Executive DBA, Paris Dauphine University

巴黎九大高级工商管理博士学位项目

# An Empirical Research of Relationship Between Brand and Enterprise Sustainable Development, the case of Five Manufacturing SMEs in China

(Thesis submitted for the degree of Executive Doctorate in Business Administration)


Cohort: 2012

Candidate: ZHANG Yongsen

Supervisor: ZHANG Shixian


25th March, 2016

# CONFIDENTIALITY AND AUTHORISATION

There is a need to protect the confidentiality of information provided by the interviewees and their organizations. For this reason, the data and other material included in the thesis have been presented in such a way as to protect the interests of the participants. This thesis has been accepted as confidential, and will be handled according to the Université Paris-Dauphine' confidentiality policy.

Furthermore, the writer fully understands the relevant policy of Université Paris-Dauphine, regarding to the reservation and usage of the dissertation, namely that the University has the right to retain copies of the thesis, allow the thesis to be accessed and borrowed; The university may publish all or part of the contents of the thesis, and can save the thesis by photocopying, microprinting or other means.

Signature：_____Signature of Supervisor：_____Date：_____

# ABSTRACT

As market competition intensifies, the awareness of own-brand construction becomes more and more important for Chinese SME Manufacturers. Brand's comparative advantage is a reflection of the overall competitiveness of a business. Enterprise's innovation capability, product and service quality, business integrity and culture have strong influences on enterprise branding. High quality enterprise brand is based on the brand goodwill (customer loyalty) from corporate social responsibility undertaken by the business, which in turn becomes the cornerstone for enterprise sustainable development. The relationship between brand and enterprise sustainable development is mutually interdependent, mutually constraining and co-exist. The brand quality affects the development of an enterprise. Good brand has market leadership. Enterprise development goes hand-in-hand with brand competition. Brand helps enterprise profound.

Guided by qualitative case analysis and taking five Chinese SME manufacturers as examples, this thesis mainly adopts explanation building analysis method and uses auxiliary logic models and cross-case analysis. Under the premise of defined propositions and hypotheses, the author discusses the correlation or causality between brand and enterprise sustainable development in a deductive method. The author verifies the proposed theories (hypotheses) through collection, statistics and analysis of materials and explains various relationships among concepts, phenomena found in individual cases and their causes through verification or falsification of hypotheses. Case study is very applicable for EDBA. Firstly, the author makes a holistic inquiry about the case by using his abundant management experience and draws an inductive conclusion. Then, the author thinks that multiple case study may provide a better basis for discovery of theory and universal application.

Belonging to multiple case study, this study takes Chinese SME manufacturer as samples and objectives and selects typical enterprises (with their annual income exceeding 100 million Yuan, holding an own-brand for more than a decade and taking a market share of more than 20% of the total) to conduct within-case analysis and cross-case analysis. Case data sources include field note, archives, interview, observation, participant observation and physical evidence. This study will apply different kinds of data sources for mutual complementation and mutual corroboration, leading to an effect similar to triangulation, so as to improve the availability, validity and reliability of conclusions of the case study. Finally, since case study is a kind of empirical social studies, the author evaluates the normalization and preciseness of case study by construct validity, internal validity and external validity and reliability.

Core discoveries of this research include as follows:

1. Quality is an important internal factor of a brand. Quality is the basis of creating famous-brand products and services. Chinese-made products and services have lower quality reputation compared to international famous-brand products or services. With advances in technology, intensified market competition, and changes in consumer demand, the concept of quality continues to evolve and develop. Product quality has more rich content, including the product's functions, features, reliability, service satisfaction and many other aspects.

2. Technology is an important internal factor for sustainable development of an enterprise. Technical innovation is the most direct and efficient way for brand construction. The enterprise's investment in science and technology is the foundation of brand quality and comprehensive competitiveness. The formation of quality depends on technology and knowledge accumulation. A brand that has higher levels of technology and knowledge accumulation has higher technology content. Also, enormous scientific and technological strength will support the enterprise to unceasingly develop or research new brands or products.

