RESEARCH ON THE INTERRELATION BETWEEN CHAOZHOU BUSINESS CULTURE AND THE GROWTH TRAJECTORY OF SMALL AND MEDIUM-SIZED ENTERPRISES: A DUAL CASE STUDY OF SMALL CERAMIC ENTERPRISES IN CHAOZHOU

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Abstract

The growth of enterprises is a focal point in the fields of economics and management. Teochew merchants, with a history of over 500 years, continue to play a significant role in the economic domain.Based on rooted theory method, this study selects two ceramic industry enterprises with more than 30 years of growth to carry out double case study. This research constructs a model of the growth stages for small and medium-sized enterprises (SMEs) and a model depicting the relationship between Chaozhou business culture and SMEs. The study aims to enrich the case database for SME growth research, providing new cultural and societal perspectives on the growth of SMEs. The findings of the research indicate the following:1) SMEs in the Chaozhou region with a history of over 30 years can be divided into three stages: the entrepreneurial stage, the rapid growth stage, and the stable growth stage.2) The business environment significantly influences the growth of SMEs, especially in cases where competitive advantages are not apparent in traditional industry enterprises.3) The impact of Teochew business culture genes on enterprise growth is implicit, long-term, and crucial.

Keywords: Enterprise Growth, Teochew Merchants, Chaozhou business culture, Root Theory

Introduction

The growth of enterprises is a focal point in the fields of economics and management. To date, numerous scholars have conducted extensive and in-depth research on enterprise growth from various perspectives. However, a unified understanding and a systematic theoretical framework have yet to be established. The Chaoshan region has been a bustling hub of trade since ancient times, representing a brilliant pearl along China's open coastline. In Chinese history, especially in modern times, this region has been renowned as a coastal commercial center that has had a significant impact on the entire nation and even Southeast Asia.

In recent times, Chaoshan merchants continue to play a crucial role in international trade and the regional economic and social development. Among outstanding entrepreneurs, many have ties to or represent the Chaoshan region. Figures such as Li Ka-shing, Pony Ma, Xie Guomin, and others have shaped legendary stories of enterprise growth.

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Chaozhou business culture refers to the cultural traits that have been formed over a long period by the historical Chaoshan merchant guilds and today's Chaoshan businessmen (defined by speaking Teochew dialect or having Teochew ancestry) in the process of engaging in business and running enterprises. Existing research has analyzed the reasons for the emergence of Chaozhou business culture from perspectives such as historical evolution, regional characteristics, and cultural transmission. This analysis has been conducted through lenses such as history, economic geography, and even cultural anthropology, resulting in the identification of five main cultural traits of Chaoshan merchants: 'precision, competition, trust, righteousness, and kinship.'However, as Chaoshan culture represents a non-institutional factor accompanying commercial activities and phenomena, there is still a lack of research and exploration on how Chaoshan culture, as a part of the business environment, participates in enterprise development and influences the process of enterprise growth.

In recent years, the Chinese government has continued to increase its support for small and medium-sized enterprises, pointing out that "small and medium-sized enterprises are an important force in promoting innovation, promoting employment and improving people's livelihood". Since 2022, China has issued more than 40 national policies to support the development of small and medium-sized enterprises, and more than 270 local government measures have been introduced.

Literature Review

2.1Core concepts

2.1.1 SME

In this study, the term 'small and medium-sized enterprises (SMEs)' refers to the classification standards stipulated by the Chinese Ministry of Industry and Information Technology and the National Bureau of Statistics in the document titled 'Provisions on the Classification Standards for Small and Medium-sized Enterprises.' According to these standards, industrial enterprises with fewer than 1,000 employees or annual revenue less than 400 million yuan are categorized as small and medium-sized micro-enterprises.

2.1.2 Enterprise growth

Many scholars have conducted extensive and in-depth research on enterprise growth from various perspectives. Due to diverse interpretations of the essence and driving forces of enterprise growth, a multitude of theoretical schools have emerged, leading to the absence of a unified theoretical framework. This study, observing the phenomenon of enterprise growth, adopts perspectives such as resources, capabilities, scale, and efficiency.

2.1.3 Chaozhou business culture

Chaozhou business culture is generally understood as a term referring to Chaoshan people or businessmen from Chaozhou, both historically and in the present context. It encompasses individuals who speak the Teochew dialect and may have Chaoshan origins or ancestry. These individuals engage in profit-seeking activities, business, and enterprise management (Zhang Shande, 2008; Huai Fei, 2016). Du Songnian (1994) introduced the concept, stating, 'Chaoshan culture is a regionally distinctive culture created by the Chaoshan people living in their native land, those residing in other parts of the country, and overseas individuals who care about the Chaoshan community.' This definition is adopted in the current study, considering Chaozhou business culture rooted in Chaoshan culture. It is regarded as a distinctive culture formed by Chaoshan businessmen in their long-term business activities, constituting an essential part of Chaoshan culture (Chen Dongdong, 2018).

