THE FINANCIAL STRATEGY OF ZHIBANG TECHNOLOGY GROUP BASED ON THE CORPORATE LIFE CYCLE THEORY

ZhangYang
6517195026

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Zhang Yang

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Advisor: Jidapa C.
(Dr. Jidapa Chollathanrattanapong)

Date: 27/Aug/2024

.....
(Associate Professor Dr.Jomphong Mongkhonvanit)
Dean, Graduate School of Business

Date: 28/09/2024

Siam University,Bangkok,Thailand

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By:	Zhang Yang
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Advisor:	..... (Dr. Jidapa Chollathanrattanapong)

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ABSTRACT

Zhibang Technology Group is currently in a critical phase of its corporate life cycle, facing challenges and opportunities typical of its developmental stage. The issues of this study revolve around the financial strategic challenges currently faced by Zhibang Technology Group, a Taiwan firm,now becoming the main original equipment manufacturer (OEM) of the world's top manufacturers, and known worldwide for innovative technology and manufacturing quality. Its positioning within this cycle influences its strategic priorities in terms of financing, investment, and risk management. The objectives of this study were: 1) To identify several stages of the life cycle of Zhibang Technology Group based on the life cycle theory; 2) To analyze the financial characteristics of Zhibang Technology Group at each life cycle stage; 3) To determine the financial strategy of Zhibang Technology Group at each life cycle stage.

This study adopted the qualitative research method based on the corporate life cycle theory, and used semi-structured interviews with a wide variety of participants to explore the financial strategy of Zhibang Technology Group. The research subjects were a diverse group within Zhibang Technology Group, totaling 15 people, distributed across all levels of Zhibang Technology Group. By analyzing the interview data, this study found that: 1) Zhibang Technology Group has four main life cycles: start-up, growth, maturity and decline; 2) The financial characteristics of each life cycle stage are as follows: the start-up stage focuses on securing funds and managing cash flow, the growth stage focuses on reinvestment and managing operating costs, the maturity stage emphasizes sustainability and profit maximization, and the decline stage responds

to economic challenges through cost management and asset reconfiguration; 3) The financial strategy at different stages, from securing funds and managing cash flow in the start-up phase to optimizing capital structure and exploring alternative income sources in the decline phase, are tailored to support Zhibang Technology Group's long-term sustainable development in a competitive market.Through these research findings, it is intended to develop effective financial strategy for Zhibang Technology Group to enhance its business development and performance improvement at different life cycle stages.

Keywords: original equipment manufacturer, corporate life-cycle theory, management practices, financial strategy

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Declaration

I, ZHANGYANG, certify that the work embodied in this, independent study entitled "The Financial Strategy of Zhibang Technology Group Based on the Corporate Life Cycle Theory" is a result of original research and has not been submitted for a higher degree to any other university or institution.

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(*ZHANG YANG*)
JULY, 25, 2024

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1.1 Background of the Study

In today's world, under the background of global economy, the world is more integrated (Bhatti et al., 2022). In such an environment, if enterprises want to gain greater competitive advantages and achieve better development, they must develop and expand their core businesses, which requires outsourcing relatively low-tech jobs, which gradually derives the original equipment manufacturer industry (Borazon et al., 2022). Under this model, multinational companies can be freed from production and manufacturing, and by allowing professional production and manufacturing units to complete production and manufacturing tasks according to their own requirements, multinational companies can concentrate limited resources and energy, focus on improving core competitiveness, and achieve the ultimate goal of global operations (Cheng et al., 2023).

In recent years, with the advent of the Internet era, information technology has developed rapidly, and computers and transmission facilities are no longer independent units, but have gradually developed into supporting products for the Internet. In particular, according to Moore's Law, the processing level of computers will double every eighteen months (Chen et al., 2022). Therefore, if electronic companies want to lead the market, they must develop new types of products as soon as possible. Under this background, the life cycle of hardware products in the electronics industry has been greatly reduced (Chen et al., 2019). This has led to key changes in the international operation strategy of global electronic companies, especially multinational groups. More and more multinational electronics companies are shifting their focus to core technology research and development (Fofou et al., 2021). Correspondingly, non-core businesses will be outsourced, thus forming a global original equipment manufacturer business.

In Taiwan, due to its high level of manufacturing and high-quality R&D personnel, it has been able to develop, produce and distribute products in the electronics industry, and has won the position of the world's key hardware supplier in just a few decades. Because Taiwan's internal demand is limited, many Taiwanese electronics companies have gradually moved their factories and R&D teams to mainland China and Southeast Asia, and Taiwan's electronic information product original equipment manufacturer companies have grown rapidly. As the center of the global electronic information product original equipment manufacturer industry, Taiwan has many well-known original equipment manufacturer companies, among which Zhibang Technology

Group, as one of them, has always been in a leading position in the industry. The product life cycle theory is an important theoretical basis for corporate marketing strategy and management decisions. Zhibang Technology Group finds itself at a pivotal stage in its corporate life cycle, encountering challenges and opportunities inherent to its current phase of development. This study focuses on addressing the financial strategy challenges the company faces, particularly how its position within this cycle impacts strategic priorities such as financing, investment decisions, and risk management, which are critical for effective financial management.By studying the development stage and characteristics of products in the market, it can help companies better formulate product strategy and management measures and enhance market competitiveness.

The research object, Zhibang Technology Group, has performed very well in these aspects. As a world-class professional design and original equipment manufacturer manufacturer of network communication equipment, Zhibang Technology Group provides customers with stable and efficient network communication equipment production services, adheres to the principle of quality first, and has passed the evaluation standards of many international network communication manufacturers (Lin et al., 2021; Hsiao et al., 2020). Zhibang Technology Group attaches great importance to quality in every stage of product development and manufacturing, while constantly improving the overall process to provide quality that exceeds customer expectations (Huang et al., 2022). In order to achieve differentiated competition, Zhibang Technology Group has also invested in other emerging industries, such as investing in other companies to develop the cloud industry, and conducting relevant vertical integration, gradually evolving into a supplier that can provide complete system solutions. In order to effectively maintain customers without stimulating customers, and to prevent existing customers from thinking that Zhibang Technology Group's own brand will affect them, Zhibang Technology Group has also made relevant efforts and adjustments. As existing product technologies tend to be stable, new products and new technologies are becoming more and more complex, requiring more and more resources, and are updated frequently with high market risks (Ye et al., 2023). Therefore, Zhibang Technology Group continues to invest in research and development, and through its advantages in technology, manufacturing, quality, and supply chain, it has launched independently developed products and brands.As an important part of the electronic information industry, the original equipment manufacturer production of electronic information products plays an important role in the general trend of the transformation from labor-intensive to technology-intensive. Corporate life cycle theory suggests that companies evolve through identifiable stages, each with distinct characteristics and financial needs. These stages typically include startup, growth, maturity, and decline. Zhibang Technology Group’s positioning within this cycle influences its strategic priorities in terms of financing, investment, and risk management.Although there are a large number of original equipment manufacturer enterprises, many enterprises are completely under the control of multinational

companies in terms of production and operation, resulting in limited profits. With the continuous increase of employment cost and land cost in recent years, the profit space of electronic information product original equipment manufacturer has been squeezed, and the business environment is no longer loose in the past, and the living situation is not optimistic. Therefore, what kind of strategy to make the electronic information product original equipment manufacturer enterprises can change the inferior position in the value chain and enhance the core competitiveness is the urgent problem to be solved.

1.2 Questions of the Study

Currently, in terms of market research and analysis, Zhibang Technology Group needs to respond to the rapidly changing trends and demands of the technology industry. Key trends in the current technology market include artificial intelligence (AI), the Internet of Things (IoT), blockchain technology, and the popularity of 5G communications. These technologies are rapidly penetrating into various industries, bringing huge changes and opportunities. For Zhibang Technology Group, it is key to understand these trends and find out the market needs therein. However, the strong strength and mature market share of competitors may put some pressure on the company's entry. The main competitors have obvious advantages in technology, market share and brand awareness, which is a challenge that Zhibang Technology Group needs to take seriously and deal with strategically. In addition, market entry barriers such as technology patents, industry standards and regulatory requirements may also become factors that restrict the company.

1) How does the company identify the various life cycle stages of Zhibang Technology Group based on the life cycle theory?

2) How do the financial characteristics of Zhibang Technology Group vary across each life cycle stage?

3) What are the appropriate financial strategy for Zhibang Technology Group at each life cycle stage?

1.3 Objectives of the Study

By fully understanding market demands and trends, improving product development capabilities, formulating effective marketing strategy, establishing a sound sales and distribution network, strengthening financial planning and management, improving customer service and support systems, ensuring regulatory and legal compliance, and strengthening team and organizational development, Zhibang Technology Group will be able to effectively respond to the challenges of the introduction period, successfully enter the market and achieve sustainable development. The goal is to provide reference points for Zhibang Technology Group as a Taiwan's electronic information product original equipment manufacturer

enterprises to effectively cope with the challenges of the introduction period, smoothly enter the market and achieve sustainable development.

