

The Causal Factors Influencing the Survival Development of A Business Enterprise of Zhangjiang City in The People's Republic of China

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Received March 24, 2023; **Revised** May 10, 2023; **Accepted** May 31, 2023

Abstract

This article aimed to (1) study the factors that influence the development of the survival of business organizations in Zhangjiang City; (2) analyze the composition of the causal factors influencing the survival development of a business enterprise in Zhangjiang City, China; and (3) develop a structural model of the causal factors influencing the development of business enterprise survival in Zhangjiang City, China. The sample consisted of 484 limited companies that have been operating in Zhangjiang for not less than 20 years, using a sample size based on the source of the business top 1000 (2015–2016): Sustainable Development Strategies. They were selected by the CEO, Spectrum, and special issues are collected at random with systematic sampling to represent the company's executive management. Using the means of a quantitative research instrument such as a questionnaire and related comments Data analysis is operated by statistics for social science using descriptive statistics and Inferential statistics with Computer programs and a linear structural equation model analysis program to present the causal factors that can influence the survival of the organization. The research results were as follows:

1. High-Performance organizations and Management can directly influence the positive performance towards the survival of the organization with a statistical significance of 0.01.

Knowledge management does not have a direct positive influence on the survival of the organization with a path coefficient equal to 0.007.

2. Knowledge management has an indirect influence on the survival of the organization, with a statistically significant level of 0.05 and a coefficient path equal to 0.02.

3. The variables are interrelated and can explain the survival of the organization at 23 percent.

Keywords: Survival factor; business organization; ZHANGJIANG City China

Introduction

The survival of the organization consists of corporate image, customer satisfaction, and goal achievement. Organizational management, in addition to being used to measure the survival of the organization, can also build, maintain, or enhance long-term business competitiveness. Organizations should have a systematic plan to reduce future errors and monitor assessment results. Strategies can be adjusted according to varying economic circumstances. Management that concentrates on the survival of the organization is regarded as a significant business opportunity that can create value for business management. It can create a competitive advantage against competitors in the same industry and advance business in the future. At present, the industry in the country generates a lot of income and has great economic growth due to long-term investment and a lot of investment. In addition, the industry continues to invest in maintaining quality and consistent service. Business executives should pay attention to third-party customers as well as employees in the organization. Every employee in the organization is another target group of the business. They need to be planned for enlightening, building mutual understanding, and creating a positive attitude to create a good bond between employees and the business in the organization. In order for the organization to achieve its goals, employees should be motivated to perform to the best of their responsibilities. Delivering maximum customer satisfaction, and the expectation or requirement of customers to receive good and excellent service from the business are important elements. Convenience will satisfy customers and gain customers' trust in using the service in the future. All of these contribute enable organizations to survive under intense competition and grow sustainably.

According to data from the overview of the type of business of business enterprises in Zhangjiang City in China, a business credibility organization reported. These businesses were

industries that add value to the Chinese economy. This report corresponded to a summary of China's economic data in October 2022. The Bank of China found that merchandise exports continued to contract due to the slowdown in China and ASEAN economies. As a result, in most industries, industrial production and private investment were low in line with the capacity utilization rate that was lower than normal levels. Compared to the same period last year, the country's export value contracted by 8 percent. This was due to the economic slowdown of China and ASEAN which were major trading partners, export prices of many products which were lower than the previous year in line with world oil prices, and the effect of the high base at the end of last year which accelerated the exports of products that were about to expire. (Generalized system of preferences: GSP) as shown in Table 1

Table 1 Business company Zhangjiang City in China

Unit: Company Business group	Population (company)	Percentage
1. Financial Business	10	1.0
2. Agribusiness and Food Industry	61	6.1
3. Consumer Goods Business	253	25.3
4. Industrial Goods Business	556	55.6
5. Real Estate and Construction	45	4.5
6. Resource Allocation Business	30	3.0
7. Service Business	13	1.3
8. Technology Business	32	3.2
Total	1,000	100

