

Category Identification and Affecting Mechanism Exploration on the Business Philosophy Restricting China's SMEs' Performances

--A Field Study Based in Wuhan

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Abstract

The report aims at the task to identify the philosophy category that restrains businesses' development and explore the mechanism of action based on the former stage centering on the Business Philosophy of China's SMEs. The work is conducted by the McKinsey way through which 3-level index evaluation model is established to acquire the comprehensive evaluating value, which is used to contrast to evaluation-score system to make judgment on each philosophy index. Five restrictive factors are identified followed by the affecting mechanism's exploration: business policy (severely restrictive); talent idea, operating philosophy (obviously restrictive); business tenet, Business Vision (generally restrictive).

Keywords: SMEs' Business Philosophy of China, category identification, exploration on affecting mechanism.

1. Introduction

1.1 The classification standard of SMEs

According to China's classification standard for enterprises, the SMEs can be classified from three different dimensionalities: employees, sales and total assets (see Table 1: National standard of enterprises).

1.2 Range defining for SMEs in this investigation

The target enterprises in our investigation are picked according to the national standards, the total assets, sales and the

numbers of people engaged are the items used for classification. What is worth mentioning, although we choose the target enterprises considering different industries in the process of research, however, due to the limited time and funds, we have not distinguished the industry differences. So, it is necessary to lead a follow-up study.

1.3 Explanation of Business Philosophy

Business Philosophy is the opinion and view towards the world along with development of companies (including the ones existing at present and past, as well as foresee for future), or the summation and abstraction for guiding ideology formed systematically in the development process of the enterprises, it is the essence of enterprise operation and the core of enterprise culture. All activities of the enterprise are formed and conducted based on its guidance. It is usually the abstraction for real thoughts of enterprises in the form of brief words, instead the words which are large, empty and mendacious. It tells society, company and employees what to do and why, including the criterion, of course.

Business philosophy mainly includes: the company vision, company values, enterprise spirit, firm creed, operation policy, operation tenet, business objectives, the operating philosophy and talents value.

2. The Research Design and Methodology

2.1 Purpose of investigation

SMEs are indispensable and important subject in China's economic development, sustainable development of SME would give a pivotal support to China. Business Philosophy represents the basic belief that is performing as guidelines that owned by the internal members, it is informal rule about how to manage their members to perform the duty; it will be really powerful once this kind of philosophy is condensed and explicated (Marvin Bower, 2003).

At present, so many issues still exist in the development process of SMEs; the biased Business Philosophy could be an important but neglected factor. So in order to understand what and how Business Philosophy influence the development of SMEs in China, we did this On-the-spot investigation on the Business Philosophy which do a great on the SMEs' performance and perspective with so much interests as well as clear target.

2.2 The methods of investigation

This topic is conducted with different methods according to different phases:

-First stage: data acquisition – we used the anti-structured interviews, questionnaire survey and observation method to obtain first-hand data. The mentioned three methods are used crosswise. Therefore, we could communicate with business leaders and staff effectively through the elaborate and pointed questionnaires and then to know related information.

About the questionnaire survey, some explanations will be needed. As particularity of the objects and purposes of this investigation, we gave out questionnaires to staff and senior managers (23 enterprises were effectively-visited). To the latter, we gave out 360 questionnaires and took back 347 of them. To the former, 23 questionnaires were gave out and 23 were taken back. The recovery percent reaches 96.4%, meeting demands for questionnaire effectiveness.

-The second stage: data processing -- original data are disposed with SPSS statistical software. In practice, 3-level- index evaluation model for SMEs' Business Philosophy are established in accordance with the information obtained from the interview of SMEs after drawing lessons from the assessment system in study of evaluation system of corporate culture (Changchun University of science and technology. Journal on September 19, 2006.), according to our needs, aggregation and analysis are finished according to the model, thus we finish preliminary statistics (see Table 1) which is used to analyze by analytic hierarchy process (AHP).

-The third stage: the analyzing phase-- analysis method used: comparison method, charts and analyze-summarize method to refine and express the core information.

