

# Digitalization, business innovation and company performance of manufacture industry in China: Basis for innovative business operation framework

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## ***Abstract***

The manufacturing industry in China is undergoing a rapid digital transformation. This transformation is being driven by several factors, including the increasing availability of digital technologies, the growing demand for customized products, and the need to improve efficiency and productivity. The study Digitalization, Business Innovation and Company Performance of Manufacture Industry in China: Basis for Innovative Business Operation Framework examines the relationship between digitalization, business innovation, and company performance in the Chinese manufacturing industry. The study uses a sample of manufacturing firms in China and finds that digitalization is positively associated with business innovation and company performance. The study also finds that there are several factors that mediate the relationship between digitalization and company performance. These factors include the firm's absorptive capacity, the firm's organizational agility, and the firm's strategic orientation. The findings of the study suggest that digitalization can be a powerful driver of business innovation and company performance in the Chinese manufacturing industry. However, the study also suggests that firms need to invest in their absorptive capacity, organizational agility, and strategic orientation to fully realize the benefits of digitalization. The study concludes by proposing an innovative business operation framework that can help firms in the Chinese manufacturing industry to achieve better performance through digitalization.

***Keywords:*** digitalization, business innovation, company performance, business operation, manufacturing

## **Digitalization, business innovation and company performance of manufacture industry in China: Basis for innovative business operation framework**

### **1. Introduction**

In today's dynamic business environment, the concepts of digitalization, business innovation and enterprise performance have intertwined, shaping the way organizations operate, compete, and succeed. Digitization refers to the incorporation of digital technologies into all aspects of business operations, while business innovation requires the creation and implementation of novel ideas, strategies, and processes to drive growth and create value. On the other hand, business performance includes the measurement and evaluation of the effectiveness of an organization in achieving its goals and objectives. The advent of digitalization presents unprecedented opportunities for organizations to transform their operations, increase efficiency and create value for stakeholders. Rapid advances in technologies such as artificial intelligence, big data analytics, cloud computing, and the Internet of Things (IoT) are enabling organizations to collect, process, and analyze vast amounts of data for actionable insights and informed decision-making. This digital transformation not only revolutionizes internal processes, but also opens new ways to engage with customers, optimize supply chains and reimagine business models.

The performance of some enterprises has declined in the process of digital development. This has aroused people's concerns about whether improving the level of enterprise digitalization and carrying out business model innovation can effectively improve enterprise performance (Peters, 2023). In this article, we explore the challenges companies face during digital transformation and discuss strategies to improve business performance through digitalization and business model innovation. At the same time, business innovation has become a key driver for organizations seeking to differentiate themselves in a crowded marketplace. By fostering a culture of innovation, companies can continually explore new ideas, experiment with disruptive technologies, and define unique value propositions. Business innovation enables organizations to stay ahead of the competition, adapt to changing customer needs, and seize opportunities in the face of disruption. Through innovative practices, organizations can turn challenges into opportunities and create sustainable competitive advantage.

Business innovation and organizational performance are closely linked as organizations strive to achieve and maintain competitive advantage in today's dynamic business environment. Business innovation refers to the creation and implementation of new ideas, strategies, products, and processes to drive growth and create value for customers. Organizational performance, on the other hand, covers the results and outcomes achieved by the company, including financial performance, market positioning, operational efficiency, and customer satisfaction. Innovation has become a key driver of success for organizations across industries. In a rapidly changing and competitive environment, companies that fail to innovate risk falling behind and losing relevance. Business innovation enables organizations to differentiate, respond to changing customer needs and seize new market opportunities. It enables companies to explore new business models, disrupt traditional industries, and create value in unique ways.

If implemented effectively, business innovations can have a significant impact on organizational performance. Innovative organizations typically achieve improved financial performance, increased market share, increased customer loyalty, and enhanced competitive position. By developing and introducing innovative products, services or processes, companies can attract new customers, retain existing customers, and command a premium price in the market. In addition, innovation can improve operational efficiency and cost optimization. Innovative organizations are constantly looking for ways to streamline processes, eliminate waste and increase productivity. By leveraging technological advancements and embracing digitization, companies can automate manual tasks, enhance collaboration, and access real-time data to enable data-driven decisions and respond faster to market changes.