The iconic 'Red-Headed Boat' is commonly recognized as a cultural symbol of Chaoshan businessmen, representing the entrepreneurial and adventurous spirit of Chaozhou business culture. Chaoshan businessmen are characterized by cultural traits such as precision, competition, trust, righteousness, and kinship.

2.2 Literature review

2.2.1 Theory of Enterprise Growth

Under classical economics, enterprise growth originates from the concept of social division of labor proposed by Adam Smith (1776). Social division of labor can promote the improvement of labor productivity, and then promote the expansion and development of enterprise scale, enterprise growth is only a process of '—— scale expansion of division of labor', and the expansion of enterprise scale is the growth of enterprises. After entering the 19th century, on the basis of critical inheritance classical economics, the birth of the neoclassical economics, its 'rational economy' 'profit maximization' as the basic assumptions, think enterprise growth is by adjusting the factors of production to maximize the enterprise scale and profit maximization, the process of enterprise growth is constantly from the optimal scale to the optimal scale process.

Penrose (1959) put forward the enterprise resources —— enterprise ability —— enterprise growth analysis framework, think enterprise has the resources is the basis of the enterprise ability, enterprise ability determines the enterprise growth speed, way and the boundaries, the growth of the enterprise mainly depends on can more effective use of existing resources, the main factors affecting enterprise sustainable growth is the lack of management resources, enterprise growth is essentially the dynamic process of enterprise management ability and resource interaction, which constitutes the core essence of enterprise endogenous growth theory. On this basis, future generations will further develop into the resource view and ability view of enterprise growth.

2.2.2 Performance and motivation of enterprise growth

currently, Some scholars, according to the decisive factors of enterprise growth, come from internal or external factors, Basically divides the enterprise growth theory into two categories, Enterprise exogenous growth theory and enterprise endogenous long theory (Li Junbo, 2011; Tian Xuejiao, 2019), There are also scholars according to the theory from static to dynamic development and change, The theory is divided into inanimate enterprise growth theory and animate enterprise theory (Li esssen, 2014; Liu Zhihui, 2015), And scholars, from the dimensions of scale, capacity, resources, system and other dimensions, Summarize and comb out the theory of enterprise growth (Xu Xiaoming, 2005; Yang Yang, 2011; Zeng Ping, 2015), At present, the development of enterprise growth theory includes network relationship theory, complex system theory, etc.,

Chinese scholars have made a series of research achievements on the growth phenomenon and motivation of enterprises in combination with China's reality. Zhao Xiao (1999), on the basis of a critical review of the mainstream economics and management theory, Constructed a three-dimensional analysis framework of enterprise growth including the internal governance structure and market technology structure of external regulation structure, The study found that: the imbalance of enterprise internal resources and its dynamic optimization combination, Is the source of power for enterprise growth; Business growth is just to get a growth economy, The foundation of the growth economy lies in the management ability, MAO Yunshi et al. (2005) emphasized, The growth of an enterprise mainly depends on the ability cultivation of the enterprise, The cultivation of ability depends on the strategic decision of enterprises in cooperation and competition, and the entrepreneur Tang Ming (2007) starts from the three parts of human composition, namely physical intelligence and mental body, Treat the enterprise as an organism composed of the institutional layer and the cultural layer of the resource layer; It is believed that enterprise growth is realized under the joint action of the three-dimensional space of resource axis system axis and cultural axis.

2.2.3 Research on cultural elements and enterprise growth

French sociologist Pierre Bourdieu (1977) first proposed that "cultural capital is the cultural literacy of the upper society acquired by individuals" to explain the reasons why children from different social classes have achieved different academic achievements and social status. Most scholars from the perspective of sociology or economics define the concept of cultural capital, Jonathan Turner (Jonathan Turner, 2001, p100) that cultural capital is a

specific group in the process of communication behavior, language style, lifestyle and values, etc., this definition emphasizes the important content of "cultural" connotation in the cultural capital. David David Throsby (1999, p3-12) first defined cultural capital from the economic perspective, advocating that cultural capital is the accumulation of cultural value expressed in the form of wealth, which can lead to the continuous flow of goods and services.

Research Methods

1. Study Methods

Interview survey. In the two target case enterprises, semi-structured interviews were conducted with senior executives, department managers, project supervisors, core employees and major external stakeholders of the enterprise to extract the core value cognition of fashion business culture and the influencing factors of enterprise decision-making and enterprise growth from the cognition in the practical field. Based on the results of double case study, data analysis and research results are discussed to conduct exploratory analysis.

grounded theory. This study follows the research method requirements of rooted theory, through the acquisition of first-hand data and data, constructs a relationship model, and puts forward relevant propositions combined with the research results of literature research and rooted theory.

case analysis. Case study is one of the important research methods for constructing or improving management theory, suitable for exploring the dynamic processes in complex scenarios (Eisenhar, 1989; Yin, 1994). The advantages of case study methods are: problem discovery, inspiration, and explanation (Qiao Kun, et al., 2008) When a topic lacks existing theories to explain, the theory can be developed through discovery and exploration in the practical field, namely exploratory case study.