Source: Zhangjiang City in China (2022)

As in the previous events, there were a variety of economic problems including the economic, social, and political conditions of different regions and the country around the world. This was considered an important factor that affects multiple limited companies in China. The companies suffered a loss or had to abolish their business. The number of legal entities that had gone out of business in the past 5 years from 2018–2022 tended to increase. However, at the same time, there were other limited companies that were still able to have good operating results and could survive steadily with good business growth rates continuously, as shown in Table 2

Table 2 Number of juristic persons dissolved in 2018 – 2022

	Unit: operator (OP)				
	2018	2019	2020	2021	2022
Business	OPs	OPs	OPs	OPs	OPs
Financial Business	40	56	149	206	149
Agribusiness and Food Industry	234	250	343	403	525
Consumer Goods Business	992	1,008	1,101	1,154	1,259
Industrial Goods Business	1,963	1,979	2,072	2,137	2,252
Real Estate and Construction	194	210	303	353	447
Resource Allocation Business	120	139	232	285	314
Service Business	44	59	152	214	310
Technology Business	122	137	230	288	289
Total	3,709	3,838	4,582	5,040	5,805

Source: Department of Business Development, China (2022)

For the aforementioned reasons, the researcher is interested in studying and investigating the causal factors affecting the survival of enterprises in Zhang Jiang City in China. The perspective in this study can be considered one of the key factors contributing to organizational problems in the field of organizational development. The results of the study will be able to be applied to solve problems and support the organization in being able to conduct business continuously and overcome the crisis well. A limited company is regarded as a business unit that is extremely significant to the overall economy of the country. Therefore, if a limited company can endure and maintains a business strategy that results in better efficiency and effectiveness in operations, it will bring benefits to the business unit level directly. Moreover, it can also influence the industrial business group and the country's economy as a whole.

Research Oobjectives

1. To study the causal factors influencing the survival development of a business organization in Zhangjiang city, China.
2. To analyze the composition of the causal factors influencing the survival development of a business enterprise in Zhangjiang city, China.
3. To develop a structural model of the causal factors influencing the development of business enterprise survival in Zhangjiang City, China.

Literature Review

The research has compiled important material about concept and theory from papers and textbooks related to the research papers “Factor’s Influencing the Survival Development of A Business Organization in ZHANGJIANG City China” can summarize as follows.

1. Concepts of leadership

Hemphill and Coons (1957) state that leadership is the behavior of individuals who direct a group to work toward a common goal, consistent with Bennis (1959) who defines leadership as “It is a process by which a person can lead a subordinate to act in the way he wishes.”

Fiedler (1967) states that a leader is a person tasked with controlling or coordinating activities related to the mission of the group. This is consistent with Dejnoska (1983), who said that a leader is a person appointed to lead a group, influence the activities or missions of the group in order to achieve its goals, and act as the leader of the group.

Bennis and Nanus (1985) define a leader as a person who plays an important role in enhancing being creative and a symbol of unity. A leader is the one who leads the group out of adversity, eliminates problems and conflicts that arise in the group, overcomes obstacles, and leads the group to achieve its goals effectively and efficiently.

In short, a trait leader is a personality-oriented leader in terms of learning ability and adaptability to the environment. It also discusses the additional skills that distinguish a characteristic leader from an ordinary person because skill means the ability to do things effectively. This word is similar to the word "Trait", derived from behavioral traits that are inherently instilled in a person and acquired through learning. (Hitt et al., 2006; Yukl, 2006; Northouse, 2010)

2. Concepts of management

Gulick and Urwick (1936) defined the duty of a leader as having seven administrative duties and roles: Planning, Organizing, Staffing, Directing, Coordinating, Reporting, and Budgeting, commonly abbreviated as “POSDCORB”. Later, Chalekian (2013) developed a new and more concise definition to be consistent with the roles and duties in the work.

