

# Role of the market orientation, innovative management, business network creation, strategic management and business performance of processed fruit export businesses in China

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## **ABSTRACT**

This research aims to study the market orientation, innovative management, business network creation, strategic management and business performance of processed fruit export businesses in China. This study utilized qualitative research methods. The qualitative research, in-depth interviews were conducted with 20 processed fruit entrepreneurs and senior executives in the processed fruit for exporting business in China. The research results indicate that 1) China's fruit processing industry group has a high level of marketing orientation, innovative management, business network creation, strategic management, and business performance. 3) The researcher has created a model for the organizational performance of the fruit processing industry group called the SMIB-BP Model (S = Strategic management, M = Market orientation, I = Innovative management, B = Business network creation, BP = Business performance.) Moreover, qualitative research has identified that China entrepreneurs in the fruit processing industry for exporting must utilize technology and product innovation to create organizational performance. In doing so, they can develop various styles, flavors, and products that meet international standards and provide the highest customer satisfaction. The findings of this research can be used as a policy to enhance the efficiency and success of the processed fruit for exporting in China, promoting its growth in the future.

## **1. Introduction**

Currently, the demand for dried fruits exports is increasing among health-conscious consumers as these products are rich in dietary fiber and iron. On the other hand, since the dried fruit market mainly uses imported raw materials and ingredients, the market trend is influenced by exchange rate fluctuations. The prices of raw materials and ingredients have increased rapidly in recent years, forcing companies to adjust their prices. In the rest of 2023, there are still many challenging factors affecting China's fruit exports. Not only the results of the delivery season have passed, but also the economies of major trading partners such as Japan and the United States may slow down and remain uncertain, which may put pressure on consumption and purchase orders. In addition, the results of volatile weather conditions will not only affect the quality and quantity of fruit products released to the market during the rest of the year. It may also affect the price of fruits for processing and export, which will increase and affect the competitiveness in the future. Doing fruit business will become more complex and challenging, especially from the changing weather conditions and the tendency to increase

minimum wages, which will continuously affect production costs and the competitiveness of businesses. Currently, Chinese fruit exports rely heavily on the Japanese and Korean markets, as reflected by the high market size and demand for Chinese fruits. This has led farmers to rely on “Chinese Fruit packing plant” to export processed fruits, as direct export to the Japanese market is very difficult and complicated. The government should ensure that the bargaining power between Chinese longan and entrepreneurs and farmers is as fair as possible, and that no one takes advantage of each other. At the same time, entrepreneurs should find new export markets outside of Japan to reduce the risk of concentration in a single market, while the government should accelerate trade negotiations to benefit processed fruit entrepreneurs in finding new export channels, such as some entrepreneurs who have turned to export to South Korea instead of Japan.

However, export taxes to South Korea from China are as high as 27–30 percent, creating significant costs for operators. The canned fruit business, especially pineapple, in the next phase will face pressure from the production that is less than expected in the market. Although the price from the end of 2023 to the beginning of 2024 is expected to increase to around 8-9 baht per kilogram, the price is still not high enough to encourage farmers to grow more pineapples because the main cause is the drought that directly affects the pineapples from being able to produce as desired (the fruits are stunted and not in the shape that the factory wants). In addition, competition in canned pineapple exports with competitors is still intense, from the original only Thailand, Indonesia, and the Philippines, to Kenya, which has also become a competitor in the market, which has caused the price of canned pineapple exports from China to have a downward trend until next year. Fruit processing by drying is a method to add value to Chinese fruits, which is recognized by foreign countries, especially persimmons, which are in demand and well-known by foreign countries and are also an important export product. The fresh fruit, processed fruit and other agricultural product business matching project was held for the first time to return to organizing on-site activities after organizing online activities for 2 years during the COVID-19 pandemic. It integrated cooperation from many parties, both government, private sector and farmers, including provincial commerce and foreign trade diplomats, to jointly conduct proactive marketing to support Chinese farmers, traders and exporters to distribute fresh fruit, processed fruit and agricultural products, increasing trade opportunities

### **Research Objective**

To study the market orientation, innovative management, business network creation, strategic management and business performance of processed fruit export businesses in China.

## **2. Literature Review**

The performance of the organization is linked to the friendly environment because it is a Green Product, taking into account the growth of the organization, the image of the organization, creating a friendly working atmosphere, reducing stress, employees are happy at work. Finally, assess the ability to make a profit, businesses place great importance on human development, human resources are like valuable assets of the organization, emphasizing the development of all dimensions of life in

a balanced way, both physically, mentally, knowledge and abilities, so that personnel have a good quality of life in their work. (Kohtamäki, Heimonen & Sjödin, 2020). Therefore, it is very important for the organization to manage human resources to create happiness in work, job satisfaction, confidence and a good attitude towards the organization, which will result in personnel working efficiently and effectively. When employees can work according to their goals, it will result in loyalty to the organization (Aruldoss, 2021). The organization's adaptability does not depend only on the policies or strategies of the executives, but also on all levels of employees in the organization. They must learn and be ready to change their attitudes at work all the time. This will result in good efficiency and effectiveness in operations, leading to the organization's goals and always meeting their own expectations. (Vaillant, & Lafuente, 2019). The organization's business performance is the result of the organization's learning process, which goes through three steps: data acquisition, data interpretation, and behavioral and cognitive change. Companies that have developed a strong learning culture are able to appropriately create, acquire and transfer knowledge, as well as change behaviors that reflect new knowledge and understanding. Business performance is expressed as financial results, sales growth, market share, overall cost reduction or profits gained from supply chain partners, reflecting how well the business's operations are achieving its goals in both the short and long term. (Sampath, & Krishnamoorthy, 2017). Profitability is a measure of a company's performance to assess the management's performance by measuring the company's core performance from financial ratios such as return on equity (ROE), return on assets (ROA), and enterprise value (Taouab, & Issor, 2019; Rodríguez, Gómez & Ortiz, 2019)

### **3. Methodology**

When obtaining data from the study of concepts, theories, related research and the results of in-depth interviews, the researcher chose to use the content analysis technique by proceeding as follows: 1) Data organization; 2) Data display by rearranging it into groups from the researcher's own basic knowledge of the research to obtain another level of meaning and understanding, creating new meaning in answering the research questions; 3) drawing conclusions and checking and interpreting the conclusions found.