1) To identify several stages of the life cycle of Zhibang Technology Group based on the life cycle theory;

2) To analyze the financial characteristics of Zhibang Technology Group at each life cycle stage;

3) To determine the financial strategy of Zhibang Technology Group at each life cycle stage.

1.4 Scope of the Study

The scope of this study is specifically targeted at Taiwan's electronic information product original equipment manufacturer enterprises, providing a rich background in terms of financial strategy recommendations suitable for different stages, including capital structure optimization, investment decisions, risk management, etc., based on the theory of the company life cycle. The time scope of this study covers Zhibang Technology Group from its inception to its current state, covering all stages of its life cycle. This time-limited approach allows for a comprehensive examination of the company's financial strategy. Demographically, this study focuses on key decision makers within Zhibang Technology Group, including executives and senior managers, to gain insight into strategic financial planning and implementation. Thematically, this study delves into specific aspects of financial strategy related to different stages of the company's life cycle, providing a nuanced understanding of how financial strategy evolves as the life cycle transforms. This targeted approach ensures that the investigation remains focused and yields in-depth findings relevant to Taiwan's electronic information product original equipment manufacturer enterprises and broader business practices. Based on the theory of the company life cycle, this study uses Zhibang Technology Group as the research subject to explore how financial strategy evolves at different stages of the company's life cycle.

The study examined Zhibang Technology Group's financial characteristics and strategic goals through qualitative analysis and used semi-structured interviews with a wide variety of participants. The survey subjects of this study were a diverse group within Zhibang Technology Group, a total of 15 people, distributed across all levels of Zhibang Technology Group, including 2 executives from the Finance Department and the Trading Department, 5 senior financial managers with detailed operational knowledge, and 8 assistants to department executives from various key business areas. This comprehensive combination is essential to fully portray the financial strategy of Zhibang Technology Group at its life cycle stage. These participants were selected because they are directly involved in or have knowledge of the financial decision-making process of Zhibang Technology Group. By deeply studying the seminal and contemporary literature in the field of corporate life cycle, financial management, and strategic planning, this study provides rich and multi-perspective insights to provide

theoretical support for corporate strategic financial planning and execution. This study ensures that it builds on the existing academic discourse and aims to fill the research gap in the existing literature on the dynamic interaction between corporate financial strategy formulation and execution within the life cycle framework.

1.5 Significance of the Study

1.5.1 Theoretical significance

From a theoretical perspective, the life cycle theory divides the development of an enterprise into four main stages: introduction, growth, maturity, and decline. Each stage has its own unique characteristics and management requirements. Through in-depth understanding and analysis of these stages, enterprises can better plan their development paths and optimize management practices,while strategic management research has increasingly focused on enterprise financial strategy, existing literature primarily examines it through lenses such as entrepreneurship, product R&D, market analysis, and competitive landscape. Fewer monographs have delved into financial strategy purely from a theoretical perspective, with even fewer defining distinct stages of an enterprise's life cycle. Therefore, this paper aims to fill these gaps by defining each stage of the enterprise life cycle and analyzing the financial characteristics and objectives unique to each stage. By doing so, it seeks to identify appropriate financial strategy that enterprises should adopt.Thus, enterprises should formulate development strategy based on their life cycle stages to enhance competitive advantages and achieve long-term development goals, this study contributes significantly to enriching the discourse on financial strategy in academic research..

1.5.2 Practical significance

From a practical perspective,currently, strategic management in China's business community often lacks scientific rigor, with many managers relying on empirical methods and subjective judgment in formulating strategy. There is insufficient appreciation for the deep connection between financial strategy and the overall competitive and cooperative strategy of companies. Consequently, frequent financial errors arise in fundraising, investments, and other areas, leading some enterprises to closure.Initially, the success of many enterprises is attributed to entrepreneurial skills and advantages in managing specific assets. Entrepreneurs invest their own capital and leverage asset management capabilities to stand out in competitive markets. However, sustained success requires attention to technological innovation, human resource development, and optimizing the value chain. Relying solely on capital operations to expand without strengthening core competencies can precipitate financial crises.Throughout an enterprise's life cycle, different stages necessitate tailored financial strategy to ensure sound development. Effective financial strategy should integrate advanced methods aligned with overall enterprise operations,

external economic conditions, and the dynamics with competitors and strategic partners. Correctly formulating and implementing financial strategy enhances enterprise value, whereas mismanagement can threaten survival. Thus, this study holds significant practical implications for guiding enterprises towards sustainable growth. Zhibang Technology Group is currently in a critical phase of its corporate life cycle, facing challenges and opportunities typical of its developmental stage. Understanding the financial strategy appropriate for this phase is crucial for sustaining growth, managing risks, and maximizing shareholder value.Through the application of life cycle theory, this paper explores the challenges and opportunities faced by enterprises at different stages of their life cycle, and proposes corresponding management strategy to help enterprises achieve sustainable development

Chapter 2 Literature Review

2.1 Introduction

This chapter aims to provide a thorough literature review on the financial strategy with a particular focus on Taiwan's electronic information product OEM enterprises. The introduction will lay the groundwork for understanding the broader context in which these companies operate, beginning with an overview of financial strategy and its importance in corporate management.

The concept of corporate life cycle is explored to provide insights into how companies evolve over time and adapt their financial strategies accordingly. This theoretical perspective is essential for understanding the varying stages of development and associated financial needs of these enterprises.A focal point of this chapter is Zhibang Technology Group, which serves as a representative case study. The review covers the company's historical development, its current operational status, and the specific challenges it faces within the competitive landscape of Taiwan's electronic information product sector, and concludes with the presentation of a theoretical framework that integrates the reviewed literature and provides a basis for analyzing the financial strategies of OEM enterprises in Taiwan. This framework will guide subsequent discussions and research on optimizing financial management in this sector.

2.2 Overview of Financial Strategy

Financial strategy plays a crucial role in the management and growth of organizations across various industries. It encompasses a set of actions and decisions undertaken by companies to manage their financial resources effectively, achieve strategic objectives, and maximize shareholder value. This overview delves into the definition, importance, components, and application of financial strategy in contemporary business environments. Hsiao et al. (2020) utilized corporate strategy theory and methods to examine issues of fundraising and income distribution, indicating the primacy of corporate strategy in guiding financial strategy, while financial strategy operates independently to support corporate strategy, further exploration in this relationship was warranted. Huang & Chen (2023) systematically defined and explored the essence of financial strategy, emphasizing its relative autonomy and its interplay with other enterprise strategy through environmental analysis. The study covered merger and acquisition strategy, financial strategy for small

and medium-sized enterprises, capital structure strategy, and financial strategy for group and multinational enterprises. This approach provided theoretical guidance for enterprises in formulating effective financial strategy.

Financial strategy can be defined as the comprehensive approach adopted by organizations to manage their financial resources in alignment with their overall business goals and market conditions (Huang & Huang, 2022). It involves the formulation and implementation of plans related to capital structure, investment decisions, funding sources, dividend policy, risk management, and financial performance evaluation. Essentially, financial strategy guides how organizations raise, allocate, and utilize funds to support operational activities and strategic initiatives.

Lin et al. (2021) introduced fundamental concepts of corporate finance objectives and its integration within corporate business strategy. They further apply the enterprise life cycle theory to analyze investment, fundraising, and income distribution strategy across different stages: startup, growth, maturity, and decline. For instance, startups, characterized by high business risk, primarily rely on venture capital with a zero distribution policy. Growth companies, facing continued business risk, raise equity capital and distribute dividends according to a nominal payout ratio, reflecting promising growth prospects. Mature companies, with moderate business risk, utilize retained earnings and liabilities for capital and adopt a high dividend payout ratio. In contrast, declining enterprises, with low business risk but high financial risk, rely heavily on debt financing, distribute full dividends, and need to reassess their financial strategy, particularly regarding cost structures and business operations. Lin et al. (2019) categorized how companies manage financial resources to navigate challenges and seize opportunities across different life cycle stages. Emphasizing adaptive financial strategy, Li (2019) advocated for robust risk management, strategic capital allocation, and investments in innovation to ensure stability and growth through phases of inception, growth, maturity, and potential decline. This comprehensive approach enables businesses to effectively respond to economic fluctuations, market dynamics, and internal transitions, thereby fostering sustainable long-term success.