3. Knowledge management concept

Senge (1990), Massachusetts Institute of Technology, states that knowledge management is one where everyone can use their potential to continually seek knowledge for a variety of new thought patterns. Each person is free to be inspired to create a portfolio of goals and to develop a process or way of learning together., Knowledge Management Institution, can be divided into 2

types. Explicit knowledge is knowledge in the form of documents, textbooks, or other media that is systematically compiled and ready to be applied immediately. Tacit knowledge is the knowledge that is in the person. This is consistent with Jasimuddin (2008) that modern management must enable organizations and agencies to apply knowledge to survive. and build a stable immunity. This is because knowledge can affect the development of the organization and also contribute to adding value to the organization on the other hand

4. The concept of High–performance organization

Vecchio and Appelbaum (1995) defined that “HPO organizations focus on problem–solving. To achieve sustained high performance, executives and practitioners must collaborate, share common goals, engage and communicate in the organization as well as have a good working environment.”

Daft (2004) defines a high–profile organization as the level of ability to carry out the successful implementation of work towards a pre–defined goal.

Miller (2002) defined HPO as “new working principles and methods of organizational management and design” or “an organization designed to extract the potential of employees to create an organizational performance that can result in high–performance organization.”

In conclusion, in this research study High–performance organization refers to guidelines or practices that the organization can manage to achieve its objectives and achieve the goals that have been set.

5. Organization Survival Concept

In short, Organization survival means that any organization can sustain its activities and its activities are continual in the long term, even when faced with unforeseen crises. The organization has adopted new strategies, management methods, and decision–making to develop the organization, enabling the organization to grow its business effectively. Including building competitiveness to be in line with the changes in the current situation.

The results indicate that significant relationships exist among the model constructs. These findings provide a better understanding of the factors that influence knowledge sharing practices within the OG industry. These findings prove that knowledge sharing practices positively impact organizational performance through cost reduction, organization growth and intangible benefits.

Conceptual Framework

This research is a quantitative and qualitative research to study the direct and indirect effects of factors affecting the survival of businesses in Zhangjiang by applying theories and concepts to create a research framework as shown in the figure.