In general, we've looked up lots of reference documents, especially, a series of investigation reports of the McKinsey, which really improve our understanding in the study. Actually, this topic is subject to McKinsey way, making it's accessible to thinking systematically and answer our researching topic based on the materials obtained: what kind of Business Philosophy affect the development of SME and by what kind of constraining mechanism.

2.3 Investigation scale

According to the provisional regulations of the standard of SMEs, we select 26 SMEs in Wuhan, China (for some reasons we could not connect 3 of them), we eventually got in touch with 23 of them successfully, including 7 in manufacturing field, 4 in retailing field, 10 in service (the majority are the ones in training and food-beverage) and 2 farms.

2.4 Questionnaire validity

The material of the investigation was collected by questionnaire and interview method combining with the observation, the questionnaires are completed and taken back at site. Due to the high degree of cooperation of their executives and staff, the whole process was pretty smooth. We gave out questionnaires to staff and senior managers (effectively-visit enterprises were 23) separately. To the former, we gave out 23 questionnaires, all being valid. To the latter, 360 questionnaires were gave out and took back 347. It's adequate for us to conduct our report.

3. Category Identification

After collecting up first-hand materials, we started working on questionnaire analysis for 'what kind of Business Philosophy mechanism affect and constrain the development of SME'.

In the interview, almost all the operators are admitted to that Business Philosophy has an important influence on operation, and some of them even have seriously restricted the development and performance of enterprises. Then, which exactly are restricting the enterprises' development? To answer this question, we adopt the method of statistical analysis by SPSS software to build the 3-level standards model for Business Philosophy to identify the category of restricting factors.

3.1 Evaluating criteria

This report will classify Business Philosophy into 9 secondary indexes, to each of which will be set 3rd-level-evaluation factors. The selection of evaluation factors are referred in the private enterprise culture reference evaluation system research (Changchun University of science and technology. journal on September 19, 2006.), using the AHP method to give weight to each 3rd-level-evaluation factors, then secondary indexes will be evaluated using multi-level fuzzy mathematical model.

Criteria were divided into five rating:

- A. excellent (95 scores into bound);
- B. good (85 scores into bound);
- C. general (75 scores into bound);
- D. pass (60 scores into bound);
- E. poor (30 scores into bound).

And we set as following: if one index obtains A or B, the philosophy index is not restricting the development of enterprise, otherwise, it's the restricting factors against the development of enterprise. And restricting factors can be divided into three levels:

- Generally-restricting ones (75 < score < 85);
- Significantly-restricting ones (60 < score < 75);
- Seriously-restricting ones (score < 60).

3.2 Restricting factors' evaluation and identification

The statistical results are shown in table 2: 3-level evaluation system of Business Philosophy and the statistical results. The following calculation is based on the data in the table.

3.2.1 Vision index's evaluation

3.2.1.1 3-level evaluating factors' weights

1) The valuing method of relative importance

In the process of establishing judgment matrix, valuing method of the relative importance appears in the form of hierarchical scores system: 1.3.5.7.9(low to high) (this method is suitable for the evaluation of other indexes of this investigation), see attached table 2.

2) Evaluation score matrix:

Evaluation score matrix is $C = (95 \ 85 \ 75 \ 60 \ 30)$, this matrix is applicable to the other factors' evaluation)

3) Factors judgment matrix

Judgment matrix of factors 1.2, 1.3 and 1.1 are as follows:

$$\begin{pmatrix} 1 & 5 & 3 \\ 0.2 & 1 & 3 \\ 0.33 & 0.33 & 1 \\ 1.53 & 6.33 & 7 \end{pmatrix}$$

4) Factors' weighting priority matrix

Using the AHP method, the elements (1.1, 1.2 and 1.3) comes in weight matrix. Calculating formula of factors' weighting priority is:

$$w_i = (\sum_j (b_{ij} / \sum_j b_{ij})) / n$$

Three factors' weighting priority matrix is calculated according to the weight matrix above, the result is: $w = (0.624019 \ 0.239089 \ 0.136892)$. The matrix is of satisfactory consistency after inspection.