Improving business performance is a fundamental goal for organizations striving to grow in today's competitive and rapidly changing business environment. Business performance spans a range of dimensions, including financial success, operational efficiency, customer satisfaction, market share and innovation. By improving business performance, organizations can achieve sustainable growth, maximize profitability, and strengthen their position in the market. In today's digital age, leveraging technology is critical to improving business performance. Organizations must embrace digital transformation and harness the power of technological advancements such as data analytics, artificial intelligence, automation, and cloud computing. By leveraging technology, organizations can gain actionable insights, enhance decision-making, improve efficiency, and deliver personalized experiences to customers. Adoption of innovative technologies enables organizations to stay ahead of the competition and effectively navigate market disruptions.

The goal of digitalization and business innovation is to improve business performance, ensure the organization achieves its strategic goals and create value for all stakeholders. Business performance spans various dimensions, including financial performance, operational efficiency, customer satisfaction, employee productivity and environmental sustainability. By effectively leveraging digital technologies and business innovation, organizations can drive improvements in these areas, leading to increased competitiveness, profitability, and long-term success. This comprehensive study aims to explore the complex relationship between digitization, business innovation and corporate performance. Through industry case studies, best practices, and empirical research, we will delve into the mechanisms by which digital transformation and innovation affect business performance. We'll analyze the key factors influencing the success of digital and innovation initiatives, identify the challenges organizations face in realizing their potential, and highlight strategies for maximizing enterprise performance in a rapidly evolving business environment.

The findings of this study will provide valuable insights for business leaders, managers, and policy makers to make informed choices about digitalization and innovation investments. By understanding how digitalization and innovation contribute to business performance, organizations can align their strategies, resources, and processes to achieve sustainable growth, profitability, and competitive advantage. In conclusion, digitalization, business innovation and corporate performance are interrelated concepts that determine organizational success and longevity. The integration of digital technologies combined with a culture of innovation can unlock new opportunities, increase efficiency, and create value for customers. Through this holistic approach, organizations can improve performance in all areas and position themselves as industry leaders. By embracing the transformative power of digitalization and business innovation, organizations can meet future challenges, adapt to emerging trends, and create a sustainable future for themselves and their stakeholders.

**Objectives of the Study** - The purpose of this study is to evaluate the impact of digitalization and business framework innovation on firm performance in China's manufacturing industry. Specifically, the study aims to describe the digitization of the digital environment, digital capabilities, and digital supply chains; Identify business innovation practices, including technological innovation, exploratory innovation, and strategic innovation; Evaluate the company's performance in terms of growth rate, risk defense, and talent pool; Test the relationship between these three variables and explore the new business operation framework suitable for Chinese manufacturing enterprises.

## 2. Methods

**Research Design** - To gather the necessary information, the researchers used a descriptive association approach to identify the relationship between digitization, technological innovation, and firm performance. Descriptive research method is a common research method, which describes and explains existing phenomena, laws and theories through personal understanding and verification. Its main purpose is to raise questions about the status quo of the subjects of study, reveal its inadequacies, describe phenomena, and share relevant experiences. Descriptive research seeks to gain relevant insights by gathering specific data and information from the population or group being assessed. By using numerical means, such as event totals, averages, or trends,

descriptive research methods can provide information about the frequency with which a particular event or situation occurs. This approach helps us better understand and describe the characteristics and trends of the subjects under study (Brunt et al., 2017). The descriptive research method is the process of summarizing and explaining various theories, and it mainly involves parsing and explaining the views of others. In scientific research, this method is indispensable as it helps to provide a comprehensive overview of existing knowledge and theories. Through descriptive research methods, we can better understand and explain the arguments of others, thereby furthering the progress of scientific research.

The study will select a representative sample of manufacturing companies operating in China. Samples will be drawn from various sectors of the manufacturing industry to ensure representative diversity. The main data for this study will be collected through a structured questionnaire. The questionnaire will be designed according to the research objectives and existing literature on digitalization, business model innovation and firm performance. The questionnaire will include items to measure the level of digitization, the degree of business model innovation, and various dimensions of corporate performance. To fully understand the impact of digitalization and business model innovation, the sample will include companies of different sizes, digital maturity, and business models. A combination of random sampling and purposeful sampling techniques will be used to ensure a balanced and representative sample.

