2.2 Value Creation, Transmission and Distribution of Business Ecosystem

From the perspective of economics, value is the difference between the utility generated by consumers' obtaining goods or enjoying services to achieve self satisfaction and the cost they spend. For customers, value is consumer surplus; For suppliers, value is value added. Political environment refers to the factors affecting the political system, system, political situation, principles and policies, laws and regulations of the country or region where the

enterprise operates. The coevolution of natural ecosystems is not only shown in the interior of the system, but also in the exterior of the system. In the system, coevolution occurs not only among competitors, but also among non competitor predators, parasites and food chains. The coevolution between competitors is forced behavior, not from the voluntary behavior of the evolutionary subject, but the result of the response to the competitors. This result further reacts on the competitors, thus forming a progressive cycle. The co evolution between non competitors often forms an "arms race". The traditional testing method of environmental protection performance of furniture is sampling and testing according to the proportion, which shows the degree of damage to the furniture, making it impossible for the tested furniture to continue to be sold or used. While nondestructive testing can ensure the testing results, it will not detect the damage caused by samples, thus saving the cost of enterprises. Business ecosystem is a complex structure composed of many members. According to Moor's composition structure of BET, it is an organic group composed of many parts. As shown in Figure 2.



**Figure 2** Structural model of business ecosystem

From the structure of BET, it can be seen that the whole system is composed of core system, competition system, support system and social and natural environment system. The system includes investors, financial institutions, trade associations, etc. These institutions play an important role in the process of business operation. They provide resources, information, direction guidance for the core system, support the development of the core enterprises, and at the same time achieve their own value. The social and natural environment system includes macro-environmental factors such as economic environment and social environment that affect the survival and development of enterprises. The development of enterprises will be restricted and affected by the changes of external environment. Enterprises must be vigilant in the process of operation, always pay attention to the changes of the general environment and respond to the changes of the environment in time, so as not to be eliminated by the times and keep pace with the times. The coevolution of the business system includes the evolution of all aspects within the system, including the coevolution between the

internal members of the system and their competitors, suppliers, distributors and other related enterprises, as well as the mutual help and common progress of all affiliated subsystems, as well as the evolution of related systems outside the BET. This co evolution can help improve the level of all aspects of the system, such as management ability, scientific research ability, production capacity, performance and service level, marketing level, etc. The total value of the system is fixed, so there is a conflict in the distribution of interests among system members. If others divide more, they divide less. But when allocating value systematically, we should ensure to find the source of value creation. The source of value creation is consumers. Consumers activate the entire value network. Only by identifying and retaining the most important consumers among consumers can we ensure that the source of system value will not be exhausted. In a word, the value distribution of the BET needs to respect the value choices of enterprises to maximize the value added of the system.

### 3. Collaboration of R&D strategies among enterprises in business ecosystem

#### 3.1 Micro foundation of enterprise strategic positioning in business ecosystem

The enterprise strategy analysis method based on the BET studies the enterprises in the ecosystem as a whole, which is different from the previous research perspective of taking a single enterprise as the research subject and looking at problems in isolation and one sidedness. This new perspective combines all enterprises in the horizontal or vertical industrial chain, so that the business relationship between enterprises rises from isolated pure competition to mutually beneficial cooperation and win-win development, This higher strategic perspective contributes to the development of enterprises and increases the total social welfare. The implementation of commercial Mode innovation should combine the general environment of the BET, have a clear innovation motivation, find the right direction for innovation, and then implement the innovation strategy. Enterprises cannot simply copy the excellent experience at home and abroad. They should identify the driving factors based on the analysis of the environment and themselves, and determine their own innovation direction and path in combination with their own commercial Mode structure. Judging from the rapid development of information technology and Internet, enterprises are facing a more open environment, and the traditional mode that only cares about their own development can't adapt to the current environment. It is the general trend to innovate commercial Modes from the perspective of business ecology with the concept of cooperation and mutual benefit. In addition, the establishment of defensive boundary makes the BET change from an ever-expanding instability to a stable state closely linked with customers, markets, governments, participants, etc., and then into an ever-expanding instability and a stable state of

establishing defensive boundary. The evolutionary stage of the BET moves forward in this cycle of instability, instability, and stability. Of course, the establishment of defensive boundary is also conducive to the establishment of core teams, because only through the continuous process of establishing defensive boundary can customers and participants.