3.2.1.2 Comprehensive evaluation value

1) The fuzzy relation matrix

The fuzzy relation matrix (F) for secondary evaluation factors--"company vision" is:

$$\begin{pmatrix} 0.086 & 0.304 & 0.304 & 0.217391 & 0.086957 \\ 0.086957 & 0.217391 & 0.391304 & 0.173913 & 0.130435 \\ 0 & 0.26087 & 0.1739 & 0.347826 & 0.217391 \\ 0.347826 & 0.347826 & 0.130435 & 0.130435 & 0.043478 \\ 0 & 0.043478 & 0.347826 & 0.391304 & 0.217391 \end{pmatrix}$$

2) Quality evaluation matrix

Quality evaluation matrix (B) = factor's weight matrix (w) * fuzzy relation matrix (M), according to this formula, quality evaluation matrix for "company vision" is:

$$B = (0.624019 \ 0.239089 \ 0.136892) * \begin{pmatrix} 0.130 & 0.304 & 0.435 & 0.130 & 0 \\ 0.087 & 0.695 & 0.217 & 0 & 0 \\ 0.043 & 0.087 & 0.739 & 0.130 & 0 \end{pmatrix}$$

$$= (0.108 \ 0.368 \ 0.424 \ 0.099 \ 0)$$

So we can see, for the index "company vision", 10.8% of the company are excellent, 36.8% of them are in good performance, 42.4% of them are in general performance, 9.9% of them just passed, no company is performing awfully.

3) Evaluation score's transposed matrix is:

$$C^T = \begin{pmatrix} 95 \\ 85 \\ 75 \\ 60 \\ 30 \end{pmatrix}$$

4) The comprehensive evaluation value

The comprehensive evaluation value = evaluation-core transposed matrix (CT) * quality evaluation matrix (B), the comprehensive evaluation value of "company vision" can be calculated according to this formula, the result is:

$$B * C^T = (0.108 \ 0.368 \ 0.424 \ 0.099 \ 0) * \begin{pmatrix} 95 \\ 85 \\ 75 \\ 60 \\ 30 \end{pmatrix} = 73.35$$

5) Index's evaluation

The comprehensive evaluation value (73.35) is between 60 and 75, scoring for "pass". According to the evaluation-scoring system, SMEs' "company vision" belongs to "passing type"; the idea clearly restricts the development of SMEs.

3.2.2 'Enterprise values' index's evaluation

1) Quality evaluation matrix (Referring to the method used in 3.2.1.2, the following 7 are the same to this)

'The company values' quality evaluation matrix is:

$$B = (0.266 \ 0.472 \ 0.142 \ 0.110 \ 0.010)$$

So we can draw a conclusion that for the SMEs' "company values", 26.6% of them are excellent, 47.2% is good, and 14.2% are in an average level, 11.0% just pass. At last, 1% is awful.

2) Comprehensive evaluation value (Referring to the method used in 3.2.1.2, the following 7 are the same to this)

The company values were evaluated as:

$$B * C^T = (0.266 \ 0.472 \ 0.142 \ 0.110 \ 0.010) * \begin{pmatrix} 95 \\ 85 \\ 75 \end{pmatrix} = 82.90$$

3) Index evaluation

75 < score (82.9) < 85, the "company values" among the SMEs' enterprise idea is scoring "good", according to this, we can make a judgment that this idea is not restricting the development of SMEs.

3.2.3 'Company spirit' index's evaluation

1) Quality evaluation matrix

The factor's quality evaluation matrix calculated as:

$$B = (0.445 \ 0.238 \ 0.304 \ 0.052)$$

The quality of the SMEs: 44.5% of them are excellent, 23.8% are in good quality, and 30.4% of them are performing awfully.

2) Comprehensive evaluation value

Comprehensive evaluation value of "company spirit" is:

$$B * C^T = (0.445 \ 0.238 \ 0.304 \ 0.052) * \begin{pmatrix} 95 \\ 85 \\ 75 \\ 60 \\ 30 \end{pmatrix} = 82.35$$

3) Index's evaluation

In the system of evaluation score, 82.35 belongs to "good", "company spirit" isn't restricting the development of SMEs.

3.2.4 Enterprise creed index's evaluation

1) Quality evaluation matrix

The factor's quality evaluation matrix is: $B = (0.37, 0.304, 0.298, \text{ and } 0.304)$

So, 37 percent of SMEs are in excellent performance about this quality, 30.4% of SMEs' performance is good, the participants performing generally occupy 29.8%, 2.7% of them are awful..