3. Innovation is an important internal factor for enterprise competitiveness. Innovation, especially constant innovation, is a significant issue an enterprise is facing. Among which, technical innovation, management innovation and innovation of business models are undoubtedly important factors that can influence competitiveness and sustainable development of an enterprise. Innovation has been the only way for transformation and upgrading of Chinese traditional industries. Chinese enterprises must depend on innovation for standing out from the crowd in global competition.

4. Market share is an important internal factor for brand competitiveness. Brand competitiveness refers to the power a brand shows in fierce competition, which is different from or superior to that of other competitors and supports its own sustainable development, so as to improve its ability to obtain market share and valuable profits. A competitive brand doesn’t necessarily have valuable profits but surely has market share.

5. Brand competitiveness and enterprise competitiveness are major regulating factors. Brand competitiveness is a regulated variable for sustainable development of a brand and enterprise. A good brand couldn’t always ensure sustainable development of an enterprise. It also needs brand competitiveness for creating value for an enterprise. Therefore, only a competitive brand will provide impetus for an enterprise’s sustainable development.

6. Brand and enterprise sustainable development supplement each other and influence each other. There is a close relationship between them. Brand is a guarantee of quality and a basis for reputation. A firm doing well in brand will greatly improve its capacity of risk resistance, financing, reputation based on social responsibilities and sustainable development. Sustainable operation ability is the best explanation for brand competitiveness. Sustainable operation and innovation are the source of vitality of an enterprise brand. An enterprise can't sustainably develop without construction of its brand and technological and management innovation. What counts for brand construction is quality assurance and enterprise credit. What's more important is stability of core backbones and employees.

The author integrates discoveries and inspirations from this research to help government, entrepreneur and scholar to understand the relationship between brand and enterprise sustainable development in order to improve SME manufacturers' awareness of brand construction and value and put forward suggestions for brand construction planning, brand value management and other government policies, management decision and future research direction. Finally, the author states the mechanism of research methods, points out their obvious features, and evaluates their advantages superior to previous methods. In addition, the author also explains the deficiencies of the research methods, especially some uncontrollable experiment conditions, and obvious disadvantages. The author thinks this research still has several inadequacies and wishes other scholars and researchers to further complete relevant topics.

Key Words: SME MANUFACTURER, BRAND, BRAND VALUE, BRAND COMPETITIVENESS, ENTERPRISE SUSTAINABLE DEVELOPMENT

# Table of CONTENT

CONFIDENTIALITY AND AUTHORISATION ..... I
ABSTRACT ..... II
Table of TABLES ..... VIII
Table of FIGURES ..... IX
Chapter I: Introduction ..... 11
1.1 Research background ..... 11
1.2 Issues from management practice ..... 12
1.3 Research objectives and values ..... 14
1.4 Structure of this paper ..... 14
Chapter II: Literature Review ..... 17
2.1 Research of small and medium manufacturing enterprises ..... 17
2.1.1 China SMEs operating issues ..... 18
2.1.2 China SMEs operation specification ..... 18
2.1.3 China manufacturing SMEs operation specification ..... 19
2.2 Brand theories literatures ..... 20
2.2.1 Brand concept theory related research ..... 20
2.2.2 Brand equity theory related research ..... 25
2.2.3 Brand relationship theory related research ..... 30
2.2.4 Brand community theory ..... 34
2.3 Enterprise competitiveness related research ..... 35
2.3.1 Core competencies theory related research ..... 39
2.3.2 Brand competitiveness related research ..... 45
2.3.3 Brand asset valuation related research ..... 49
2.4 Enterprise sustainable development related research ..... 56
2.4.1 Enterprise sustainable development assessment system related research ..... 57
2.5 Brand competitiveness, corporate social responsibility and sustainable development related research ..... 61
2.5.1 Brand, Brand Competitiveness, Corporate life of vitality (sustainable development) and SME manufacturer related research ..... 63
Chapter III: Theoretical Framework ..... 66