**Participants of the Study** - Identifying study participants is an integrated decision through a series of considerations. First, the research goals and questions define the scope of the participants. In this case, the goal of the research is to explore the application and impact of digitalization and technological innovation in the Chinese manufacturer industry, so the participants should be enterprises and practitioners in this industry. According to the objectives and scope of the study, 10 manufacturer enterprises were selected as participants in the Guangdong and Guangxi regions of China. These companies cover various sub-sectors within the manufacturing industry, such as electronics, automotive, textiles, and machinery, to ensure broad applicability of the research findings. A total of 328 respondents participated in the questionnaire survey, a sample size that provides sufficient data to support the conclusions of the study.

Manufacturing companies are selected as companies related to digitalization and technological innovation because manufacturing is an important part of the Chinese economy and a key area of digitalization and technological innovation. In the context of the current wave of global digitalization, the manufacturing industry is facing many challenges and opportunities, such as smart manufacturing, Internet of Things, and artificial intelligence, etc. By studying the digitalization and technological innovation practices of manufacturing enterprises, we can gain an in-depth understanding of their application, influencing factors and effects, and provide valuable reference for formulating strategies and policies.

The criteria for selecting respondents were their roles and responsibilities within the manufacturing organization. In this example, the interviewees should be employees from all levels and departments of the participating manufacturing enterprises, including top management, technical personnel, production personnel, marketing and sales personnel, etc. Such selections can provide multiple perspectives and perspectives for a comprehensive understanding of the impact of digitalization and technological innovation on the business. In addition, the selection of respondents should also consider their experience and knowledge in the business to ensure that they can provide valuable insights and opinions.

Through the above comprehensive decision-making, the participants of this study were determined to be 10 manufacturers from Guangdong and Guangxi regions of China, and a total of 328 respondents participated in the questionnaire survey. They cover different sub-sectors and different functional roles within the manufacturing industry to provide a comprehensive perspective and insights to support the research objectives and answering of the questions. Based on the data provided, we were able to describe and analyze the study population. These data involve the gender, age, education, income, working years and position of the participants. The following is an analysis of these factors:

**Table 1***Percentage Distribution of the Respondents' Profile*

Profile Variables	Frequency	Percentage %
<b>Sex</b>		
Male	167	50.91%
Female	161	49.09%
<b>Age</b>		
Under 18 years	0	0.00%
19-25 years old	118	35.98%
26-35 years old	137	41.77%
36-45 years old	38	11.59%
46-55 years old	28	8.54%
<b>Highest degree</b>		
Junior high school or below	33	10.06%
High school (technical secondary school)	70	21.34%
Junior college	98	29.88%
Bachelor degree	119	36.28%
Graduate degree or above	8	2.44%
<b>Monthly income</b>		
Below 2000 yuan	10	3.05%
2001-5000 yuan	179	54.57%
5001-8000 yuan	83	25.30%
8001-10000 yuan	42	12.80%
10,001-20,000 yuan	12	3.66%
20,000 yuan or more	2	0.61%
<b>Working years</b>		
Less than 1 year	43	13.11%
2-5 years	163	49.70%
6 - 10 years	85	25.91%
11-15 years	29	8.84%
15 years and mor	8	2.44%
<b>Position</b>		
Ordinary workers	229	69.82%
Grass-roots responsible person	74	22.56%
Middle-level responsible person	19	5.79%
High-level responsible person	6	1.83%

**Gender:** Among the participants, males accounted for 50.91% and females accounted for 40.09%. There are slightly more males than females in the population participating in the study, but the sex ratio is relatively balanced.

**Age:** Among the participants, those aged between 26 and 35 accounted for the highest proportion, reaching 41.77%. This shows that within the scope of the research, people in this age group are more inclined to participate in research on the impact of digitalization and business innovation on corporate performance.

**Educational background:** 36.28% of the participants had a bachelor's degree. This means that most of the people participating in the study have a bachelor's degree or above, which may be related to the demand for highly educated talents in the field of digitalization and business innovation.

**Income:** Among the participants, those with incomes in the range of 2001-5000 accounted for 54.57%, followed by those with incomes in the range of 5001-8000, accounting for 25.30%. This shows that among the people participating in the study, most people have a moderate-income level, while there are relatively few people with a high-income level.