2) Comprehensive evaluation values

Comprehensive evaluation value of "Enterprise creed" is:

$$B * C^T = (0.37 \ 0.304 \ 0.298 \ 0.027) * \begin{pmatrix} 95 \\ 85 \\ 75 \end{pmatrix} = 85.03$$

3) Index' evaluation

85 < score(85.03) < 95, in evaluation-score system, the score is good and just jump over the boundary lying between "good" and "general", so "enterprise creed" isn't obviously restricting the development of SMEs.

3.2.5 'Operating guideline' index's evaluation

1) Quality evaluation matrix

The factor's quality evaluation matrix is: $B = 0.038 \ 0.142 \ 0.132 \ 0.455 \ 0.243$

2) Comprehensive evaluation values

It is calculated as:

$$B * C^T = (0.038 \ 0.142 \ 0.132 \ 0.455 \ 0.243) * \begin{pmatrix} 95 \\ 85 \\ 75 \\ 60 \\ 30 \end{pmatrix} = 59.0$$

3) Index evaluations

In evaluation score system, the score locates below the "pass", we can point out that "operating guideline" restricts seriously the SMEs' performance and development.

3.2.6 The operation tenet index's judgment

1) Quality evaluation matrix

The factor's judgment matrix is: $B = (0.149 \ 0.243 \ 0.284 \ 0.200 \ 0.114)$

So we can draw a conclusion that in the SMEs, about 14.9 % of them are excellent in "company values", 24.3% of them are good, 28.4 % of them are in an average level, 20% just pass. At last, 11.4% is doing awfully.

2) Comprehensive evaluation values

The comprehensive evaluation value of this index is:

$$B * C^T = (0.149 \ 0.243 \ 0.284 \ 0.200 \ 0.114) * \begin{pmatrix} 95 \\ 85 \\ 75 \\ 60 \\ 30 \end{pmatrix} = 71.6$$

3) Index evaluations

In evaluating value system, $60 < \text{score}(71.6) < 75$, scoring for "general", then, operation tenet does be the Business Philosophy that significantly restrict the development of SMEs.

3.2.7 'Operating goal' index's evaluation

1) Quality evaluation matrix

The factor's quality evaluation matrix for: $B = (0.464 \ 0.123 \ 0.23 \ 0.129 \ 0.054)$

So we can draw a conclusion that among the SMEs, about 45.4% of them are excellent on the index -"company values", 12.3% is good, 23% in an average level, 12.9% just pass. At last, 5.4% is awful.

2) Comprehensive evaluation values

The factor's comprehensive evaluation value is:

$$B * C^T = (0.464 \ 0.123 \ 0.23 \ 0.129 \ 0.054) * \begin{pmatrix} 95 \\ 85 \\ 75 \\ 60 \\ 30 \end{pmatrix} = 81.16$$

3) Index's evaluation

The score belongs to "good" in the evaluation-score system. The factor is acting as "good type", not being the factors restricting the development of SMEs.

3.2.8 'Operating philosophy' index's evaluation

1) Quality evaluation matrix

The factor's quality evaluation matrix is: $B = (0.073 \ 0.169 \ 0.307 \ 0.203 \ 0.248)$

So we can draw a conclusion that in the SMEs, about 7.3% of them are excellent on "company values", 16.9% of them are good, 30.7% of them are in an average level, 20.3% of them just pass. At last, 24.8% of them are awfully doing.

2) Comprehensive evaluation values

Comprehensive evaluation value of "Business Philosophy" is:

$$B * C^T = (0.073 \ 0.169 \ 0.307 \ 0.203 \ 0.248) * \begin{pmatrix} 95 \\ 85 \\ 75 \\ 60 \\ 30 \end{pmatrix} = 63.9$$

3) Index evaluations

In the evaluation-score system, performance of SMEs' "Business Philosophy" belongs to the "passing type", obviously restricting the development of SMEs.

3.2.9 'Talents value' index's evaluation

Strictly speaking, talents value is an aspect of the enterprise values, but in our interview, we find that operators especially emphasizes it, therefore, we think it is necessary to pick it out alone to have a study.