3.1 Research topic ..... 66
3.2 Prime theory: Resource based view (RBV) theory ..... 67
3.2.1 The origin and development of RBV theory ..... 67
3.2.2 Core principles of RBV ..... 69
3.2.3 Brand competiveness and sustainable development study based on RBV ..... 70
3.3 Theoretical model ..... 72
3.4 Research questions ..... 73
Chapter IV: Methodology ..... 75
4.1 Research design ..... 75
4.2 Case and interviewee selection ..... 84
Item compared ..... 87
4.3 Data collection ..... 88
4.3.1 Executive interview ..... 88
4.3.2 On-site observation ..... 90
4.3.3 Written material ..... 92
4.4 Data analysis ..... 92
4.5 Case study quality control and limitation ..... 94
Chapter V: Case Studies ..... 96
5.1 Case 1 Qianjiang Spring Group ..... 96
5.1.1 China’s spring market analysis ..... 96
5.1.2 Company history and operation ..... 102
5.1.3 Company development path ..... 104
5.1.4 Enterprise brand construction and development path ..... 105
5.1.5 Enterprise sustainability ..... 110
5.1.6 Relationship between brand and sustainable development ..... 114
5.1.7 Theoretical framework implications ..... 116
5.2 Case 2 Qingdao TGOOD Electric Co., Ltd. (TGOOD) ..... 119
5.2.1 Market analysis of domestic power distribution equipment and auto charging ..... 121
5.2.1.1 Market analysis of domestic automobile charging ..... 121
5.2.1.2 Market analysis of domestic auto charging ..... 124
5.2.2 Company history and operation ..... 129

5.2.3 Company development path ..... 131
5.2.4 Enterprise brand construction and development path ..... 135
5.2.5 Core concept of business continuity management ..... 138
5.2.6 Relationship between brand and sustainable development ..... 142
5.2.7 Theoretical framework implications ..... 144
5.3 Chongqing Chicheng Light-duty Auto Parts Co., Ltd. ..... 151
5.3.1 Market analysis on auto parts of China ..... 152
5.3.2 Company history and operation ..... 160
5.3.3 Company development path ..... 161
5.3.4 Enterprise brand construction and development path ..... 163
5.3.5 Core concept of business continuity management ..... 166
5.3.6 Relationship between brand and sustainable development ..... 168
5.3.7 Theoretical framework implications ..... 170
5.4 Chongqing Kingway Ceramics Co., Ltd. (Kingway) ..... 174
5.4.1 Market analysis on ceramic industry of China ..... 175
5.4.2 Company history and operation ..... 179
5.4.3 Company development path ..... 180
5.4.4 Enterprise brand construction and development path ..... 182
5.4.5 Core concept of business continuity management ..... 184
5.4.6 Relationship between brand and sustainable development ..... 189
5.4.7 Theoretical framework implications ..... 193
5.5 Zhejiang Versatile Spring Machinery Co., Ltd. (WNJ) ..... 196
5.5.1 China’s spring machinery manufacturing market analysis ..... 197
5.5.2 Corporate history and operation ..... 200
5.5.3 Company development path ..... 201
5.5.4 Enterprise brand construction and development path ..... 202
5.5.5 Enterprise sustainability ..... 206
5.5.6 Relationship between brand and sustainable development ..... 207
5.5.7 Theoretical framework implications ..... 209
5.6 Cross-cases analysis ..... 211