**Working years:** Among the participants, those with working years of 2-5 years accounted for the highest proportion, reaching 49.7%. This means that within the scope of the study, most people have 2-5 years of experience in the job, which may be related to their focus and interest in digitalization and business innovation.

**Position:** Among the participants, ordinary employees accounted for 69.82%. This suggests that

rank-and-file workers had the highest percentage among the study population, possibly because they are the most widespread type of job in the organization.

Through the analysis of these factors, we can understand the characteristics of the people participating in the study in terms of gender, age, education, income, working years and positions. These characteristics provide a certain reference for studying the impact of digitalization and business innovation on corporate performance and can help us better understand the research results and connect them with the characteristics of the participants to obtain more comprehensive and accurate conclusions.

**Data Gathering Instrument** - The research tool of this study is a structured questionnaire designed to collect data on the impact of digitalization and business innovation on the performance of Chinese manufacturing firms. Questionnaires are a popular tool in research because they standardize question administration, ensuring that each participant receives the same prompts. This increases the reliability and validity of the collected data. The questionnaire for this study has been validated and tested for reliability. The survey adopted a modified questionnaire, which consisted of four parts. The first part of the questionnaire is the profile of the participants, such as gender, age, highest education level, monthly income, work experience, and position in the enterprise. This information is critical as it provides context for responses and allows for demographic comparisons and subgroup analyses. The second to fourth parts conduct investigation, analysis, and statistics from the three aspects of digitalization level, business innovation capability and enterprise performance.

When conducting a survey to investigate the impact of digitalization and business innovation on firm performance, the source of the questionnaire may vary depending on the specific study. In the academic literature, researchers often design their own questionnaires according to the research objectives and the constructs being measured. Each domain was assessed through a series of statements and respondents were asked to indicate their level of agreement using a four-point Likert scale. The use of Likert scales allows for a nuanced understanding of respondents' perceptions and experiences. According to the four-point scale design of Likert, each scale item is anchored on the number 1 to 4, the higher the score, the higher the degree of agreement, the lower the score, the lower the degree of agreement: "4" means strong agreement (SA), "3" means agree (A); "2" means disagree (D); "1" means strongly disagree (SD).

**Table 2**

*Reliability Summary Table – Company's Digital Level, Business Innovations, and Performance*

Indicators	Cronbach Alpha	Remarks
Company's Digital Level, Business Innovations, and Performance Instrument	.974	Excellent
Per variable		
Company's Digital Level	.919	Excellent
Digital Environment	.824	Excellent
Digital Capabilities	.861	Excellent
Digital Supply Chain	.790	Acceptable
Company's Business Innovations	.955	Excellent
Technological Innovation	.959	Excellent
Explorative Innovation	.928	Excellent
Stra	.899	Good
Company's Performance	.895	Excellent
Vigor	.968	Excellent
Dedication	.945	Excellent
Absorption	.902	Excellent

George and Mallery (2003) provide the following rules of thumb: “\_ > .9 – Excellent, \_ > .8 – Good, \_ > .7 – Acceptable, \_ > .6 – Questionable, \_ > .5 – Poor, and < .5 – Unacceptable”

To ensure that the questionnaire and scale are reliable, stable, and consistent, the researcher will use Cronbach's alpha analysis to test the internal consistency and reliability of the questionnaire sample. In the current academic circle, researchers generally use the reliability coefficient to express the reliability of the measurement. The larger the reliability coefficient, the higher the reliability of the measurement. The value range of this coefficient is between 0 and 1. In general, if the coefficient does not exceed 0.6, the reliability of internal

consistency is generally considered insufficient. When the coefficient reaches 0.7-0.8, it shows that the scale has considerable reliability. And when the coefficient reaches 0.8-0.9, it shows that the reliability of the scale is very good.

Based on result, the Company's Digital Level, Business Innovations, and Performance Instrument has an excellent consistency as exhibited by the Cronbach's Alpha value of (.974). This was validated by the Excellent remarks from Company's Digital Level (.919); it was confirmed by the good results from Digital Environment (.824) and Digital Capabilities (.861), and Acceptable result from (.790). Also, it was validated by the Excellent remarks from Company's Business Innovation (.955); it was confirmed by the Excellent result from Technological Innovation (.959), Explorative Innovation (.928), and good result from Strategic Innovation (.899). Moreover, it was further validated by the good results from Company's Performance (.895); it was confirmed by the excellent result from Growth Rate (.968), Risk Defense Capabilities (.945) and Degree of Talent Reserve (.902), which shows that the instrument at hand passed the reliability index test. Thus, the researcher can now proceed to the actual survey using the aforementioned instrument.