1) Quality evaluation matrix

The factor's quality evaluation matrix is: $B = (0.103 \ 0.251 \ 0.226 \ 0.270 \ 0.151)$

So we can draw a conclusion that among the SMEs, about 10.3% of them are excellent on "company values", 25.1% are good, 22.6% of them are in an average level, 27% just pass. At last, 15.1% of them are awfully performing.

2) Comprehensive evaluation values

Comprehensive evaluation value of the factor is:

$$B * C^T = (0.103 \ 0.251 \ 0.226 \ 0.270 \ 0.151) * \begin{pmatrix} 95 \\ 85 \\ 75 \\ 60 \\ 30 \end{pmatrix} = 68.72$$

3) Index's evaluations

$68.72 < 75$, in the evaluation system, the score is "pass", this index's performance belongs to "pass type", obviously restricting the development of SMEs.

3.3 Induce the restricting factors

Through index evaluation done above, we can identify the factors restricting the development of SMEs:

- severely-restricting factors: operating policy (scoring 59.0)
- obviously-restraining factors: talent value (scoring 68.72), operation philosophy (scoring 63.9)
- Generally-restraining factors: operating tenet (scoring 71.6), business vision (scoring 73.35)

4. How do the restrictive factors influence the development of SMEs

After identifying numerous restriction factors those lay on the way to the SMEs' development, we would make an immediate reaction: we should strengthen the construction of such business ideas. However, why would operators and employees regard them very important in operation and what mechanism does it truly influence the development of SMEs?

4.1 Low-level operation philosophy determines the SMEs' low-level development conception.

During the investigation, we found that 91% SMEs didn't have the internal standard or definite rules to "deal with relationships between characters and events", 65.2% of SMEs were in deficiency at operating philosophy that supply

services directly to operation target that are different with companies like Haier (Haier's operating philosophy is "Haier would extend business, not protect the current shares") have a business philosophy which is exciting and linking up business objectives directly with business philosophy, most of the SMEs' operating philosophy are being at a low level and immature, this directly led to 62% of SMEs set survive as the interim even a long-term goal.

4.2 "Optional" tenets restricts the SMEs to upgrade core abilities

Unlike the corporations like Glanze that has a clear tenet (To be great, to create; to let customers be pleased, to strive) 57% of managers think that operating tenet is dispensable. Internally, the management is unable to give effective guidance to company and its staff's thoughts and behaviors; externally, the existing value of enterprises cannot reflect well, the consumer and the social public can't be effectively guided. This directly restricts the core competence —talents reserves and image promotion.

4.3 The fuzzy enterprise vision make SMEs lack the belief to go higher and further.

Haier has four clear and executable development strategies, for which specialized agency supplies implementation and supervision: brand strategy—the diversification strategy—globalization strategy—global brand strategy. In contrast, 56.52% of SMEs do not have specific strategies, only 13% of SMEs have special strategy agencies. Just like a machinery factory manager in Huading industrial park said: "we such type of enterprises develop blunderingly, we neither have so clear strategy, nor have the faith to go higher and farther."

4.4 Talent ideas are "Too indifferent" to constrain the SMEs to ram the foundation of talents

One of the eight core thoughts of Microsoft: top talent is the biggest real property. But in this survey, only 4.3% of SMEs treat talents as strategic resource, 56.5% of the SMEs cannot provide larger development space for its people. The good news is that part of the managers has been aware of the seriousness of this problem. A ecological energy company in Guan Shan Industrial Park is one of the few companies who regard human resource as a strategic resource; its officials think the quality of employee is the company's quality. This company now has special training institution, and formulate training plan for individuals with a commercial college in Wuhan. The company's targets enter a succession of realization with substantial talent foundation, and now are going toward the new goals with confidence and ability. But another fact is that quite a lot of SMEs are fairly lack of this kind of concept and talent foundation is instable as a result of the "too-indifferent" talent ideas, restrictive the company quality's improvement.