2.3 Corporate Life Cycle Theory

This theory holds that everything in the world has its life cycle, and enterprises are no exception. The theory of corporate life cycle, originally advanced by Adizes (1979), conceptualizes companies as entities progressing through distinct phases akin to biological organisms: start-up, growth, maturity, and recession.The enterprise life cycle

is divided into investment period, growth period, maturity period and decline period. At different stages of development, different development characteristics will be presented. For example, in the initial stage of the life cycle, companies can focus on innovation and market development, and quickly establish market positions through differentiated products and services. In the growth stage, companies need to increase marketing efforts, optimize internal management, and improve production efficiency to cope with the challenges brought about by rapid growth. In the mature stage, companies should focus on maintaining market share, improving customer satisfaction, and delaying decline through technological innovation and business expansion. During the recession stage, companies should consider maintaining vitality through business restructuring, product line adjustments, or entering new markets.These characteristics help enterprises to objectively locate their own development stage, choose the appropriate enterprise organizational form or development strategy, and achieve sustainable development of enterprises. This theory was proposed by Raymond Vernon and refers to the entire process from the emergence to the decline of a product (Ibitz, 2020). In fact, in a different competitive environment, the entire process of the life cycle from the emergence stage to the growth stage to the maturity stage and even the decline stage of the product is different. Even affected by the economic development level and technological development level of countries, the demand for products in the life cycle is also different. Products are divided into four stages in their entire life cycle. At different stages, their profits and turnover are also different.

Each stage of the corporate life cycle presents specific operational, financial, and strategic challenges and opportunities:

Start-Up Phase: Characterized by innovation and market entry, companies focus on product development and securing initial funding (Ibitz et al., 2020). This phase is critical for establishing market presence and requires significant investment in marketing and R&D. Each company begins its operations as a business and usually by launching new products or services. The shake-out stage occurs when some companies with a lower market share leave the market and competition intensifies. Revenues are gradually declining along with corporate growth and stock prices. Therefore, companies are forced to innovate to stay in the market. Dickinson (2011) stated that there is insufficient evidence in the literature on cash flow patterns of such companies. Businesses at this stage invest significantly to reverse the life cycle, as well as reduce business activities and increase investment cash flow. Habib and Hasan (2017) used this stage only as a benchmark for interpreting other stages of the life cycle. During the launch phase, sales are low but slowly (and hopefully steadily) increasing. Businesses focus on marketing to their target consumer segments by advertising their comparative

advantages and value propositions. However, as revenue is low and initial startup costs are high, businesses are prone to incur losses in this phase.In fact, throughout the entire business life cycle, the profit cycle lags behind the sales cycle and creates a time delay between sales growth and profit growth (Li, 2019). This lag is important as it relates to the funding life cycle, which is explained in the latter part of this article.Start-ups must adopt agile methodologies to respond swiftly to market feedback and establish a foundation for scalable growth, the cash flow during the launch phase is also negative but dips even lower than the profit. This is due to the capitalization of initial startup costs that may not be reflected in the business' profit but that are certainly reflected in its cash flow.

Growth Phase: Marked by rapid expansion and market share acquisition, firms concentrate on scaling operations and penetrating new markets (Li, 2019). Financial strategy center around reinvestment and optimizing capital structures for sustainable growth. In the growth phase, companies experience rapid sales growth. As sales increase rapidly, businesses start seeing profit once they pass the break-even point. However, as the profit cycle still lags behind the sales cycle, the profit level is not as high as sales. Growing companies show growing revenues and reach a break-even point at this stage as the production capacity is growing (Zauskova et al., 2020). This reduces operational and bankruptcy risk (Akbar et al., 2019). It allows for higher debt ratios and long-term debt recovery, which contributes positively to profitability growth (Akbar et al., 2020). However, profit still lags behind sales, operating cash flow is positive and the amount of internal resources is growing (Kort & Wrzaczek, 2015). Investment and financial activities have a similar course as in Introduction stage. Finally, the cash flow during the growth phase becomes positive, representing an excess cash inflow. Maintaining entrepreneurial vigor while scaling is crucial, necessitating the implementation of robust systems and processes.

Maturity Phase: Characterized by stable revenue streams and operational efficiency, companies focus on maximizing profitability and exploring new investment opportunities (Siyue et al., 2021). Achieving operational excellence and diversifying business strategy become paramount, along with enhancing customer loyalty and exploring international markets.When the business matures, sales begin to decrease slowly. Profit margins get thinner, while cash flow stays relatively stagnant. As firms approach maturity, major capital spending is largely behind the business, and therefore cash generation is higher than the profit on the income statement. However, it's important to note that many businesses extend their business life cycle during this phase by reinventing themselves and investing in new technologies and emerging markets. This allows companies to reposition themselves in their dynamic industries and refresh

their growth in the marketplace.

Recession Phase: Companies usually have low production power, negative operating cash flow, low sales and profit. The risk of bankruptcy increases as the ability to repay debts by operating profit is reduced. The cost of capital also rises, but is lower than for start-ups (Gulec & Karacaer, 2017). Edwards et al. (2016) stated that low liquidity and financial distress at this stage can create space for tax avoidance practices. Life cycle stages differ significantly in basic characteristics such as profitability, leverage, cash flow or liquidity. Current life cycle research addresses a wide range of financial aspects, and their research in emerging economies is broad. Akbar et al. (2020) stated that business managers synchronize risk exposure with the corporate life cycle stage and excessive risk exposure of failing businesses can have a negative impact on financial performance. Companies face declining market share and revenues, necessitating strategic shifts towards cost reduction, divestiture, or transformation (Tai et al., 2024). Businesses in this stage must reassess portfolios, streamline operations, and potentially pursue strategic partnerships or digital transformations to regain growth momentum.

These areas represent opportunities for future research to provide deeper insights into strategic financial management tailored to a company's life cycle stage.

2.4 Overview of Zhibang Technology Group

Zhibang Technology Group is an upstream manufacturer that does not engage directly in the production process. Instead, it focuses on research and development, design, and managing the sales network. The company delegates the actual manufacturing tasks to specialized OEM (Original Equipment Manufacturer) partners, who handle the production of its products under its authorization. Under this cooperation framework, the two parties are independent of each other and have no subordinate relationship (Huang & Huang, 2022). Original equipment manufacturer companies only need to strictly follow the drawings or relevant requirements provided by the brand companies to produce products that meet the specifications of the brand companies, without considering R&D, marketing and other links (Borazon et al., 2022). During the production process, original equipment manufacturer companies will also receive guidance from brand companies on technology and management, so this model is highly popular among original equipment manufacturer companies. However, under this model, original equipment manufacturer companies have no say in the distribution of

benefits.

In the 1860s, Gereff and Hobday proposed the concept of "OEM", believing that OEM is a special form of contract. In this cooperation, the brand company is responsible for providing drawings of the products and specifying parts, and the manufacturer provides production services. After entering the ODM stage, they established their own independent marketing channels, completed brand building, and reached the OBM stage. In examining the evolution and strategic management within the OEM (Original Equipment Manufacturer) sector, particularly in the automotive and electronics industries, recent research highlights various dimensions of demand forecasting, knowledge integration, and the upgrading of business models. For instance, Rožanec et al. (2021) provided a comparative analysis of 21 forecasting techniques to enhance demand estimation for automotive OEMs in Europe, demonstrating the importance of accurate predictions in managing production and inventory levels. Similarly, Varriale et al. (2022) discussed the impact of knowledge management and investment decisions by OEMs on market satisfaction within the smartphone industry, emphasizing the significance of technological expertise and its influence on competitive advantage.

Additionally, research by Manzakoğlu and Er (2018) explored the design management capabilities required for transitioning from OEM to ODM (Original Design Manufacturer) and OBM (Own Brand Manufacturer) within global value chains. They identify that OEMs can upgrade their operational capabilities through strategic investments and technology spillovers, enabling them to move from merely providing production services to establishing independent marketing channels and brand identities. This transition reflects a broader industrial shift where OEMs enhance their value proposition through technological innovation and strategic repositioning, facilitating their progression through different stages of value creation—from OEM to ODM and eventually to OBM.

Wlazlak et al. (2019) contributed to this discussion by examining the integration between OEMs and their suppliers in preparation for production ramp-ups. Their research underscores the dual perspective of collaboration required to ensure smooth transitions and effective management of production scale-ups. This integration is crucial for optimizing production processes and achieving operational efficiency. These studies collectively illustrate the dynamic nature of the OEM sector, where forecasting accuracy, knowledge management, and strategic transitions are pivotal for sustaining competitive advantage and fostering growth within global markets. Among them, individual climbing refers to the leap from OEM to ODM achieved by OEM enterprises through technology spillover learning, and overall transition refers to the upgrading of

the industrial chain through technological innovation and industrial transfer. The main manifestation is the upgrading of the value chain based on the improvement of information management efficiency of the industrial chain. Horizontal leap refers to the diversification of products achieved by developing new products after the enterprise has developed to a certain extent (see Table 2.1 for details).