**Data Gathering Procedure** - The data collection procedure for this study was carried out in several stages, ensuring a systematic and comprehensive approach to gathering the necessary information. The primary method of data collection was through a questionnaire survey, which was designed to capture the perceptions and experiences of employees in China's manufacturing industry. The first stage of the data collection process involved the development of the questionnaire. The questionnaire was designed to be straightforward and easy to understand, with clear instructions provided to the respondents. The questions were carefully crafted to ensure they were relevant and appropriate for the study's objectives. The questionnaire was reviewed and refined several times to ensure its validity and reliability. The second stage involved the distribution of the questionnaire. The questionnaire was distributed to employees in various manufacturing companies across China. The distribution was done electronically, using email and online survey platforms.

This method was chosen due to its convenience and efficiency, as it allowed for a wide distribution and quick responses. The respondents were given a specific timeframe to complete and return the questionnaire. The third stage was the collection of the completed questionnaires. Once the respondents had completed the questionnaire, they were instructed to submit it electronically. The responses were then collected and compiled into a database for analysis. To ensure the accuracy of the data, the responses were checked for completeness and consistency. The fourth stage involved data cleaning and preparation for analysis. This involved checking the data for any errors or inconsistencies and addressing any missing or incomplete responses. The data was then coded and formatted in a way that was suitable for statistical analysis. The final stage was the analysis of the data. The data was analyzed using various statistical techniques to draw meaningful conclusions and insights. The results were then interpreted and discussed in the context of the study's objectives and the existing literature. Ethical considerations were considered throughout the data collection process. The researchers all contacted the person in charge of the corresponding human resource management of the manufacturing companies interviewed. After consent, the interviewees were informed of the purpose of the research, and their participation was voluntary. They made sure their responses were confidential and anonymous.

**Ethical Considerations** - The ethical considerations for this study were of utmost importance and were carefully adhered to throughout the research process. The following points highlight the key ethical considerations that were taken into account: Informed Consent: All participants in the study were informed about the purpose of the research, the procedures involved, and their rights as participants, including the right to withdraw from the study at any time without penalty. They were asked to provide their consent to participate in the study, ensuring that their participation was voluntary. Furthermore, the potential conflicts of interest were identified and managed appropriately. The researchers disclosed any affiliations or financial interests that could potentially influence the research outcomes, ensuring transparency and objectivity. In addition to the ethical considerations specific to the research process, there are broader ethical considerations related to the impact of digital transformation and business model innovation on various stakeholders. These considerations include:

**Data Privacy and Security:** As digital transformation involves the collection, storage, and analysis of vast amounts of data, protecting the privacy and security of individuals' personal information is paramount. Enterprises should adhere to applicable data protection laws and regulations and implement robust security measures to safeguard sensitive data from unauthorized access or breaches.

**Equitable Access and Digital Divide:** Digital transformation has the potential to exacerbate existing inequalities and create a digital divide, where certain individuals or communities may not have access to digital technologies or the necessary skills to benefit from them. Ethical considerations should include ensuring equitable access to digital resources and bridging the digital divide to prevent marginalization and exclusion.

**Ethical Use of AI and Automation:** With the increasing adoption of artificial intelligence and automation, ethical considerations arise regarding the responsible use of these technologies. Enterprises should ensure that AI algorithms and automated systems are designed and implemented in a way that is fair, transparent, and accountable. They should also address potential biases and discriminatory outcomes that may result from AI algorithms.

**Data Analysis** - Use data analysis tools to interpret and analyze the collected results. Frequency and percentage are used to describe the profile of respondents in terms of gender, age, highest education level, monthly income, work experience, and position in the company. The weighted average is used to determine the content of digitalization level, business innovation and corporate performance. After completing the questionnaire, collect and organize all the data. According to the statistical method, understand the basic situation of the samples in the investigation, the validity of the statistical data, use the scatter plot to analyze the data correlation, and control the key analysis data through the control chart, Pareto chart, etc.; and control the system and various variables to measure.