4.5 The chaos and acratia operation policy constraints directly SMEs to improve performance and develop higher.

Domestic outstanding enterprises have the basic and interim operation policy, for example, Haier Group make "The Orient lights first then the West" as the company's basic operation principle, supplemented by stage management policies. In this survey, we found that 60.9% SMEs don't have basic and staged operation policy, 66.7% of SMEs are underperforming in implement the established policy, only 17.3% of SMEs' operating policy offer direction guidance and method supervise to corporation's activities.

To be visible, a considerable number of SMEs' operating policies are chaos and acratia, causing confusion and weakness in concrete market activities such as talents' gaining, financing, technology and service's innovation, the company system's optimization and market's development. Being difficult to improve the performance, it isn't of any wonder that companies' development have being restrained.

4.6 The comprehensive action mechanism

The comprehensive action mechanism of the above-mentioned five factors is shown in figure 1.

5. Research Summary

5.1 Conclusions and important data

Finally, we answered the question proposed at the very beginning. Here, the five restrictive factors and action mechanism will be summarized as follows:

1) Severely-restrictive factors

Business policy: It is so chaos that SMEs' development and performance improvement are directly restricted.

2) Obviously- restrictive factors

Talent idea: It restricts the punning of talents foundation as a result of its awareness.

Operating philosophy: It determines the low-level development idea of SMEs for it's standing in the low level.

3) Generally restrictive factors

Business tenet: It is dispensable restricting the SMEs to upgrade core ability.

Business Vision: SMEs lack the belief to go higher and farther for business Vision is fuzzy even unknown to the companies and stuff.

4) Important data

52.3% SMEs do not have the business vision that is able to conduct the firm efficiently.

Merely 24.2% SMEs' operation philosophy aim at operating goals directly; the former fails to offer enough core support for enterprises as a result of its low level.

64.7% SMEs' talent ideas are too interim to restrain the corporations to ram their talent foundations.

59.8% SMEs haven't formulated the operation tenet to pilot their staff internally and conduct the public especially the customers externally.

83% SMEs perform unoptimistic with the restriction coming from the fuzzy and acratia operation policy.

Philosophy determines everything, this is the general sense recognized by 76.2% of China's SMEs operators.

5.2 Limitations

First of all, our results are not classified as sectors, but in fact, the business philosophy is different between different industries. It's our survey's largest deficiency to fail to lead a further study as a result of lack of money and time. At the same time, we would like to invite those who are interested in our study results to make more subsequent research.

Secondly, our task aimed only at the SMEs in Wuhan with investigation in the field visits way. So it's lack of the ability to be referenced in other areas in China that the conclusion may be lack of general applicability.

Finally, because of our limited energy, we just visited 23 enterprises, not all of SMEs in Wuhan. So, in some kinds of degree, the topic is incomplete in some points.

5.3 Innovations

First of all, the topic we have selected haven't been researched systematically in the current within the scope of whole nation; most research is aimed at large companies' business philosophy. However, no one went to the SMEs which are in lack of funds and in shortage of ability. But, the number of SMEs accounts for a considerable proportion in domestic, SMEs in China own the inestimable future development, they are and will be great role, deserving the acceptance. So we have selected SMEs as the research object, and hoping to provide some useful suggestion for them

Secondly, we selected the samples strictly to confirm 26 representative SMEs as our investigation target (3 failed), data collection, analysis and explanation were conducted through investigation questionnaires, interviews and questionnaire testing method, and then it was completed by clear thinking, logical method, and appropriate process.

Thirdly, our study is conducted through on-the-spot investigation; the material is the first-hand information, so the integrity and authenticity is of strict guarantee.

Finally, the research is concluded in both English and Chinese versions. The differences of different languages let different ways of thinking and description occur to us.

