

## Profile, Status, and Prospects of Electronic Companies in Foshan City: Basis for Development Plan

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**Abstract.** The comprehensive utilization of resources has become an urgent task to transform the mode of economic growth, develop a circular economy, build a resource-saving and environment-friendly society, and an important way to ensure the sustainable use of resources, reduce the pressure of environmental pollution, improve the efficiency of resource utilization and improve the quality of economic development. The study utilized a descriptive research method, the study aims to depict the profile, status, and prospects of these companies, with a particular focus on marketing, technical, and financial aspects for strategies, and innovation, opportunities, and challenges for operations. The respondents involved in the research are the managers or business owners of these electronic companies. Significant findings reveal that the five electronic companies in Foshan City are substantial in size, operating as joint-stock companies with assets valued in millions of RMB and employing thousands of individuals, primarily focused on household appliances. Strategies within these companies, particularly in marketing, technical, and financial areas, require enhancement to meet the continuously evolving needs and demands of the market, influenced by changes in technology and consumer behavior. Operations within electronic companies, emphasizing innovation, opportunities, and challenges, are crucial variables to consider for improving competitiveness in the electronic products industry. The study's output presents a proposed development plan deemed helpful for the electronic companies in Foshan City, providing a roadmap for their future growth and success.

**Keywords:** Development plan; Electronic companies; Joint-stock companies; Operations; Strategies

## 1. Introduction

China has emerged as the largest manufacturing hub for electronics globally, particularly in the Southern region, leveraging its abundant labor force and low labor costs over the past three decades. Despite its dominance, China faces escalating competition from other Asian countries, prompting electronic companies to reconsider their reliance on China and adopt a long-term vision for global production. Moreover, domestic Chinese companies provide most of the components used in electronics, aiding manufacturers in reducing logistics costs and working capital requirements. As alternatives to China, countries like India and Southeast Asian nations offer attractive investment schemes, encouraging foreign manufacturers to shift production. However, challenges persist, including tariffs for products imported to overseas markets, necessitating careful consideration by manufacturers (ARC, 2022)

As emphasized by Tipton (2011) and corroborated by Wang et al. (2022), innovation is paramount for economic growth, particularly in the highly competitive electronics industry. While China boasts strong international competitiveness in low-end technology and products, it lags behind in high-end products and core industrial technology. Consequently, research on the innovation efficiency of China's electronic industry is crucial for fostering economic growth and enhancing innovation capabilities. This study focuses on exploring the strategies of electronic companies, particularly in marketing, technical/production, and financial aspects, while also delving into the operational aspects related to innovation, opportunities, and challenges. With China's reputation as a leading producer of electronic products, this study aims to formulate a proposed development plan to equip business owners with strategies to navigate stiff competition and sustain competitiveness in the electronic manufacturing landscape.

## 2. Methodology

The study employed the descriptive method of research, following the guidelines outlined by Aggarwal (2008), to describe the present phenomena within the electronic industry in China, with a specific focus on various aspects including marketing, technical, and financial considerations. Additionally, the

study explored the operations of electronic companies in terms of innovation, opportunities, and challenges.

*2.1. Sampling Procedure*

The study utilized purposive sampling, following the guidelines outlined by Frost (2022), which involves selecting specific participants based on their characteristics to meet the research goals. Specifically, the sample comprised five electronic companies located in Foshan city, Guangdong province, chosen deliberately to provide insights relevant to the research question.

*2.2. Respondents*

The study collected data from business owners or managers of five electronic companies in Foshan City, who oversee the daily operations and transactions of their respective businesses. These companies, specializing in the production of electronic controllers for household appliances, have been in existence for more than a decade.

**Table 1** Distribution of Respondents

Electronic Industry	Address/Location	Manager
Guangdong Midea Group Meixi Electronics Co., Ltd.	Foshan city, Guangdong province	1
Guangdong Xinbao Electronic Technology Co., Ltd	Foshan, Guangdong Shundelu port Road	1
Guangdong Ruide Electronics Co., Ltd.	Foshan, Fengxiang road, Guangdong	1
Foshan Shunde District Shangyan Electronics Company	Foshan, Guangdong Shunde Beijiao Town Tao	1
Foshan City Shubde Haorui Electronic Technology Co., Ltd.	Foshan, Guangdong Shunde Beijiao Town Gali	1
<b>Total</b>		<b>5</b>

Table 1 shows the distribution of the respondents.