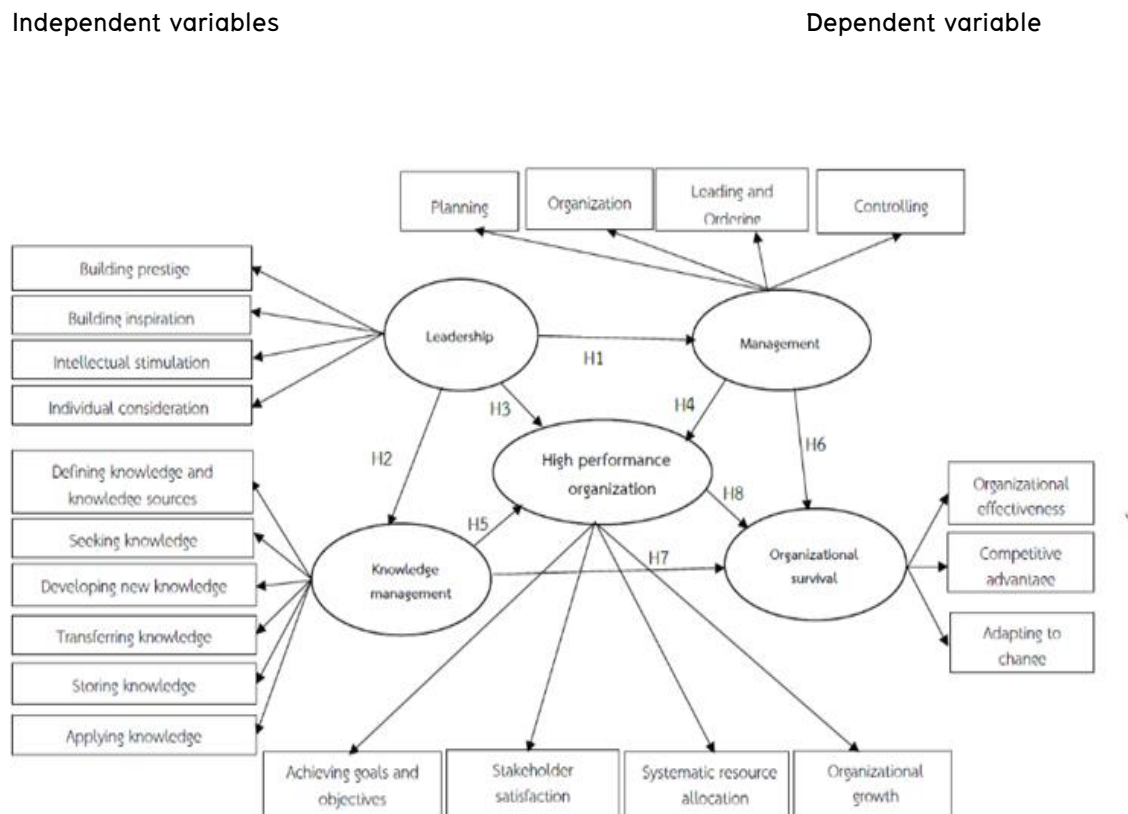


Fig.1 Conceptual Framework

Research Methodology

Quantitative Research

1. Population and Sample

The population used in this quantitative research are 1,000 entrepreneurs and business enterprises of Zhangjiang City in China.

2. Sampling

Research data requires advanced statistical analysis, Confirmatory Factor Analysis, and Equation Modeling: SEM. In order to determine the sample size in accordance with the preliminary use of statistics, a large sample size must be used as the criterion for determining the sample size.

The sample size requires 20 participants per sample parameter (Hair, et al, Anderson, 2010). The samplings are the entrepreneurs of the business executive group of Zhangjiang City in China. There are 21 variables used. The appropriate and enough sample size is $20 \times 21 = 420$. Therefore, the minimum sample size that can be used for data analysis with an appropriate statistical tool (Structural Equation Modeling (SEM) is 484 cases from the Business Organization of Zhangjiang City in China.

Qualitative Research

3. Population and Sampling

The population for qualitative research in this study uses interviewed key informants with a purposive sampling method. The samplings are 5 entrepreneurs and business executives of Zhangjiang City in China.

4. The total sampling used in this investigation is 420 subjects. The data are collected from a representative of each business organization (1 person / 1 business) who is currently working and holding a senior management position in a business organization.

Data analysis

Descriptive Analysis Statistics

It was used for describing the properties or nature of the data distribution variables based on group attributes. Measurements were defined as percentage, mean, and standard deviation. There were 21 basic statistical variables of observable variables to be used to characterize the distribution of observable variables. Measurements were defined as mean, standard deviation, skewness, and kurtosis by using SPSS for Windows version 20 package. Testing the skewness and kurtosis hypothesis as different from zero was performed with the Z-test statistic (Z-test).

Statistical Analysis of Structural Equation Models

The structural equation models were used to analyze the causal factors influencing the survival development of the business enterprise of Zhangjiang city in China. The researcher studied the theory and variable-related research to develop a research conceptual framework and formulate an empirical data-related research model with LISREL for Windows Version 8.80 to verify the harmonization of the research model with empirical data.

Research Results

The results of the in-depth interview reveal that 9 experts give the opinions and recommendations that are useful for quantitative confirmation of the research results. The experts agreed with almost all the established objectives and hypotheses of the research. There are two experts whose opinions are not consistent which are sub-components of knowledge management. The conclusions of the majority opinions can be used to support and corroborate the results of this research findings.

Objective 1 is to study the factors and important components involved in the research on causal factors influencing the survival development of a business enterprise in Zhangjiang city in China. The results of the research reveal that all organizational viability-related factors used in the research are consistent with the empirical data obtained from the findings. This can be confirmed from the results of the corroborative component analysis of the variables.