Table 2.1 OEM's Three Upgrade Modes

Upgrade mode	Path	Upgrade conditions	Successful cases
Individual rise	OEM-ODM	Technology	Foxconn
Overall transition	Industrial chain	Technology innovation	Industrial transfer, BenQ
Horizontal leap	Product diversification	Development of new products	Lenovo

In the process of transformation and upgrading, some scholars have discussed the factors that affect the transformation and upgrading of OEM enterprises. On the one hand, it is to promote the improvement of technology by cultivating independent innovation capabilities. In the process of cooperating with technologically advanced multinational companies, OEM OEM enterprises can actively learn the leading technologies of other countries, complete the original accumulation of their own technologies, and realize their transformation and upgrading to ODM enterprises. For example, Tao Feng and Li Shitian conducted an empirical study on the upgrading and development process of 105 OEM OEM enterprises in Dongguan City, Guangdong Province, China, and showed that the factors affecting active learning of technology spillovers in cooperation with OEM customers mainly include the following:

① Learning tendency: OEM enterprises have the willingness to actively learn.

② Technical complexity: The complexity of technology is also an important factor affecting the learning effect of OEM enterprises.

③ The degree of trust between cooperative enterprises: If a trust relationship is established between OEM enterprises, the degree of obstruction of OEM customers to technology spillovers will be relatively small. In addition, the two scholars also proposed that OEM enterprises should make full use of the opportunity of technology spillover to absorb and digest the technology first and then innovate independently.

④ Another aspect: It is to implement brand strategy and build a marketing network. Many scholars believe that the key factors for ODM-OBM transformation and upgrading are to implement brand strategy and build a complete marketing network.

According to this research, there are relatively few studies on OEM production, and the research direction is mainly focused on the choice of outsourcing decisions. For example, in the process of rapid development, some large enterprises hand over non-core businesses to outsourcing companies in order to focus on their core businesses. By integrating internal and external resources, they can reduce costs and enhance core competitiveness.

2.5 Overview of Taiwan's Electronic Information Product OEM Enterprises

2.5.1 Development history of Taiwan's electronic information product OEM enterprises

The total population of Taiwan is 23.5612 million, with a density of 647.01 people/km², ranking 17th in the world. In the early days, the main economic forms of Taiwan were agriculture and food industry; from the 1960s to the 1970s, it gradually turned to light industry, and the textile industry and heavy industry such as steel and petrochemical industry became its dominant direction; by the 1980s, technological development promoted the development of Taiwan's PC and accessories, semiconductor and other electronic industries, and then gave birth to a group of representative electronic information enterprises such as Acer and Hon Hai.

The development of Taiwan's electronic enterprises started with OEM and insisted on the road of OEM as the main. Electronics industry Technology has developed by leaps and bounds. Taiwan's electronics industry, which was developed in the 1980s, has the disadvantage of being a latecomer. If it takes the path of self-created brand development, it will face huge risks such as technical restrictions and business competition from large companies in developed countries. However, by adhering to the OEM model, the trial and error rate of development is reduced, and its own development is closely integrated with the development of large companies in developed countries. With a high-quality workforce and low labor costs, Taiwan's electronics OEM occupies a very important position in the entire world's electronics industry.

As the most influential electronic product supplier in the world, Taiwan has recently focused on building characteristic brands. Integrating and creating new corporate structures for innovative concepts in various forms mainly involves not only product research and development procurement, but also strategic implementation aspects such as corporate operation strategy. After nearly 30 years of growth, Taiwan has achieved regional development under the promotion of industrial transfer and the addition of multifunctional and compound talents. This not only combines technical talents with Silicon Valley connections, but also provides sufficient help for improving technical levels. In the process of product development, we not only control the problems of the company's management level, but also appropriately save costs. We continue to develop and innovate in the process of industrial circulation, and finally complete the mission of the world's largest electronic product supplier. At present, Taiwan's four major industries are: first, semiconductors; second, PCs and peripherals; third, communication networks; fourth, optoelectronics industries.

According to the time period, the development of Taiwan's electronic enterprises originated in the 1950s, and it really entered the mature stage in the 1990s. As an important support point for Taiwan's economy, industry has gradually developed from a single orientation to a multi-functional orientation in a few decades. In the process of division of labor and cooperation in the overall part of the industry, the department allocation has gradually become complete. The main industrial structure is to carry out processing operations for customer entrustment, among which electronic science and technology is the main technical support. In the main period of the second industrial transformation, that is, the 1970s, the electronics industry gradually shifted its manufacturing location to developing countries, that is, emerging industrial countries. Three major economic belts have been formed in East Asia: first, the Japanese economic belt; second, the "Four Little Dragons" economic belt, which includes not only Singapore and Hong Kong, but also Taiwan and South Korea; then Malaysia and Thailand, etc. In addition, this economic belt also includes the Philippines and coastal areas of mainland China and parts of Indonesia. The development of East Asia is positively correlated with the development of national industrialization, and countries are competing to transform. The 1960s was an era of rapid development of science and technology, and the science and technology and economy of various countries progressed together, including Japan. Due to the gradual increase in local labor costs in Japan, it began to gradually shift its manufacturing industry, namely labor-intensive industries, to foreign countries, and the overall exchange rate increase was also one of the main factors. In order to promote overall economic development, the "Four Little Dragons" economic belt in Asia became the main transfer location for Japan's industrial

transfer. While this industrial structure transformation and industrial manufacturing transfer helped Japan develop its economy, it also had a positive impact on the economy of the transferred regions. The export trade and labor-intensive industries in these regions developed rapidly, promoting the transformation of local related economic development, and eventually became emerging industrial countries in the true sense. Changes in oil prices are an important turning point in the transformation of production methods. The price increase in the 1970s pushed emerging industrial countries to complete the "labor-capital" industrial chain transformation, and gradually transferred labor-based industries to other emerging countries, and then developed emerging industries. Ten years later, Japan's transfer industry types began to transform, with the electronic assembly industry as the main transfer type. At the same time, the "Four Little Dragons" in Asia also began to transfer relatively technology-intensive industries, and the development and transformation direction of emerging countries gradually aligned with the world.

2.5.2 Current development of Taiwan's electronic information product OEM enterprises

In the entire global electronic information industry, there are two main ways to establish a production system across multiple countries. One is that the head office directly invests, and on this basis conducts internal trade, thereby forming a value chain between the head office and its subsidiaries such as branches; the other is that the core enterprise is the leader, and exchanges between enterprises are arranged through non-equity arrangements, and finally the core enterprise controls the relevant resources. This method requires less cost and can achieve more value. In today's society, competition between countries is becoming more and more fierce. Multinational companies have to consider more aspects when operating, and the proportion of attention to market and space has increased, and they also pay more attention to cost and resource conservation. The emergence of this method has led to the reorganization of the electronic industry chain at the end of the last century. The competitiveness of some mid-range enterprises has declined, and the lowest value-added area has been generated in the manufacturing industry. In the manufacturing industry, Taiwanese enterprises have a greater advantage, are developing rapidly, and are in a leading position in the world. However, despite the significant price reduction, profits still exist due to Taiwanese businessmen's investment in the West.

From the current situation, in the electronic information industry, Taiwan has

relatively little competition with European countries and North American countries, because these countries are at the top of the industrial chain. But in the near future, Taiwanese companies have gradually begun to compete with Japanese companies in semiconductor manufacturing and production. But in general, mainland China and South Korea are Taiwan's primary competitors.

2.5.3 Development difficulties of Taiwan's electronic information product OEM enterprises

At the beginning of the 21st century, Taiwan's economic development has seriously declined and lagged, the economy has experienced negative growth, investment and consumption are not sluggish, unemployment rate is also increasing, and economic competitiveness is gradually declining.

With the advent of the new global information age, the industry is gradually moving towards a global layout. Global competition no longer simply refers to competition between different companies, but has turned into competition for the ranking of the industrial chain. The division of labor in the industry is gradually becoming more organized, so the requirements for each part of the industrial supply chain are becoming more stringent. The monopoly of different parts of the industrial chain has gradually emerged, making it increasingly difficult to distinguish different nodes, and the gap in cooperation between industries is widening, thus destroying the balance between industries. Competition between industrial chains will eventually change qualitatively and turn into competition between different nodes due to the blurring and monopoly of the nodes. The popularization of the Internet and the continuous development of high-tech have made the production fields of various industries increasingly close, and the boundaries between them have gradually narrowed. The advent of the capital era and the gradual expansion of the market have made it impossible for enterprises to survive in the previous environment. Enterprises are facing more and more challenges and risks. Therefore, under the condition of unlimited market expansion, Taiwan's electronic information industry needs to firmly grasp the key links in the industrial chain and maximize the value of different links. However, since the 20th century, fierce political competition has caused Taiwan's economic growth to slow down, economic structure transformation has been slow, and the industry's global competitiveness has gradually declined.