### 3. Results and Discussion

**Table 3**

*Summary Table on Digitization*

Key Result Areas	Composite Mean	VI	Rank
Digital Environment	3.11	Agree	1
Digital Capabilities	3.06	Agree	2
Digital Supply Chains	3.02	Agree	3
Grand Composite Mean	3.06	Agree	

*Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree*

Table 3 provides a summary of the assessment of digitization in the key result areas: Digital Environment, Digital Capabilities, and Digital Supply Chains. The respondents agreed on the level of digitization in all these areas, as indicated by the grand composite mean of 3.06. The Digital Environment ranked first with a composite mean of 3.11, suggesting that the respondents recognized the company's ability to identify the significant contribution of digital technology to business development, embrace digital business models, have a clear vision for digitalization, maintain a concise organizational structure with clear division of labor, and prioritize R&D investment.

The Digital Capabilities ranked second with a composite mean of 3.06. This ranking indicates that the respondents agreed on the company's ability to gather necessary data from the entire supply chain faster than competitors, process data in different formats into standardized data, apply digital technologies such as RFID, cloud computing, and IoT, increase the proportion of data analysis personnel, and produce digital innovation products with convincing efficiency and volume. The Digital Supply Chains ranked third with a composite mean of 3.02, suggesting that the respondents acknowledged the company's efforts in exchanging information with upstream and downstream enterprises in the supply chain, improving data connectivity within the enterprise, using consumer big data analysis to predict market demand and carry out small batch customized production,



enabling agile development of products and services through digital technology, and maintaining fast customer response times, short order lead times, and higher order fulfillment rates.

These findings highlight the importance of digital environment, digital capabilities, and digital supply chains in the digitization process. They align with the literature that emphasizes the role of these key result areas in driving digital transformation and enhancing company performance (Bharadwaj et al., 2013; Matt et al., 2015; Kane et al., 2015).

**Table 4**

*Summary Table on Business Innovation Practices*

Key Result Areas	Composite Mean	VI	Rank
Technological Innovation	3.04	Agree	2
Exploratory Innovation	3.05	Agree	1
Strategic Innovation	3.03	Agree	3
Grand Composite Mean	3.04	Agree	

*Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree*

Table 4 summarizes the assessment of business innovation practices in the areas of Technological Innovation, Exploratory Innovation, and Strategic Innovation. The respondents agreed on all the key result areas with a grand composite mean of 3.04. Among the key result areas, Exploratory Innovation ranked first with a composite mean of 3.05. This suggests that the respondents recognized the company's effectiveness in searching, identifying, and tracking knowledge of new technologies and market experiences, focusing on learning and developing innovative skills in new areas, spreading and sharing new technologies, new ideas, and new knowledge within the organization, applying the acquired and created knowledge of new technologies to different contexts, and using their own advantages to spread and exchange the latest technologies at home and abroad.

Technological Innovation ranked second with a composite mean of 3.04, indicating that the respondents acknowledged the company's efforts in increasing the number of patent applications and new products, introducing new products or services faster than competitors, increasing market share for new products, rising sales revenue from new products or services, and launching new services faster than competitors. Strategic Innovation, with a composite mean of 3.03, ranked third. This suggests that while the company is aware of the impact of technological changes on business, supports risky projects, implements digital transformation early, acts boldly in the face of uncertainties, and pays attention to the cultivation of innovation consciousness among employees, there may be room for improvement in these areas. These findings align with the literature that emphasizes the importance of technological, exploratory, and strategic innovation in driving business success and competitiveness (Tidd & Bessant, 2018).

Table 5 provides a summary of the company's performance across three key result areas: Growth Rate, Risk Defense, and Talent Pool. The respondents agreed on all areas with a grand composite mean of 3.07. Among the key result areas, Talent Pool ranked first with a composite mean of 3.09. This suggests that the respondents perceive the company's talent management practices as its strongest performance area. This aligns with the literature that emphasizes the importance of talent management in driving company performance and competitiveness (Collings & Mellahi, 2009). Growth Rate ranked second with a composite mean of 3.07, indicating that the respondents recognize the company's positive growth trajectory. This is an important aspect of company performance, as growth is often associated with increased market share, profitability, and potential for future expansion (Delmar, Davidsson, & Gartner, 2003). Risk Defense ranked third with a composite mean of 3.04, suggesting that while the company's risk management practices are seen as effective, there may be room for improvement in this area. Effective risk management is crucial for ensuring the company's sustainability and resilience in the face of potential threats and uncertainties (Beasley, Clune, & Hermanson, 2005). These findings provide valuable insights into the company's performance from the perspective of its stakeholders, which can inform strategic decision-making and performance improvement efforts.