5.6.1 Common findings ..... 212
5.6.2 Specific findings ..... 221
Chapter VI: Discussion and Conclusion ..... 225
6.1 Research basis and validity ..... 225
6.1.1 Theory selection ..... 225
6.1.2 Methodology application ..... 227
6.1.3 Research quality and validity ..... 230
6.2 Theories, practice and empirical findings ..... 231
6.2.1 Academic research recommendations for scholars ..... 232
6.2.2 Recommendations for brand construction and enterprise sustainable development 234
6.2.3 Recommendations for governments on standards and policy construction ..... 235
6.3 Research limitation and recommendations for follow-up studies ..... 236
6.3.1 Research limitation ..... 236
6.3.2 Recommendations for follow-up studies ..... 237
Appendix I: Interview Guide for Case Analysis ..... 239
Appendix II: Interviewee Analysis Sheet ..... 241
Appendix III: Images of Qianjiang Spring ..... 242
Appendix IV: Images of Qingdao TGOOD ..... 243
Appendix V: Images of Chongqing Chicheng ..... 244
Appendix VI: Images of Chongqing Kingway ..... 245
Appendix VII: Images of Zhejiang Versatile Spring ..... 246
BIBLIOGRAPHY ..... 247
DECLARATION ..... 260
RESUME ..... 261

# Table of TABLES

Table 1: Brand concept and various schools of thoughts ..... 23
Table 2: Brand equity and various schools of thoughts ..... 29
Table 3: Brand ecosystem and various schools of thoughts ..... 33
Table 4: Brand value quantification method ..... 50
Table 5: Sustainable development and various schools of thoughts ..... 58
Table 6: Research design ..... 83
Table 7: Cases firm selection comparative summary ..... 87
Table 8: Summary of Case 1 interviewee ..... 96

Table 9: Summary of Case 2 interviewee ..... 120
Table 10: Personal Information List of Chicheng Respondents ..... 152
Table 11: Personal Information List of Kingway Respondents ..... 174
Table 12: Summary of WNJ interviewee ..... 196

# Table of FIGURES

Figure 1: Brand community relationship diagram ..... 35
Figure 2: Competitiveness Structure ..... 46
Figure 3: The brand competitiveness triangle ..... 49
Figure 4: Brand customer value advantage factors ..... 54
Figure 5: Brand and sustainability conceptual model ..... 62
Figure 6: Research theoretical models ..... 72
Figure 7: Grounded theory research method ..... 77
Figure 8: Research process and method ..... 80
Figure 9: Research implementation step ..... 83
Figure 10: Research technology roadmap ..... 84
Figure 11: Data collection steps ..... 91
Figure 12: QianJiang Sping theoretical model (words frequency) ..... 116
Figure 13: TGOOD theoretical model (word frequency) ..... 144
Figure 14: Chongqing Chicheng theoretical model (word frequency) ..... 170
Figure 15: Market Size and Growth Rate of Household Ceramic Industry in China ..... 176
Figure 16: Kingway theoretical Model (word frequency) ..... 193
Figure 17: WNJ theoretical model (word frequency) ..... 209
Figure 18: Cross-case model ..... 212

# ACKNOWLEDGEMENT

This paper is completed under the guidance of my thesis supervisor Prof. Zhang Shi-xian. Prof. Zhang's vast knowledge and expertise, rigorous academic scholarship, respectable work style, noble morality and approachable charisma have influenced me a lot. I am not only set a strong goal of learning to master the basic research methods, but also to make himself a keen interest in the management of scientific research.

From the beginning to the successful completion of the thesis, I have benefited a lot from the teacher, classmates, friends and family members whom have helped and accompanied me throughout the period. All please accept my sincere thanks! Here I express to all teachers of Tsinghua University and Paris Dauphine University my heartfelt thanks. Thank you for three years hard work and thank you at the same time teaching me the mastering of rigorous scientific management methods and theories!

Three years of study, the harvest is not only increasingly rich knowledge, more importantly, in reading, thinking practice and research in the cultivation of skills and broad vision. Glad these three years I met so many my friends and teachers, both in learning and in life, or work, have given me a selfless help and enthusiasm of care, so I spent three years in an environment full of warmth doctoral research life. Gratitude is difficult to measure in words; I would like the simplest words of my highest esteem and respects to all of you.

Finally, thanks to my family members whom are not only caring and selfless contribution; let me have a mind at ease and care in the long process of research period, but also for my dissertation writing provides great support and help. In the coming days, I will work harder to learn and work, live up to the parents and family for my earnest expectation.