(1) Slow economic growth. According to the statistics released by Taiwan's

"Executive Yuan", from 1991 to 2000, Taiwan's fastest economic growth rate was 9.8% in 1996; the lowest economic growth rate was 4.5% in 1998. Due to the impact of the financial crisis, its average growth rate over the past ten years was 6.8%. However, by 2006, Taiwan's average economic growth rate was only 3.7%, which began to fall below the world average. Today, according to the latest statistics released by the Taiwan authorities' Directorate-General of Budget, Accounting and Statistics on January 31, Taiwan's economic growth rate in 2023 is estimated to be 1.4%, 0.02 percentage points lower than the forecast value (1.42%) in November last year, the lowest in 14 years.

(2) Slow economic structural transformation. The labor-intensive processing and manufacturing industry that developed in Taiwan in the 1960s and the Internet industry dominated by electronic information that began to dominate in the 1980s are both merely OEM industries, just processing and manufacturing. The core technology or important parts of the products must be provided by the United States, Japan and other countries, and no complete upstream, midstream and downstream industrial system has been formed. Most of the product profits are taken away by the holders of core technologies or the providers of key parts. The Taiwan government does not pay enough attention to scientific and technological development and innovation research, which leads to its own low technical level and lack of novelty in inventions and creations. Although Taiwan's current development relies on science and technology industries, this technology is dependent on others, and the manufacturing industry maintains traditional production methods, so Taiwan is still at the low end of the integrated industrial chain, resulting in low production value and low profits. By the 1990s, the market cycle of new electronic information products became shorter and shorter, and prices gradually decreased. The dynamics of structural transformation in the global economy and its impact on economic growth are crucial areas of research in understanding modern economic development. This literature review examines various studies that shed light on the effects of structural changes, technological advancements, and trade on economic growth, with a particular focus on the interplay between these factors and their implications for different regions, including Russia and China.The concept of slow economic structural transformation is crucial for understanding the gradual nature of economic adjustments and their implications for growth. This phenomenon can be characterized by prolonged periods of economic stagnation or sluggish adaptation to new economic realities. The reviewed literature highlights various factors contributing to slow structural transformation, including institutional constraints, technological barriers, and the inertia of existing economic structures. For example, Mironov and Konovalova (2019) discussed how structural policy measures, when not effectively implemented, can lead to slower economic adjustments. Similarly, the research by Gallipoli and Makridis (2018) suggested that the pace of technological

adoption and its impact on labor markets can vary, potentially leading to uneven or slow transformation processes.Teignier (2018) points out that trade, while a powerful tool for structural change, may also face resistance due to existing economic and institutional structures. This resistance can contribute to a slower pace of transformation, affecting overall economic growth. Li et al. (2019) addressed how natural resource dependence can create challenges for rapid structural adjustments, particularly in economies where resource-based industries dominate. The gradual shift towards more sustainable practices and manufacturing structures may be hindered by entrenched resource dependencies and structural inertia.

Understanding these dynamics is essential for devising effective strategies to foster economic growth and navigate the challenges of slow economic structural transformation.In order to seek greater profits, many brand companies gradually tilted the industrial production and manufacturing links to developing countries and regions, especially in Southeast Asia and other regions. As the electronic information industry in Taiwan matures, the industry is also gradually moving abroad, causing more and more large-scale Internet and other technology companies in the world to invest in mainland China and Southeast Asia. Taiwan's traditional production and processing methods have lost their competitiveness. In the current global industrial division of labor model, Taiwan's OEM industry is facing transformation difficulties. According to the current international division of labor, the transformation direction of Taiwan's electronic information industry should be to do the upstream of the industry with higher profits, and to enhance the downstream value-added services. However, there is still a problem, that is, Taiwan used to only focus on the development of applied science and technology, and the basic science and technology was relatively weak, and thus lacked high technology. This has led to Taiwan's lack of ability to independently develop new high-tech products, making it difficult to adjust its industrial structure, so as to make appropriate adjustments to the structure on the basis of reasonable cost reduction.

(1) Technical level. Now many enterprises only carry out simple processing and packaging, and only effectively utilize other people's technology and increase investment in materials or popularize some simple technologies. This will make the industry densely distributed, resulting in a lot of time spent but not very high benefits.

(2) The level of linkage between upstream and downstream of the industrial chain. In the context of globalization, considering labor costs and other considerations, major electronic information product brand companies tend to place more labor-intensive parts of the production process in developing countries. With the increasing competition in the global electronic information product OEM industry, Taiwan's original advantages in the manufacturing industry will be affected. In this context,

Taiwan pays more attention to cost than added value. Therefore, when its dominant position in cost is affected, its original advantages will no longer exist.

2.6 Theoretical Framework

This study helps enterprises to make corresponding strategic planning at different stages and enhance their competitive advantage. The study's framework is shown Figure 2.1.

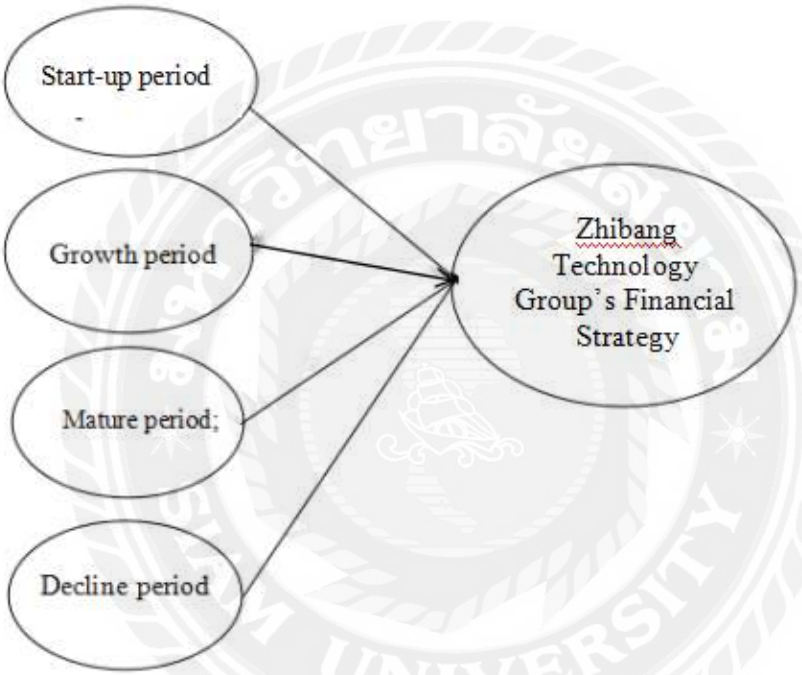

Figure 2.1 Theoretical Framework of Corporate Life Cycle Theory

Chapter 3 Research Methodology

3.1 Introduction

This study qualitatively analyzed and used semi-structured interviews with a wide variety of participants. The survey subjects of this study were a diverse group within Zhibang Technology Group, a total of 15 people, distributed across all levels of Zhibang Technology Group, including 2 executives from the Finance Department and the Trading Department, 5 senior financial managers with detailed operational knowledge, and 8 assistants to department executives from various key business areas. This comprehensive combination is essential to fully portray the financial strategy of Zhibang Technology Group at its life cycle stage. These participants were selected because they are directly involved in or have knowledge of the financial decision-making process of Zhibang Technology Group.

3.2 Research Design

By asking respondents for basic information and their understanding and application of life cycle theory, the study aimed to reveal the impact of life cycle theory on competitive strategy at different stages of the enterprise. The interview included questions in the following aspects: the respondent's understanding of life cycle theory, the impact of life cycle theory on the competitive advantage of enterprises, the specific impact stage, whether the company applies the theory, the evaluation of the application effect, and the impact of life cycle theory on enterprises in different life cycles. The necessity of adopting different competitive strategy at each stage.

Table 3.1 Research Interview Design

Life Cycle Stage	Interview Questions	No.
Start-Up Phase	What were the initial financial challenges faced by Zhibang Technology Group Group during its start-up phase?	Q1
	Which strategy were implemented to secure funding for Zhibang Technology Group in its early stages?	Q2
	How did Zhibang Technology Group prioritize its financial objectives at the outset?	Q3

Growth Phase	How did Zhibang Technology Group's financial strategy transform as it progressed from the start-up phase to the growth phase?	Q4
	What pivotal investment choices did Zhibang Technology Group undertake to foster its growth, and what were the underlying rationales?	Q5
	How did Zhibang Technology Group navigate the delicate equilibrium between financial risk and opportunity throughout its expansion?	Q6
Maturity Phase	How did Zhibang Technology Group modify its financial strategy upon entering the maturity phase to enhance sustainability and dividend management?	Q7
	What refinements were implemented in Zhibang Technology Group's financial management practices as it progressed through the maturity phase?	Q8
	What initiatives were pursued to optimize Zhibang Technology Group's capital structure and bolster cash flow during the maturity stage?	Q9
Recession Phase	What measures did Zhibang Technology Group implement to navigate economic downturns or recessions?	Q10
	How did Zhibang Technology Group adapt its financial strategy in reaction to declining sales or profitability?	Q11

3.3 Population and Sampling

This study used semi-structured interviews and qualitative analysis methods to interview diverse group of participants within Zhibang Technology Group, a total of 15 people. The interviewees were from different levels of the company, including two executives from the Finance Department and the Trading Department, five senior financial managers with in-depth operational knowledge, and eight department assistant executives from key business areas. These interviewees were selected because they were directly involved in or understood the financial decision-making process of Zhibang Technology Group to ensure a comprehensive portrayal of the company's financial strategy at each life cycle stage.