The core enterprise assigns product research and development tasks to subsystem suppliers. The subsystem then assigns some R&D tasks to the module suppliers involved in R&D activities. In the process of product R&D, information exchange and communication mechanism should be established among enterprises involved in R&D, so as to solve existing problems in time, and ensure that R&D can be completed in quality, quantity and time. From the perspective of micro-enterprises, in today's trend of vertical integration of industrial development, if enterprises want to obtain lasting development power, they must stand at the height of ecological system, reasonably understand their own capabilities and allocate their superior resources. All enterprises with sustainable profits and good prospects for development can coordinate their relations with other members of the system, and make full use of the advantages of other enterprises to develop themselves. The above enterprise strategy analysis is carried out from the perspective of the BET, focusing on the overall analysis. Later, it will focus on the individual analysis of the enterprise, taking into account the resource advantages, production skills and production efficiency of the enterprise. If the BET is studied as a complete cell, the previous article is based on the overall function and efficiency outside the cell. Next, we will go deep into the cell to understand the various components that make up the cell.

### **3.2 Composition and value transmission of commercial Mode genome**

Strategic control mainly refers to checking the progress of various activities carried out by the enterprise to achieve the strategic goal during the implementation of the enterprise strategy, so as to find the strategic gap and analyze the reasons for the deviation. Strategic implementation control can effectively ensure the effective implementation of the enterprise strategy, which is an important process of enterprise strategic management. As the chairman of the development strategy implementation team, the president of Shan Group is responsible for the specific promotion, implementation and monitoring of the group's strategic plan to ensure the effective realization of the company's strategic objectives. At the same time, the development strategy implementation team is composed of the department managers responsible for finance, administration and marketing of the group headquarters, and the participants also include the heads of subsidiaries. Previous studies believed that the most important challenge to be met in the mature stage was to maintain authority in the carefully forged ecosystem, and the way to maintain authority was to innovate on the road and importance and to embed and open up an innovation road

so that companies at the center could consolidate their position by providing major innovative products for the work of the entire ecosystem. At the same time, it was not enough to maintain the innovation road alone, It also requires that all parties in the ecosystem, especially the end users, attach importance to this innovation path and other manufacturers invest because they follow you or cooperate with you, and this investment will strengthen and maintain your position as a core product manufacturer. Enterprises can start from the elements of the commercial Mode to carry out business processes, product services or technological innovation, but can not separate the relationship between the elements, ignoring the relationship and impact between the elements. At the same time, this innovation is also a process of continuous dynamic adjustment with the development and change of enterprises.

To put the commercial Mode into place, enterprises must have fast and efficient execution. After the direction and path of commercial Mode innovation are clear, the teams at all levels of the enterprise should formulate specific implementation plans, clarify the rights and responsibilities, and divide the work in place. It is necessary to create a working atmosphere that pays attention to sense of responsibility, teamwork, collective consciousness and results orientation. Therefore, when making a strategy, an enterprise should accurately position its value concept, accurately subdivide consumers according to its own value proposition, and pass on consumption propositions to consumers who are consistent with its value concept. The member enterprises in the BET form a close network based on the needs of technological innovation. The network provides low-cost and high-efficiency professional services for the member enterprises, and constantly attracts the required professional services to a region. This network relationship is not a strict membership, but an open system. The network relationship between members of the BET may be based on formal contractual constraints or an informal business cooperation relationship. In the information technology era, electronic means can make the simple competition extremely fierce, and the competition between simple products will be replaced by the competition between BETs. Enterprises in the same BET can cooperate and learn from each other, which can not only greatly reduce costs and improve product quality, but also build a larger and wider protection system to maintain their competitive position and promote their long-term development.

## **4. Conclusions**

The most important value of the commercial Mode is to realize that the internal resource capacity and external environment of the enterprise are integrated into the framework of sustainable and healthy growth of the enterprise. Only when the commercial Mode of an enterprise is highly matched with the external environment of the enterprise, can it help to improve the strategic performance of the enterprise. Through the empirical research and analysis of enterprise dynamic

capabilities and environmental uncertainty, we found that changes in the enterprise's external environment will enable enterprises to better conduct organizational learning and better adapt to the environment, that is, organizational learning is one of the key factors for enterprises to adapt to the external environment. On the basis of commercial Mode, commercial Mode innovation, BET, value chain theory and value network theory, this paper defines the concept of commercial Mode from the perspective of BET, and analyzes the basis for studying commercial Mode from the perspective of BET. Many of the conclusions in this paper are different from those of previous studies, and of course a few of them are similar to those of previous studies. The conclusions of these studies and related logical evolution models not only deepen the construction process of BET vertically, but also play a guiding role in the specific practical operation of the evolving enterprises and those still in the "atomic" stage.

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