**Table 5**

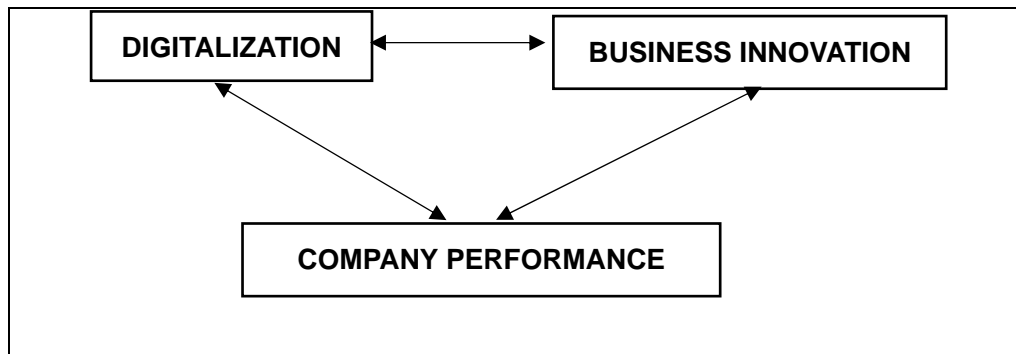
*Summary Table on Company's Performance*

Key Result Areas	Composite Mean	VI	Rank
Growth Rate	3.07	Agree	2
Risk Defense	3.04	Agree	3
Talent Pool	3.09	Agree	1
Grand Composite Mean	3.07	Agree	

*Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree*

**INNOVATIVE BUSINESS OPERATION FRAMEWORK**

This paper proposes an enterprise performance model, which promotes and encourages the improvement of digitalization level, improves business innovation capabilities, and finally achieves an overall improvement in enterprise performance. All the above results show that the three studied variables, namely digitization, business innovation, and firm performance, have strong and statistically significant correlations. In other words, the higher the level of digitalization, the stronger the business innovation capability and the higher the corporate performance.



*Figure 1. The Innovative Business Operation Framework in China Manufacture Industry*

As can be seen from the above figure, the impact framework of digitalization and business innovation on improving corporate performance is mutually reinforcing. Digitalization provides a better information foundation and decision support and promotes the success of business innovation; while business innovation brings companies a competitive advantage and an increase in market share, thereby improving the performance of the company. Through the close integration of digitalization and business innovation, enterprises can better respond to changes and challenges and achieve sustained growth and success. Such a system and framework are good innovative business operation framework.

**4. Conclusions and Recommendations**

Respondents agree that the areas of digital environment, digital capabilities and digital supply chain represent the level of digitization. Exploratory innovation ranks first in the assessment of corporate innovation practices, indicating that respondents recognize the company's effectiveness in searching, identifying, and tracking new technological knowledge. The research results show that the interviewees believe that talent reserve has more advantages in evaluating company performance than growth rate and risk defense. Regarding the three variables in this study, all aspects of digitalization, various aspects of business innovation practices, and the performance of various companies are highly correlated. The study formulates an innovative business operation framework for Chinese manufacturing companies.

Enterprises may actively develop digital capabilities because digital technology can significantly improve corporate performance. This includes acquiring the necessary technical skills, working with technology providers, and integrating digital tools into various business functions. Enterprises may promote innovation, which has a very important impact on improving company performance. By promoting innovative thinking

within the organization, businesses can stay ahead of the competition and continually develop new products, services, and business models. Businesses may support digital transformation and invest in digital technologies and skills. Businesses, especially small and medium enterprises (SMEs), can be encouraged to overcome financial barriers and embrace digitalization. Businesses may actively embrace digitalization as it is an important driver of innovation and company performance. Digitization enables businesses to streamline operations, improve efficiency and reach a wider customer base. Enterprises may actively explore further research on digitalization and innovation, which will provide valuable insights into the impact of digitalization on corporate innovation practices and corporate performance. By expanding the body of knowledge, it can help develop effective strategies and frameworks for businesses in the digital age.

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