3.4 Data Collection

This diverse selection of interviewees ensured a holistic understanding of Zhibang Technology Group's financial strategy, encompassing perspectives from top-level executives to senior managers and assistant executives involved in crucial business functions. Data Collection Process:

Selection of Interviewees:

Fifteen interviewees were selected based on their roles and expertise within Zhibang Technology Group. This included:

Two executives from the finance department, providing strategic insights into financial management.

Two executives from the trading department, offering perspectives on financial transactions and trading activities.

Five senior financial managers with in-depth operational knowledge, contributing insights into financial strategy.

Eight assistant executives from key business areas across the company, providing operational-level perspectives.

Interview Design:

Semi-structured interviews were conducted to gather qualitative data on Zhibang Technology Group's financial strategy at different stages of its corporate life cycle.

Interview questions were tailored to elicit detailed information on financial decision-making, resource allocation, risk management, and strategic adjustments across various phases (start-up, growth, maturity, and recession).

Data Collection Techniques:

In-depth interviews were employed to allow interviewees to elaborate on their experiences and perspectives.

Interviews were conducted either face-to-face or through virtual platforms, ensuring flexibility and convenience for participants.

Interviews were recorded with consent from interviewees to ensure accurate capturing of data.

Transcripts from interviews were analyzed thematically to identify recurring patterns, key themes, and critical insights related to financial strategy.Data analysis focused on understanding how Zhibang Technology Group adapted its financial strategy over time, considering external market dynamics and internal organizational factors.The insights gathered from the interviews provided a comprehensive understanding of Zhibang Technology Group's financial strategy evolution across different life cycle stages.

3.5 Data Analysis

Based on the research data exploring Zhibang Technology Group's financial strategy across different stages of its corporate life cycle, a qualitative data analysis method was employed. This method involved conducting in-depth interviews with key stakeholders within the company to gather nuanced insights into their financial strategy and responses to the evolving business environment.

Qualitative Approach

Interview Design: Semi-structured interviews were designed to capture detailed narratives from Zhibang Technology Group's management and financial decision-makers. The interviews were semi-structured to allow flexibility in exploring specific themes related to financial strategy across different life cycle stages.

Data Collection: Interviews were conducted with selected participants who have firsthand knowledge and experience in navigating the financial landscape of the company through its various life cycle stages.

Transcription and Coding: Recorded interviews were transcribed verbatim to ensure accuracy. Qualitative coding techniques were applied to categorize and analyze the data. Initial coding focused on identifying recurring themes related to financial challenges, strategic priorities, and adaptive responses specific to each life cycle stage.

Theme Identification: Through systematic coding and thematic analysis, key themes emerged regarding the financial characteristics and strategic shifts observed from start-up to maturity and recession stages. Themes included financial resource allocation, risk management strategy, investment priorities, and adaptation to economic downturns.

Pattern Recognition: Patterns within the qualitative data were identified to illustrate how Zhibang Technology Group's financial strategy evolved in response to external market conditions and internal growth dynamics. This involved comparing and contrasting responses across different life cycle stages to highlight trends and strategic adjustments over time.

Narrative Synthesis: Finally, a narrative synthesis approach was used to integrate findings from the interviews into a cohesive framework. This synthesis aimed to provide a comprehensive understanding of the company's adaptive financial strategy across its corporate life cycle, emphasizing key decision points, challenges faced, and successful strategy implemented.

This qualitative data analysis method enabled a deep dive into Zhibang Technology Group's financial strategy across its life cycle stages. By capturing rich insights through interviews and applying rigorous coding and thematic analysis, the study provided valuable empirical evidence on how financial strategy evolve to sustain growth and manage risks in a competitive environment. The findings offer practical guidance for other companies facing similar challenges, emphasizing the importance of adaptive financial planning and strategic foresight in achieving long-term sustainability and success.

Chapter 4 Findings

4.1 Introduction

This study employs the Corporate Life Cycle Theory to investigate Zhibang Technology Group's financial strategy across various stages of its development. By conducting semi-structured interviews with 15 participants from diverse roles within the company, the research aims to achieve the following objectives:

Identification of Life Cycle Stages: The study identifies four main life cycle stages within Zhibang Technology Group: start-up, growth, maturity, and decline. Each stage is characterized by distinct financial priorities and challenges.

Analysis of Financial Characteristics: At each life cycle stage, Zhibang Technology Group exhibits specific financial characteristics. During the start-up phase, the focus is on securing funds and managing cash flow. In the growth phase, the emphasis shifts to reinvestment and efficient cost management. The maturity phase prioritizes sustainability and profit maximization, while the decline phase involves strategy for cost management and asset reconfiguration in response to economic challenges.

Determination of Financial Strategy: The research identifies tailored financial strategy deployed by Zhibang Technology Group at different life cycle stages. These strategy range from initial fund acquisition and cash flow management to optimizing capital structure and exploring new revenue streams to ensure long-term sustainable development amidst competitive pressures.

Overall, the findings of this study underscore the importance of aligning financial strategy with the specific needs and challenges of each life cycle stage. By understanding and adapting to these stages effectively, Zhibang Technology Group can enhance its strategic decision-making in financing, investment, and risk management. This research not only enriches the application of Corporate Life Cycle Theory but also provides practical insights and recommendations for enhancing business development and performance across different stages of corporate evolution.

4.2 Identification of Life Cycle Stages of Zhibang Technology Group's Development

Life cycle theory suggests that businesses go through distinct phases, including startup, growth, maturity, and decline. By identifying these stages within Zhibang Technology Group, the research provides a framework to understand how the company has evolved over time and what challenges and opportunities it faced at each stage.

(1) Start-up Phase

Zhibang Technology Group chose to provide customers with OEM manufacturing services for electronic communication products. It processed products according to customer needs. During the OEM service process, the company used existing resources to provide products and services to customers, established a complete quality management system and operating specifications, improved manufacturing capabilities, expanded production scale, and adopted information management methods to improve corporate management efficiency and reduce corporate operating costs. In 2006, the company's OEM business turnover reached 16 billion, ranking fourth among the top 100 companies in the development zone that year. The company allocated resources and reconstructed its capabilities based on customer needs to form a competitive advantage.

As Zhibang Technology Group deepened its cooperation with customers, customers raised their requirements for product quality and cost. For example, when providing OEM services for automotive electronic products to a certain customer, the customer required the company to provide a lower product quality defect rate and price every year. The company analyzed the production and manufacturing process problems based on the customer's requirements and problems, proposed solutions, optimized production efficiency and processes, and improved product and service quality. As the cooperation between Zhibang Technology Group and its customers gradually deepens, customers require enterprises to drive internal production according to their needs and trace the entire production process. For example, when providing OEM services for automotive electronic products to a certain customer, the customer requires that the company drive production according to the customer's production needs to achieve just-in-time production, and at the same time, the production process information can be traced through the information system.

(2) Growth Period

At the same time, as the cooperation relationship between Zhibang Technology Group and its customers gradually deepens and the company's own capabilities are improved, Zhibang Technology Group provides customized product services according to customer needs. The company provides engineering and technical services to customers based on its own capabilities and resources and its own assembly and manufacturing experience in the electronic communications industry. The services include tooling, countertop equipment, process and process automatic assembly equipment, testing equipment, and software services. The company has formed automatic dispensing machines, automatic testing equipment, countertop pressing equipment, etc., to assist customers in solving problems in product development and manufacturing, realize customer product upgrades and iterations, provide good pre-sales and after-sales services, and increase mutual trust between customers and enterprises. From 2019 to In 2021, the company's business achieved growth and profitability for three consecutive years.

(3) Maturity Period

Zhibang Technology Group's business has been in a mature period since its establishment. As the cooperation relationship between Zhibang Technology Group and its customers gradually deepens, customers require the company to drive internal production according to demand and require full traceability of the production process. For example, when providing automotive electronic product OEM services to a certain customer, the customer requires the company to drive production according to customer production needs and achieve just-in-time production. At the same time, the production process information can be traced through the information system. JY Electronics OEM has implemented intelligent manufacturing and technological transformation in accordance with customer requirements, and carried out automation and information transformation of SMT production workshops and injection molding production workshops. Through the integration of industrialization and information technology, the replacement of machines with people has improved the company's operating efficiency, reduced the company's operating costs, and increased the company's product yield. The company's automotive electronics OEM business has achieved growth and profitability for two consecutive years. Zhibang Technology Group has always adhered to customer demand orientation, allocated resources according to customer requirements, reconstructed corporate capabilities, achieved the transformation of corporate growth mode and product technology upgrades, optimized corporate products and services, and achieved the transformation of the company from low-tech and low-

value-added to high-tech and high-value-added, achieving corporate technology upgrades, value-added, and forming corporate competitive advantages. The process of corporate transformation and upgrading is that Zhibang Technology Group allocates resources, reconstructs corporate capabilities, and forms corporate competitive advantages according to customer needs.