2.2.1 Research Site

The study was conducted at Foshan City, located in the northern part of the Pearl River, with its government seat in Chancheng District. Foshan's strategic location and modern amenities make it an ideal market for electronic products, supported by its vibrant tourism industry and commercial infrastructure.

### 3. Results and Discussion

#### 3.1. Profile of Electronic Companies in Foshan City

##### 3.1.1 Form of Business

All respondents, accounting for 100 percent, belong to joint-stock companies, as defined by Team (2023) as businesses owned by investors who buy and sell shares to own a portion of the company. This indicates that electronic companies in Foshan City are sizable enterprises with capitalization coming from investors, presenting significant opportunities in the market due to the widespread use of electronic products by consumers.

##### 3.1.2 Years in Operation

Sixty percent of electronic companies in Foshan City have been in operation for over 20 years, while 20 percent have been operating for 11 to 15 years and another 20 percent for 16 to 20 years. According to Fresh Book (2023), most small businesses take years to become truly successful, indicating that the stability and longevity of these electronic companies suggest significant opportunities in the marketplace, especially considering the high demand for electronic products in today's technology-driven world.

##### 3.1.3 Scope of Operations

All companies, accounting for 100 percent, engage in business transactions outside China, primarily exporting electronic products abroad. This aligns with China's status as a major exporter of electronic items, facilitated by factors such as a large and cost-effective labor force, contributing to the importation of Chinese electronic products by various countries worldwide.

##### 3.1.4 Number of Employees

The companies' employee varies in number, with some having over 35,000 employees, indicating the scale of larger companies. However, even companies with fewer employees, though still in the thousands, are considered significant, with controlled numbers likely implemented to manage labor costs.

##### 3.1.5 Assets as of 2022

The five companies reported assets exceeding 30 million Renminbi (RMB) each as of 2022, encompassing both tangible and intangible assets crucial for long-term productivity and efficiency. These assets play a significant role in attracting

investors to further expand their businesses and meet the high demand for electronic products in the market.

### *3.2 Strategies of Electronic Companies*

#### 3.2.1 Marketing

The study revealed that electronic companies prioritize strategies such as upgrading product features and offering discounts for repeat purchases, which were highly rated by respondents. However, strategies aimed at attracting new customers received a lower rating, suggesting a need to focus more on building trust and loyalty to convert new customers into repeat buyers. Considering the digital landscape in China, leveraging digital marketing strategies, especially through platforms like Baidu, Alibaba, and Tencent, can be beneficial for attracting and retaining customers in today's digitalized market environment.

#### 3.2.2. Technical

The study indicates that electronic companies prioritize providing favorable work conditions and having sufficient equipment for productivity, which received positive ratings from respondents. However, investing in new machinery to create new products received a lower rating, possibly due to existing machinery still functioning and replacement only when necessary. Technical aspects are crucial for business viability, including materials, labor, logistics, and development planning, which help troubleshoot potential problems and track progress. It's essential for companies to balance investments in new technology with maintaining efficient operations using existing resources.

#### 3.2.3 Financial

The study reflects that electronic companies prioritize financial strategies such as seeking external funding, tracking costs, forecasting future events, and identifying financial risks. These strategies are crucial for managing cash flow, making investment decisions, and ensuring financial stability. Respondents emphasized the importance of close monitoring of cash flow and financial management to achieve expected profits and sustain business success amidst competition and economic challenges.

### 3.3 Operations of Electronic Companies

#### 3.3.1 Innovation

Table 2 shows the data on operations of electronic companies in terms of innovation.

**Table 2 Innovation**

No	Indicator/s	Weighted Mean	Verbal Description
1	Our company uses resources to develop innovative ideas on electronic products.	3.0	Agree
2	Innovation made by our company increases efficiency of employees, processes, and business models to have productive output.	<b>2.80</b>	Agree
3	Our company innovation brings uniqueness and creativity to business operations.	3.20	Agree
4	Our company enhances the process of innovation in the long-run.	3.0	Agree
5	Our company adopt innovation to differentiate and to offer competitive advantage among competitors.	3.60	Strongly Agree
<b>Average Weighted Mean</b>		<b>3.12</b>	<b>Agree</b>

*\*\*\*Legend: Strongly Agree- 3.26 to 4.00; Agree- 2.52 to 3.25; Disagree- 1.76 to 2.50; Strongly Disagree- 1.00 to 1.75*

The study indicates that electronic companies prioritize innovation to differentiate themselves and gain a competitive advantage, as evidenced by the high weighted mean for item 5. Respondents emphasized the necessity of constantly upgrading products and processes to meet evolving consumer needs and technological advancements, highlighting the pivotal role of innovation in the success and sustainability of electronic companies in the market. This aligns with the claim by Emeritus (2023) that innovation is crucial for businesses to stay ahead of the competition, induce creativity, and enhance efficiency.