2. Case selection

In this study, cases are selected according to the following criteria: 1. The founders of sample enterprises and the existing main managers conform to the concept of "fashion merchants", that is, Chaozhou people or their ancestral home of Chaozhou, so as to ensure that the entrepreneurs meet the basic attributes of fashion merchants.2. Entrepreneurs identify with the tidal business culture and have a certain understanding of the tidal business culture to ensure the representativeness of the tidal business culture; established over 30 years to facilitate the use of evolutionary economics theory and conduct research in a long period.4. Case enterprise information is accessible. Influenced by regional culture, fashion merchants are low-key and mysterious. Most enterprises are not easy to obtain first-hand information, and public information is rare.5. The industry where the enterprise is located is one of the eight major industries in Chaozhou area. It is representative of the regional industry and can reflect the regional economic phenomenon. Six, the enterprise size in line with the concept definition of small and medium-sized enterprises, that is, from the Ministry of Industry and Information Technology and the Bureau of Statistics and other departments issued the "small and medium-sized enterprises classification standards", the industrial enterprises: less than 1000 employees or operating income below 400 million yuan for small and micro enterprises seven, two cases are comparable. Based on the above analysis, two enterprises, "Chaozhou A Ceramics Co., Ltd." and "Chaozhou B Ceramics Co., Ltd.", were selected as the research objects to carry out the case investigation. The two enterprises, from the industry, enterprise growth, fashion business culture and other aspects, are in line with the typical needs of the research theme.

3. Credit and validity guarantee

According to the suggestion of Flick (2002 / 2007), a famous qualitative research scholar, the study corrected the data formation through multiple channels, and the double cases were coded successively with the help of N20 software. First of all, the three personnel trained and discussed the research content and related theories, and had the same basic cognition of

the work to be carried out. Subsequently, the sample coding test was carried out. On the basis of the identity of the coding test reaching more than 80%, the interviewers of the case enterprise 1 were coded one by one.

To improve the reliability and validity of this study, this chapter mainly uses the participant test and the non-participant test. The feedback of all examiners was summarized, and carefully reviewed and handled respectively. If the feedback is inconsistent with the study results or the feedback are different, the researcher will return to the original data for continuous comparison and reflection among cases. If the generation of the study results is fully based, the study results will be retained; if the evidence is insufficient, the original results will be revised according to the proposal. Revised or not, it are fully explained to the examiners according to relevant theories and research norms to reach consensus. Ultimately, examiners from different sources helped to improve the validity of the findings from different perspectives and levels.

Research result

1. Enterprise growth stage

With the help of N20 qualitative analysis software, the data is edited and coded according to the root theory method. Of 31 interview data, select enterprise growth process research topic related content, open coding label and conceptualization, produce 29 initial category and 145 initial concept, after repeated comparison, analysis, sorting, eliminate frequency less than 2 times the initial concept, finally extracted 133 initial concept, 22 category (table 1). By analyzing the above 22 initial categories, the internal connection of different initial categories is identified. Based on clustering and naming, sub-categories and main categories are extracted layer by layer, and 8 main categories (Attached Table 2) are obtained, including development scale, product, benefit, structure, ability, leadership, external environment and key events. By reviewing the case materials, realistic situation and enterprise cycle growth theory, until the theory is saturated, forming the basis for the division of enterprise growth stage, the three-stage model of entrepreneurship with more than 30 years and the growth of small and medium-sized enterprises in traditional industries, namely, entrepreneurial stage, rapid growth stage and stable growth stage.

Chaozhou business culture and enterprise growth stage

The interview materials were encoded under the theme of "Fashion Business Culture and Enterprise Growth", and a total of 96 "conceptualized" items were obtained, from which 45 initial category items were summarized. Some of the coding results are shown in Attached Table 3. Through in-depth analysis of the above 45 initial categories and induction of spindle coding, 17 main categories were partially coded in stages as shown in Supplementary Table 4. Through the continuous iteration of case materials, realistic situation and literature theory, it is found that the three stages of enterprise growth are the three levels of cultural characteristics ——> organizational behavior ——> dynamic elements ——> linkage of enterprise growth. The following analyzes the situational elements to discuss the correlation relationship.