### **4. Results**

#### **Opinion on the importance of observed variables**

Organizational Performance: Experts give importance to learning and development because learning and development is supporting employees to develop skills and knowledge related to the work they do, which is an important part, including providing opportunities to receive training and other learning activities, which will be beneficial to employees' work and result in the organization having quality human resources, consistent with the interviews of many experts who stated that *“Learning and development is an important element in evaluating an organization's performance. Employees with developed skills and knowledge increase work efficiency and result in quality production. Quality employees can help reduce unnecessary*

*steps and increase operational efficiency” Learning and development affect the success of an organization not only at the individual level but also affects the overall operation of the organization. Supporting learning and development is an investment that has a great effect in building an effective and sustainable organization in the long run. Next is the financial aspect, which is important for measuring the efficiency and success of the organization. Having a good financial status can enhance the efficiency and stability of the organization even better. This is consistent with the interviews with many experts who stated that: “Having a strong financial position builds credibility and having strong financials helps in strengthening the organization's capital and also helps in business expansion, investment in new projects and long-term operations.”*

**Marketing Focus:** Experts emphasize on customer focus because customer focus helps in understanding the needs and creates customer satisfaction and also helps in adjusting marketing plans and developing products to meet the needs of customers. This is consistent with the interviews of many experts who stated that: *“Customer focus helps build customer loyalty and satisfaction, with satisfied customers more likely to return and refer others. Customer focus affects an organization's performance, and having satisfied customers also affects an organization's image and credibility”* Next is marketing culture, which is creating a marketing culture that is consistent with the organization's values, marketing orientation, and having a marketing culture that supports innovation, helping to create an environment that promotes creative thinking and the development of new products or services. A marketing culture that results in flexibility and the ability to quickly adapt to changes in the market, which affects the organization's operations, is consistent with interviews with many experts who stated that *“Creating a marketing culture to effectively respond to market needs. A marketing focus that emphasizes marketing culture has important elements that affect the organization's performance”*

**Innovative capabilities:** Experts place importance on marketing innovation because marketing innovation helps organizations differentiate themselves from their competitors. Marketing innovation helps organizations create an impressive image in the market, which affects the organization's performance. This is consistent with the interviews with many experts who stated that: *“Marketing innovation plays an important role in the success of an organization by enabling it to respond to market trends, generate interest from target groups and enhance its corporate image, and respond to changes in the market and customer needs.”* Next is product innovation, which is an important factor that helps organizations create their products that are modern, valuable, and respond to market needs effectively. This is consistent with the interviews with many experts who stated that: *“Product innovation is an important aspect that organizations must focus on in order to respond to customer needs and keep up with market competition. Product innovation leads to the development of never-before-seen products or the improvement and development of existing products, which results in added value for customers, creating uniqueness and differentiation, and helping to respond to market demands”*

**Network capability variables:** Experts emphasize the integration of relationship capital with synergy because it is the use of strategic cooperation to achieve better results, a cooperation that is more effective than the efforts of separate individuals or units that work separately. This type of cooperation emphasizes the exchange and sharing of resources, knowledge, and skills in order to achieve common goals with greater value. This is consistent with the interviews with many experts who stated that *“.Working together as a network can produce more effective results than the results of working separately. Working together can be an exchange of*

resources that will improve business efficiency, reduce losses and increase profits, and create a culture that supports collaboration and knowledge sharing in the organization” Next is the ability to share knowledge, which is creating an open space and encouraging learning. Having the ability to share knowledge also increases the ability to change and adapt to changing situations, which is consistent with the interviews with many experts who stated that: “Supporting and encouraging knowledge sharing is beneficial to building a confident attitude and encouraging behavior to share information and experiences, which is part of networking competence. Knowledge sharing competence is an important part of creating a culture that supports learning and development in an organization.”

Strategic agility: Experts place importance on competency because it is the ability that an organization or individual needs to have in order to adapt and work in conditions of rapid and uncertain change strategically. Strategic agility, or the ability to quickly adapt and change to changing situations immediately, to enable an organization to work effectively in conditions of rapid or uncertain change in the business environment, is consistent with the interviews with many experts who stated that: “The ability that an organization or individual needs to have to adapt to strategies is essential to develop and operate in rapidly changing and uncertain business situations. The ability to quickly adapt is a key factor that allows an organization to function effectively in a constantly changing environment” Next is the responsiveness aspect, which is the ability to respond quickly to situations and strategic changes, especially in business environments in contexts of uncertainty or rapid change.

This is consistent with interviews with many experts who stated that: “Being responsive to strategic change can help organizations succeed in the face of rapid and uncertain change. Slow response can lead to missed opportunities or increased risks, while fast response can give organizations flexibility and the ability to capture new opportunities.”

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