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Table 1. National enterprise standard

Name	Index name	unit	Big size	Medium size	Small size
Industrial enterprise	Numbers of employees	numbers	above2000	below300—2000	below300
	sales	Ten thousand RMB	above 30000	below 3000—30000	below 3000
	Total assets	Ten thousand RMB	above 40000	below 4000-40000	below 4000
Construction enterprises	Numbers of employees	numbers	above 3000	below 600-3000	below 600
	sales	Ten thousand RMB	above 30000	below 3000-30000	below 3000
	Total assets	Ten thousand RMB	above 40000	below 4000-40000	below 4000
Wholesale enterprise	Numbers of employees	numbers	above 200	below 100-200	below 100
	sales	Ten thousand RMB	above 30000	below 3000-30000	below 3000
Retail enterprise	Numbers of employees	numbers	above 500	below 100-500	below 100
	sales	Ten thousand RMB	above 15000	below 1000-15000	below 1000
transportation	Numbers of employees	numbers	above 3000	below 500-3000	below 500
	sales	Ten thousand RMB	above 30000	below 3000-30000	below 3000
Postal service enterprise	Numbers of employees	numbers	above 1000	below 400-1000	below 400
	sales	Ten thousand RMB	above 30000	below 3000—30000	below 3000

Accommodation and catering	Numbers of employees	numbers	800 above	400-800 below	below 400
	sales	Ten thousand RMB	15000 above	3000-15000 below	below 3000

Numbers of employees, sales, and total assets are the dimensionalities we chose to select samples.

Table 2. 3-level evaluation system of Business Philosophy(including the statistical results).

Philosophy category	No.	Factors used for evaluation	weight	grade				
				A	B	C	D	E
1.business vision	1.1	Distinct and pull off	0.62	3	7	10	3	0
	1.2	Explicit and maneuverable step to implement	0.24	2	16	5	0	0
	1.3	Have a specific strategic institution	0.14	1	2	17	3	0
2.business values	2.1	explicit	0.174	4	18	0	1	0
	2.2	Integrated up and down	0.075	5	13	2	3	0
	2.3	Explicit and inspiring mission	0.118	5	12	2	2	2
	2.4	Show the basic character and operation tenet	0.316	10	5	4	4	0
	2.5	Values control the staff's common hope and action norm	0.316	4	12	5	2	0
3.business spirit	3.1	Core group teach others by examples	0.16	13	5	4	1	0
	3.2	Refine from the current ideas and concept	0.443	10	4	8	1	0
	3.3	Whole stall grasp	0.097	2	5	10	6	0
	3.4	expressed obviously by slogan, phrase and company music	0.06	14	5	4	0	0
	3.5	Reflect the leaders' basic thought	0.239	9	8	6	0	0
4.business credo	4.1	Incarnate company's ethics, be the behavior standard pursued by up and down	0.211	1	7	12	3	0
	4.2	Guide and drive the company's operation	0.687	10	7	6	0	0
	4.3	Have refined propagate phrase	0.102	14	7	2	0	0
5.operation policy	5.1	Provide direction guidance and method instruction to business	0.218	12	10	1	0	0
	5.2	Fit the firm's reality	0.157	18	5	0	0	0
	5.3	Have the basic and interim policy	0.2	6	6	8	1	2
	5.4	A decision is put into effect efficiently	0.309	3	4	9	7	0
	5.5	Have institution and organization to ensure its consistency	0.117	1	1	6	10	5
6.operation tenet	6.1	Able to reflect firm's vast heart broad ambition	0.052	9	13	1	0	0
	6.2	Internally, be able to pilot the firm and its people	0.122	14	7	0	0	2
	6.3	Management system is sound and executable	0.432	2	5	7	8	1
	6.4	Externally reflect the company's existence value and guide the consumer and public	0.394	7	5	3	3	5
7.operation	7.1	Clear and ambitious	0.073	19	4	0	0	0

goal	7.2	Up-and-down approve to pull it off	0.539	16	2	3	0	2
	7.3	Innovation is encouraged	0.231	1	5	9	8	
	7.4	Be of spirit and give guidance to corporation and its people	0.157	3	2	10	7	1
8.operation philosophy	8.1	Be the abstract on the thinking and principle	0.159	3	6	10	2	2
	8.2	operation philosophy aims at business goal	0.178	2	6	10	5	0
	8.3	Major leaders' thought is advancing and are bold in innovation	0.171	2	8	10	3	0
	8.4	Explicit norms exist internally to treat all kind of relationships	0.493	1	1	4	6	11
9.talent concept	9.1	Performance evaluation is able to report employees' real ability	0.127	2	7	7	5	2
	9.2	Performance evaluation can show staff's real contribution	0.087	2	5	9	4	3
	9.3	Can offer more space for staff	0.394	0	6	4	8	5
	9.4	Promotion is determined by real capability	0.245	8	8	3	3	1
	9.5	Treat the talent as the strategic resource	0.146	0	1	8	9	5

1) The statistics here come from investigation

2) The calculations are based on this form.