### 3.3.2 Opportunities

Table 3 shows the operations of electronic companies in terms of opportunities.

**Table 3 Opportunities**

No.	Indicator/s	Weighted Mean	Verbal Description
1	Our company rely on the latest technologies to improve product offerings.	3.80	Strongly Agree
2	Our company adopt new advances in technology and equipment for better business operations.	3.20	Agree
3	Our company has a rising demand for Smart Electronics Devices.	4.0	Strongly Agree
4	Our company consider the needs and demands of customers to improve existing products.	3.0	Agree
5	Our company grab the opportunity to explore other markets for possible disposal of products.	3.80	Strongly Agree
<b>Average Weighted Mean</b>		<b>3.56</b>	<b>Strongly Agree</b>

*\*\*\*Legend: Strongly Agree- 3.26 to 4.00; Agree- 2.52 to 3.25; Disagree- 1.76 to 2.50; Strongly Disagree- 1.00 to 1.75*

The study indicates that electronic companies are keenly aware of the opportunities in the market, particularly the rising demand for smart electronics devices. Respondents emphasized the necessity of continuously improving their products to remain relevant and retain customer loyalty in an environment where technological advancements drive consumer preferences. This aligns with insights from INS Global (2023) indicating China's rapid growth in the consumer electronics market and the importance of meeting evolving customer needs in a highly competitive industry.

### 3.3.3 Challenges

Table 4 shows the data on operations of electronic companies in terms of challenges.

**Table 4 Challenges**

No.	Indicator/s	Weighted Mean	Verbal Description
1	Shortage of skilled labor to perform specialized task on electronics harmed the production and service quality.	3.80	Strongly Agree
2	Consumers prefer to consume electronic products that offer lesser energy consumption	3.0	Agree
3	Complex regulatory on environment particularly on eco-friendly composition of electronic products	4.0	Strongly Agree
4	Shorter product cycle on electronic products due to fast changing innovation and technology.	4.0	Strongly Agree
5	Growth and development on products increases costs.	2.0	Disagree
<b>Average Weighted Mean</b>		<b>3.36</b>	<b>Strongly Agree</b>

*\*\*\*Legend: Strongly Agree- 3.26 to 4.00; Agree- 2.52 to 3.25; Disagree- 1.76 to 2.50; Strongly Disagree- 1.00 to 1.75*

The study reveals that electronic companies face significant challenges, such as complex regulatory environments related to eco-friendly compositions of products and shorter product cycles due to fast-changing innovation and technology. Respondents acknowledged the necessity of balancing growth and development costs with the need for continuous innovation to address these challenges and maintain competitiveness in the market, particularly in the household appliances segment where customer demand remains high. These challenges are in line with the risks associated with buying electronic goods in China, highlighted by Gomez (2021), emphasizing the importance of quality assurance, technical service, and after-sales support to differentiate products and ensure customer satisfaction.



### *3.4 Proposed Development Plan for Electronic Companies*

The proposed development plan for electronic companies was made based on the findings of the study. The focus areas of the electronic companies may be prioritized by the management in order to formulate suited strategies/activities to each practice and challenges need to be address and the responsible person or unit should be identified and determine their functions as contributor for the company's development.

## **4. Conclusions**

The electronic companies in Foshan City demonstrate substantial scale and complexity, operating as joint-stock companies with significant asset values, a large workforce, and a focus on household appliances. However, to navigate the evolving market landscape characterized by changing consumer behaviors and technological advancements, these companies must enhance their strategies across marketing, technical aspects, and financial management. Emphasizing innovation, identifying opportunities, and addressing challenges are crucial for improving operational efficiency and maintaining competitiveness in the electronic products sector. The proposed development plan resulting from this study offers valuable insights and guidelines that can support these companies in adapting to market dynamics and achieving sustainable growth in the industry.

## **Acknowledgements**

The researcher expresses heartfelt appreciation to the NEUST Graduate School for their continuous professional support, profound expertise, and invaluable guidance, all of which significantly enhanced the quality of this study. Their assistance and insights were pivotal in refining the focus and scope of the research, underscoring a collaborative effort aimed at achieving excellence in academic inquiry.

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