Objective 2 is to study the direction of influence and empirical information of the causal factors including leadership, management, knowledge management, and high-performance organization that affect the development for the survival of the business organization. The results show that leadership is a causal variable able to directly influence positively management outcome variable that has a path coefficient of 0.49. Leadership cause variable able to directly influence positively knowledge management outcome variable that has a path coefficient of 0.21. Leadership cause variable able to directly influence positively high-performance organization outcome variable that has a path coefficient of 0.10. Management cause variable able to directly influence positively organization outcome variable that has a path coefficient of 0.58. Knowledge management cause variable able to directly influence positively organization outcome variable that has a path coefficient of 0.09. Management cause variable able to directly influence positively organizational survival outcome variable that has a path coefficient of 0.27. Knowledge management unable to directly influence positively organizational survival outcome variable that has a path coefficient of 0.01. High-performance organization able to directly influence positively organizational survival outcome variable that has a path coefficient of 0.26. These results are consistent with the focus group results of experts 1, 2, 4, 5, 6, 7, 8, and 9. However, expert no 3 considers it inconsistent, commenting that knowledge management is a very necessary part of the management because if the administrator does not have good knowledge management. Then, the organization will be difficult to survive.

Objective 3 is to study structural equation modeling of factors that can influence the development for the survival of business organizations. The results of the research found that the organization survival outcome variable consisted of organizational effectiveness, competitive advantage, and adapting to change. These factors can be directly influenced positively by two causal variables. 1) High-performance organization cause variable consists of achieving goals and objectives, stakeholder satisfaction, systematic resource allocation, and organizational growth that has a path coefficient of 0.26. 2) Management cause variable consists of organization, leading and ordering, and controlling that has a path coefficient of 0.27. These results are consistent with the results of the in-depth interviews of qualified persons No. 1 to 9

Table 3 Summary of the research hypothesis testing results

Research hypothesis	Testing results
1. Leadership influences management	conformable
2. Leadership influences knowledge management	conformable
3. Leadership influences high-performance organizational	conformable
4. Management influences High-performance organizational	conformable
5. Knowledge management influences high-performance organizational	conformable
6. Management influences organizational survival	conformable
7. Knowledge management influences organizational survival	not-conformable
8. High-performance organizational influences organizational survival	conformable

Discussions

Discuss the results of the hypothesis testing.

Research hypothesis No. 1: Leadership influences management. The results obtained from the research reveal that leadership can have a statistically significant influence on management at 0.01, which is in line with the assumptions of this research. The results are consistent with Tahir et al. (2014) that have been studied in the leadership style and conflict context of organizational management and which is consistent with the research of SIDDHARTHA PAUL TIWARI. (2022). Emerging Technologies: Factors Influencing Knowledge Sharing. we found that there are six main factors driving the need for sharing knowledge. The six factors are: regular cadence, integrating expertise from different teams, diversity-inclusive social environment, Interconnected platforms that are accessible to all, a regular update schedule that needs to be followed, to create points of contact within different departments of an organization in order to

facilitate sharing. It is important to note that the distribution and use of knowledge in organizations is dependent on the interactions between individuals. And Chowdhury et al., 2022. Impact of organizational Factors on the Circular Economy Practices and Sustainable Performance of Small and Medium-sized Enterprises in Vietnam. The findings of the empirical investigation outlined in the preceding section answer the research questions by showing the relationship between internal organizational factors – leadership, innovation, culture, skills and competencies on CE practices and sustainable business performance. And Shahul et al.. (2022). The impact of business process reengineering on organizational performance during the coronavirus pandemic: moderating role of strategic thinking. The results show that business process reengineering dimensions, i.e., top management commitment, organizational readiness for change, information technology capabilities and people management have significant positive impacts on organizational performance; whereas organizational structure and other abovementioned dimensions were found to have a much stronger impact on organizational performance whilst strategic thinking exists in the organization. The results of the study reveal that transformational leaders can positively influence management by inducing motivation for performance and organizational efficiency. This work is also consistent and confirms the results of Gasper's study (1992). Finally, to support the theory reviewed in Chapter 2, Bass (1990) and Bass and Avolio (1994) investigate the associations, focusing on the importance of the transformational leadership model, which includes building prestige, building inspiration, intellectual stimulation, and individual consideration. The results show that all of these variables are interrelated and could affect the efficiency of organization management, which is consistent with the focus group results of experts No. 1 through 9.