3) The calculation method of weights in this table can be referred in 3.1.1

Table 3.Value table for factors' contrast-to-value

Relative importance	Meaning
1	Both are equally important
3	The former is a little important than the latter
5	The former is more important than the latter
7	The former is much more important than the latter
9	The former is extremely important than the latter

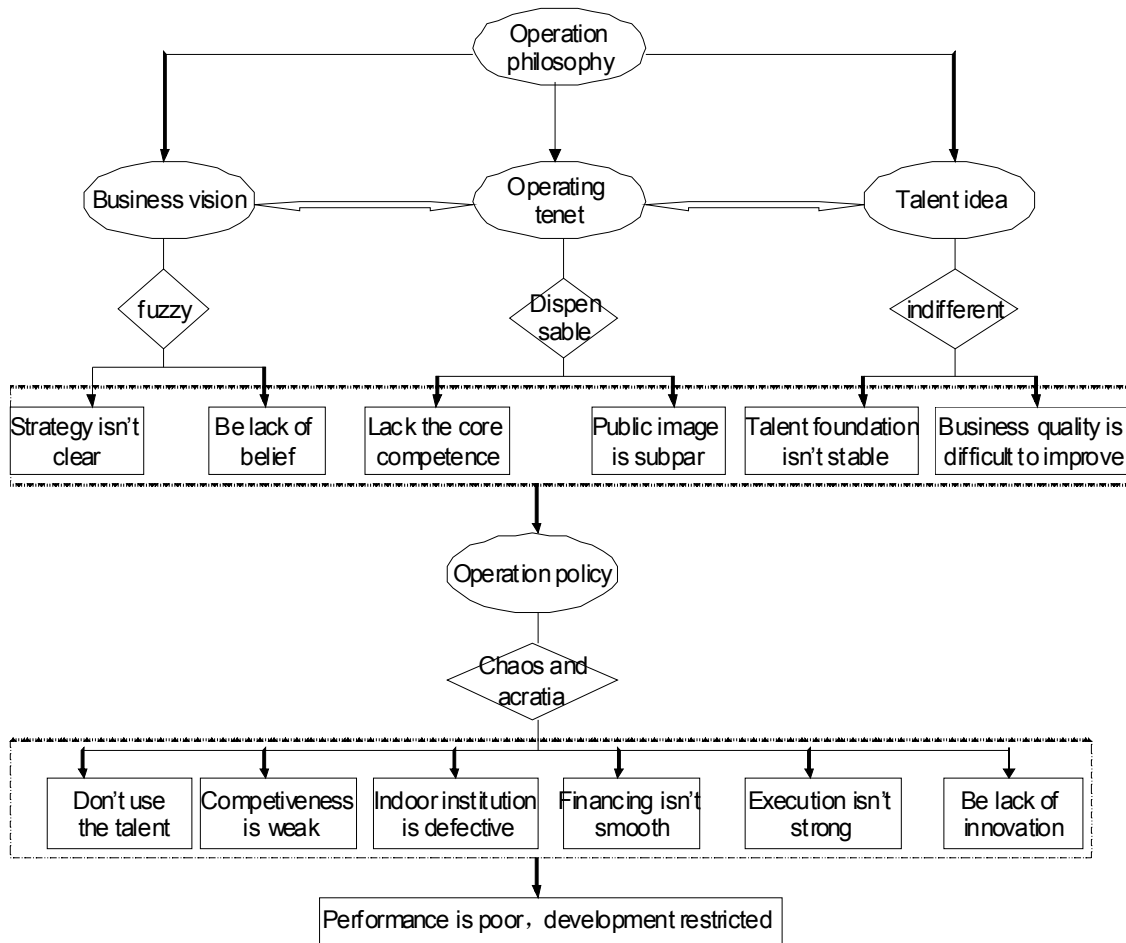


Figure 1. The comprehensive affecting mechanism of five restrictive factors