(4) Decline Period

Manage decline and potential restructure or exit.Since Zhibang Technology Group is still in the operational stage, this part of the content is only used as an analysis,, the table suggests that there are generally in Zhibang Technology Group's financial strategy across different stages of its corporate life cycle. By adapting their financial strategy to each stage of the corporate life cycle, Zhibang Technology Group can effectively navigate challenges, capitalize on opportunities, and sustain growth over time.

4.3 Analysis of Financial Characteristics

This section focuses on analyzing the financial characteristics of Zhibang Technology Group at each identified life cycle stage. It examines key financial metrics such as profitability, cash flow management, investment patterns, and capital structure. Since its establishment, Zhibang Technology Group has experienced rapid growth in the labor-intensive era, achieved glory, and experienced the pain period of industrial transformation. After the pain period, the company has successfully transformed and upgraded, forming a competitive advantage. The company has formed two core businesses: providing automotive electronics products OEM for customers in the automotive industry and providing automation system integration services for customers in the electronic communications industry. In 2021, the company successfully expanded its business and layout, successfully acquired Shanghai Yidian SMT Factory in Shanghai, and established an automation branch in Shenzhen, focusing on providing automation engineering and technical services to G customers. The company has set up offices in Taiwan and Vietnam, and the company's business is developing in the direction of multi-point network coverage. However, in 2022, Zhibang Technology Group is facing the problems of large-scale investment in new production equipment, factory infrastructure upgrades, new factory construction, rising costs, tight funds, and talent shortages. Externally, it faces fierce competition in the automation market, a short supply of chips causing a reduction in automobile

production, and huge pressure on product delivery caused by the global supply chain crisis.

Zhibang Technology Group reallocates corporate resources according to changes in the external environment, keeps corporate capabilities in line with the ever-changing external environment, and forms corporate competitive advantages. The company promptly perceives changes in the external environment, reconfigures resources, reconstructs and increases value, and provides more innovative products and services to the outside world through collaborative innovation, heterogeneous resource sharing, and value co-creation with ecosystem members, thus forming a competitive advantage. Therefore, the competitive advantage of the company comes from the integration of its own resources and external resources according to changes in the external environment, providing innovative products and services to the market, and forming a competitive advantage. In short, maintaining corporate capabilities that match the ever-changing external environment provides the company with a competitive advantage.The analysis aims to uncover how financial priorities and strategy shifted as the company progressed through different stages of its life cycle. By understanding these characteristics, the study offers insights into the financial health and management practices that contributed to the company's growth or challenges during each phase.

4.4 Determination of Financial Strategy

In this section, the research delves into the financial strategy employed by Zhibang Technology Group at each life cycle stage. Financial strategy involves decisions related to funding, investment, risk management, and operational efficiency tailored to the specific needs and challenges of each stage. By determining these strategy, the study aims to highlight how Zhibang Technology Group adapted its financial approach to capitalize on growth opportunities, mitigate risks, and sustain profitability throughout its corporate life cycle.

4.4.1 Financial Strategy for the Start-Up Phase

During the start-up phase, Zhibang Technology Group's financial strategy focuses on securing funding, managing cash flow efficiently, and strategically investing in growth opportunities.

Securing Funding: Given the limited cash flow, the strategy emphasizes securing sufficient capital through venture capital investments, government grants, or favorable

loans to support product development and market entry without over-leveraging the company.

Cash Flow Management: Efficient cash flow management involves strict budgeting, minimizing unnecessary expenditures, and prioritizing spending on activities crucial for business growth. Rigorous financial planning helps in tracking and managing cash flows effectively.

Strategic Investment for Growth: Despite financial constraints, strategic investments in product development and marketing are prioritized. Resources are allocated to areas with high potential return on investment, supported by market research to tailor products to customer needs.

Building Financial Networks and Relationships: Establishing relationships with financial institutions, investors, and stakeholders provides long-term benefits, including networking for future funding rounds and obtaining advice from financial mentors.

By focusing on these strategic areas, Zhibang Technology Group establishes a robust financial foundation in its start-up phase, positioning itself for successful growth and expansion.

4.3.2 Financial Strategy for the Growth Phase

In the growth phase, Zhibang Technology Group's financial strategy supports expansion while ensuring sustainability.

Reinvestment for Expansion: With significant revenue growth, profits are reinvested in expanding product lines, entering new markets, and improving infrastructure. Investments prioritize long-term growth and market dominance.

Managing Operational Costs: Despite increased revenue, effective cost management includes implementing cost-control measures and efficiency improvements to maintain healthy profit margins.

Strategic Funding for Expansion: To support substantial investments, exploring options like equity financing or strategic partnerships is beneficial. This avoids overburdening the company with debt while supporting expansion activities.

Risk Management: As Zhibang Technology Group expands, a robust risk management plan diversifies investments, monitors market trends, and prepares contingency plans to mitigate potential financial risks associated with rapid growth.

Focusing on these strategy enables Zhibang Technology Group to support its growth ambitions while maintaining financial health and stability.

4.3.3 Financial Strategy for the Maturity Phase

During the maturity phase, Zhibang Technology Group's financial strategy focuses on sustaining market position, optimizing profitability, and ensuring long-term financial health.

Sustainability and Profit Maximization: Stabilized revenue streams prompt efforts to sustain profitability through operational efficiency and cost management. Regular assessments identify and eliminate inefficiencies.

Dividend Strategy: With regular dividend distribution, a structured policy balances shareholder rewards with retaining earnings for investments and debt repayments.

Capital Structure Optimization: Evaluating the debt-to-equity ratio optimizes financial stability and reduces the cost of capital.

Investing in Innovation: Despite maturity, ongoing investments in innovation and R&D are vital to maintain competitiveness and adapt to market changes.

Risk Diversification: Diversifying investments mitigates risks, exploring new markets or product strategy to safeguard against volatility.

Implementing these strategy ensures Zhibang Technology Group effectively manages its financial resources in the maturity phase, ensuring sustained growth and shareholder value.

4.3.4 Financial Strategy for the Recession Phase

During the recession phase, Zhibang Technology Group's financial strategy focuses on navigating economic downturns and ensuring financial stability.

Cost Management and Restructuring: Stringent cost management identifies areas for expense reduction without compromising core operations. Potential restructuring enhances efficiency and savings.

Asset Reallocation and Liquidation: Assessing the asset portfolio reallocates resources or liquidates non-essential assets to free up cash.

Debt Management: Managing debt renegotiates terms or refinances to manageable levels to maintain financial stability.

Focus on Core Business Areas: Concentrating resources on core areas sustains profitability amidst economic challenges, potentially scaling back non-essential projects.

Seeking Alternative Revenue Streams: Diversifying into related areas or monetizing existing assets mitigates recession impacts.

By implementing these strategies, Zhibang Technology Group aims to navigate the recession phase, maintaining financial stability and positioning for recovery and future growth.

Overall, focusing on financial aspects crucial to understanding the company's strategic development and long-term sustainability, the findings contribute valuable insights into effective financial management practices across different phases of corporate growth.

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

Zhibang Technology Group started in the 1980s. With internationalization strategy and ODM model as the core, it has achieved a leading position in the switch production industry through supply chain optimization and integration. However, although the company has a certain industry leading position in the international market, it still faces challenges at the low end of the product value chain, which may bring risks in the current fierce international competition environment.

According to the research findings, Zhibang Technology Group shows different financial strategy and coping strategy at different stages of the enterprise life cycle, from the start-up period to the mature period and then to the decline period. This study deeply explores the financial characteristics and strategic focus of Zhibang Technology Group at each stage of the enterprise life cycle. The study found that the life cycle of Zhibang Technology Group can be divided into four main stages: start-up period, growth period, maturity period and decline period. In the start-up period, the company mainly focuses on fund raising and cash flow management; in the growth period, it focuses on reinvestment and operating cost management; in the mature period, it emphasizes sustainable development and profit maximization; finally, in the decline period, the key to the company's response to economic challenges lies in cost management and asset restructuring.

According to the financial characteristics of different stages, the study further proposes corresponding financial strategy. From funding and cash flow management in the start-up phase to capital structure optimization and exploration of alternative sources of income in the recession phase, these strategy are designed to support Zhibang Technology Group to achieve long-term sustainable development in a highly

competitive market.