Knowledge from Research

Identify the body of knowledge that is the result of research. Synthesis in the form of diagrams, charts or concept maps with a concise, easy-to-understand format/structure description.

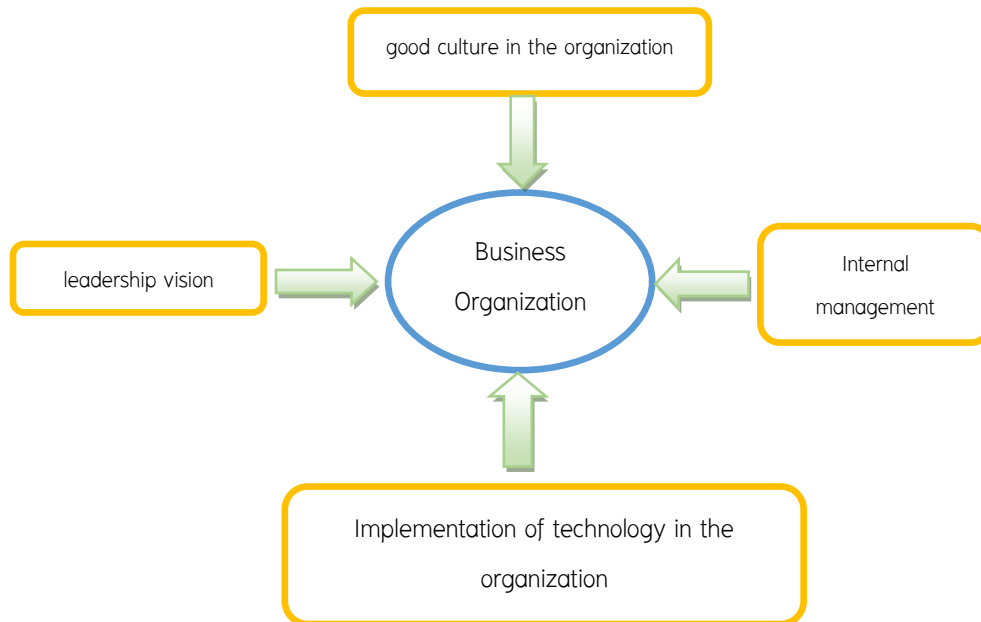


Fig.2 knowledge from research

Conclusion

Business operations in today's organizations are faced with many problems, including economic, social, cultural, political, and technological. From the research results, it was found that A business organization that can survive sustainably Must have these factors: 1) Executives must have leadership and vision. 2) Organizational management must provide systematic and strong service. 3) Modern organizations must use appropriate information technology. 4) good culture in the organization and being able to apply it in time to situations and pass on knowledge from generation to generation.

Suggestions

Suggestion for utilizing the research results

1. The researcher proposes the organization formulate a strategic plan or business plan that provides strategic challenges in order to lead the organization to compete and manage change for survival and sustainability.

2. The researcher proposes the organization establishes a performance appraisal system at the organization, agency, and individual level by linking it to the reward and compensation system as a tool for commanding and directing.

3. The researcher proposes the organization establishes a standard system or manual for operating both the main and supporting procedures to be used in the system operation for audit control and to improve the efficiency of operations on the basis of supervision under a standardized work system.

Suggestion for further research

The researcher suggests that further studies should use the structural equation model of this research with a specific sample population of each industry group in order to bring further improvements to the causal factor model influencing the survival of enterprises.

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