Discuss

1. Growth stages and characteristics of SMEs

1.1 Influenced by the business situation and other factors, the growth process is consistent

The growth stage is highly influenced by the business environment of enterprises and domestic and foreign policy factors. For example, the first stage of the entrepreneurial process is driven by a group of courageous entrepreneurs under the domestic reform and opening up policy. The second stage of the rapid development, by China's accession to the WTO, into the global market, the market demand increases, China has a low labor force, has the cost advantage, the state encourages the development of private enterprises... Driven by many

factors such as international situation, national policies and market demand, enterprises realize capital accumulation and rapid development.

1.2 From the perspective of the specific growth process of the enterprise, the growth process is different

The starting point of enterprises is different, the development path and development advantages gradually differ, and the development strategy and core competitiveness are different. The analysis can find that the growth stage of an enterprise is influenced by the large business situation, policy, market and other factors, and the small development process is influenced by the entrepreneurs' cultural —— cognition and social resources, as well as the resulting differences in enterprise resources, ability and system.

2. The relationship between Chaozhou culture and the growth stage of small and medium-sized enterprises

2.1 Selection of tidal business culture characteristics in the field of enterprise growth stage

In different stages of growth, enterprises need to face obviously different difficulties, pressures and challenges. According to different growth situations, the strength of various cultural characteristics of fashion merchants is different. For example, in the entrepreneurial stage is mainly reflected in the lack of resources, ability, capital, how to start from scratch. In the stage of stable development, market pressure is gradually increasing, and extensive competition is like fine competition. Enterprises should further segment the market, resist the pressure, on the one hand, strengthen their capacity on the one hand, expand the market on the other hand, and maintain and expand their competitive advantages.

Data analysis shows that the enterprise in different stages call Chaozhou business culture "spell faith kiss" characteristics, to take organizational behavior, so as to realize the organizational goal, it is Chaozhou business culture and organization development, especially in the early regulatory elements also perfect the case, cultural cognitive elements and normative elements, formed a strong organization team, unified consensus, solidarity, institutional role of coordinated development.

2.2 Construction of the characteristics of tidal business culture with actors as the main body

Chaozhou business culture is along with the development of Chaozhou business help and growth, in the soil of Chaozhou culture continuous development of business culture, research found that the case tide business attaches great importance to management knowledge and management methods of learning and dialectical use, both companies are actively participate in management theory training, and please ask pulse questions for various enterprises, B enterprises in the enterprise practice in Japan kyocera fine management for reference, around the product quality and production process, production cycle to carry out the whole process of PCDA, PMC management. In enterprise A, enterprises should vigorously develop information technology and improve management efficiency by relying on informatization, which is A management practice exploration combined on the basis of management learning and the actual products, scale and market of the enterprise. We sum up the acceptance and practice of modern management as the "new" in the fashion business culture. On the basis of the cultural gene of tidal business, the characteristics of tidal business culture will be added, transformed or weakened with the change of internal and external factors.

Summary and suggestion

Combined with the above analysis, from the perspective of cultural characteristics and institutional factors, there are the following suggestions in promoting the growth of small and medium-sized enterprises

1) Relevant parties should build a field conducive to the development of enterprises. In terms of space, the field of enterprise growth includes policy environment, market environment, industry environment, cultural environment, social environment and other multiple field superposition. In terms of time, the field is reflected in the dynamic nature. From the stage of the case enterprise to the entrepreneurial stage to the stable development stage, the field environment is also changing. Therefore, the government, organizations, organizations and individuals should jointly build a business environment conducive to the development of small and medium-sized enterprises, and establish a better investment incentive mechanism, rights protection mechanism and business operation mechanism.

2) The cultivation of entrepreneurial ability. According to Bourdieu's interpretation of the concept of field, the field is a relationship formed by its own position. From the perspective of the enterprise subject, the change of the enterprise scale and capital will change the competitiveness of the enterprise, thus changing the field of itself. The tuyere theory also reveals that entrepreneurs should be good at understanding the field, conform to the field, and follow the trend. From the perspective of construction, the change of entrepreneurs' knowledge and ability, the change of enterprise resources and capital are also the construction of enterprise growth field. For example, the change of entrepreneurs 'knowledge and ability affects entrepreneurs' vision, and may produce different judgments and interpretations of the same objective reality, thus forming different decisions.

3) Small and medium-sized enterprises pay attention to the role of cultural-cognitive, standardized and regulatory elements in the field of institutional economics in the complex field of enterprise growth, deeply analyze the growth stage of enterprises, scientifically judge all kinds of actors in the field, promote the growth of all kinds of capital including cultural capital, and form the growth motivation.

4) In the growth history of Chinese, at home and abroad, the review and mining Chinese management wisdom, attaches great importance to the combination with Chinese excellent traditional culture, combined with the system of small and medium-sized enterprise management practice, concise economics with Chinese characteristics and enterprise growth theory, thinking and culture and modern management of complementary unity.

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