Through the content of this study, it is intended to develop effective financial strategy for Zhibang Technology Group at different life cycle stages to drive its business development and improve performance. There are four specific research conclusions, which are summarized based on the research purpose and research questions:

In the start-up phase, Zhibang Technology Group is committed to establishing its market position and faces limited cash flow, high initial investment and rapidly growing expenses.

In the growth phase, with significant revenue growth, the company increased its investment in new opportunities while effectively managing operating costs to support expansion.

The maturity phase emphasizes the stability of revenue and the improvement of operating efficiency, gradually turning to sustainable development and considering regular dividends.

In the recession phase, it is necessary to closely manage costs, actively deal with debts, and mitigate the challenges brought by the recession by diversifying revenue sources.

The above targeted financial strategies are designed to support the stable growth and sustainable development of Zhibang Technology Group throughout the enterprise life cycle. This study provides qualitative analysis for enterprises to formulate appropriate financial strategy at different stages, and provides practical guidance and inspiration for coping with the changing market environment.

5.2 Recommendation

5.2.1 Strengthen the production and operation management capabilities of enterprises

Under the current production model, low OEM costs, timely delivery, and meeting the most basic quality requirements are still the core advantages of Zhibang Technology Group to attract OEM customers. The pressure from inside and outside the company requires Zhibang Technology Group to have the awareness of changing the existing operation management, including introducing intelligent production information systems, improving production processes, establishing timely communication channels, strengthening inter-departmental collaboration, and establishing an efficient and flat organizational form to ensure that the core competitiveness of the enterprise is strengthened through a comprehensive quality management system, so as to be invincible in the electronic information industry with many OEM competitors.

First of all, enterprises should introduce lean thinking into the production process. The core idea of the lean production management system is actually to fully integrate all the resources in the company's production, maximize the efficiency of production, and reduce its operating costs. With the help of the lean production management system, the management of the site can be strengthened. By strengthening the production process and quality management, the company can easily cope with market shocks and competition among peers. Because quality is the only commonality of all products, it is necessary to start with quality as the core and improve and optimize the lean process of the enterprise. On the premise of product quality first, different products are optimized and improved according to their respective characteristics to meet customer needs. Before conducting lean production research, some common management principles in the production system are first classified, summarized, summarized and analyzed. The first is the principle of similarity. An enterprise often has some functional and process similarities in the development, design and manufacturing of a new product. The enterprise can reasonably explore these similar production processes and then classify them. The second is the principle of reusability. In fact, many product manufacturing is composed of multiple different small manufacturing units. After these small units are subdivided, there are often some commonalities and reusable units in specific manufacturing units. By fully analyzing some reusability in the production process, it is possible to reduce the complexity of some production management, thereby improving production efficiency. The third is

the principle of globality. The production and manufacturing of an enterprise is a very systematic project, and some local changes should not affect its overall production and manufacturing as much as possible. With the help of the above three important principles, the company can improve the efficiency of each single product in the small batch production mode by applying the lean production management system and fully understanding the characteristics of different products in the production process. The manufacturing of products is divided into manufacturing units of universal modules, and then the units manufactured by these subdivided modules are freely converted among batches of multiple different products. This can reduce the production cost and manufacturing cycle.

Secondly, it is necessary to carry out comprehensive quality system management. Total quality management refers to an advanced management approach in which an organization takes quality as the center and full participation of all employees as the basis to achieve long-term operation success of the enterprise by satisfying customers and all stakeholders. In fact, total quality management is not only the management of product quality, but has evolved into a management process that comprehensively thinks about quality as the core, and supports the production and operation of the enterprise by mobilizing all resources that can be mobilized by the enterprise. To carry out total quality management, first of all, we should implement the concept of quality-centeredness throughout the organization. Managers need to act as the general commander of total quality management. Only with the support and advocacy of managers can we more effectively promote it throughout the enterprise. By adopting various platforms and media, we can integrate the quality concept into the corporate culture, spread it among all employees, create an atmosphere with quality as the core, enhance the quality awareness of personnel, and encourage all employees of the enterprise to participate in quality improvement.

Then, it should emphasize the quality management of the whole process, that is, from the link of raw materials to the storage of finished products, we should control the quality level in each link, change the post-test to pre-control, introduce the user-first point of view, that is, the next process is the user of the previous process, try to solve the problem in this link, and do not leave the problem to the next user. In this way, we can reduce the cost of rework and maintenance, reduce the phenomenon of shirking responsibility, and provide product quality. Finally, we should establish a data analysis system to achieve the best effect of quality control in a quantitative way, guide production through data analysis results, free personnel from the cumbersome process of quality data collection, and focus on solving quality problems so as to detect and solve problems efficiently. In short, total quality management is a very long process,

which requires the courage and persistence of managers, as well as the enthusiasm of all employees to participate. Only an organization that is good at discovering and solving problems can maintain vitality and finally complete the establishment of total quality management.

5.2.2 Concentrate on superior resources to improve R&D capabilities

Improving R&D capabilities is a necessary means and method for OEM enterprises to transform to ODM OEM mode, and it is an important task for OEM enterprises to transform from the initial simple OEM processing to mature enterprises that integrate production and R&D design. According to the theory of enterprise life cycle, when an enterprise is in the early stage of growth, it has the characteristics of poor controllability but strong flexibility. At this time, the transformation and upgrading will be less hindered from the perspective of improving the enterprise organizational structure or production process. However, if the enterprise has entered the recession period, due to the heavy organizational structure and numerous organizational levels, the enterprise's energy at this time is mainly focused on how to maintain survival, and there is no time to consider the issue of transformation. OEM OEM enterprises are at the low end of the global value chain, with small enterprise scale, simple production process, low entry threshold, easy to copy and imitate, and shorter life cycle, so they are easy to enter the recession period. Therefore, electronic information product OEM enterprises should strive to utilize the existing production model, actively digest and absorb the advanced management experience and mature technology of brand enterprises, improve their core competitiveness, and put transformation and upgrading on the agenda as soon as possible. Of course, in this process, enterprise managers need to invest a lot of money. Only in this way can the overall technical level be improved in the long run, and the perfect upgrade of enterprises from OEM production to OEM design can be achieved. With the continuous improvement of their own technical level, the resulting expansion of customer groups and the growth of orders have enriched the company's own resources, and eventually an independent R&D center can be established with independent innovation capabilities, thereby achieving the successful transformation of enterprises from OEM design to their own brands.

5.2.3 Build a wide-coverage marketing network

For a long time, many OEM companies have ignored the important link of sales,

believing that sales are the business of OEM customers, and they only need to do a good job of production and delivery on time, and complete the production tasks delivered by this only customer. This idea of enjoying profits has hindered the development of OEM companies. Sales and production should be a cooperative relationship. Production should be arranged according to sales needs, and production should provide material preparation for sales. Any mismatch on either side will cause a waste of resources. If the sales plan exceeds the production capacity, the production capacity will not keep up; on the contrary, if the production capacity exceeds the sales plan, it will cause inventory backlog, increase storage management costs, occupy cash flow, affect capital turnover, and thus have a negative impact on the operation and management of the enterprise. Therefore, sales should keep up with customer needs, timely understand and analyze the dynamics of market development, strengthen the pre-control of the production process, and reduce the uncertainty risk caused by changes in customer orders. For OEM companies that want to transform from OEM to OBM, the construction of marketing channels is the first issue to consider in order to stand out from many market competitors. In this regard, on the one hand, marketing channels can be built with the help of outsourcing companies. Due to the lack of understanding of the market operation mode and the lack of marketing talents of OEM companies, they often have no idea how to start in the early stage of marketing channel construction. At this time, they can rely on the help of outsourcing service companies with mature sales networks and professional marketing teams, and rely on the power of professional marketing companies to expand the market. On the other hand, it is to form their own sales team. It is the most common choice for most companies to expand the market by forming their own marketing team. Although this process is difficult and long, it can be more stable in the long run. In addition, as a manufacturer of low-end electronic components, it seems far from a "brand". Although it is not easy for end consumers to know, the key to the transformation from OEM to OBM is to establish brand awareness. Taiwan's Zhibang Technology Group has effectively established its own brand by developing upstream and downstream, integrating R&D, production and assembly.

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Appendix

Interview outline

Dear interviewee, hello!
Thank you for participating in our survey. This survey aims to understand the impact of life cycle theory on the competitive advantage of enterprises. Please read the questions carefully and fill them in truthfully. Your answers will be of great help to our research.

1. Please fill in the following basic information:
Gender: Male Female
age
Profession:____
Company size: ____ (small/medium/large)
industry:____

2. Do you understand life cycle theory? (choose one)
A. Yes
B. No

Here's a summary of the interview questions for each life cycle stage of Zhibang Technology Group:

Start-Up Phase

1. What were the initial financial challenges faced by Zhibang Technology Group during its start-up phase? (Q1)
2. Which strategy were implemented to secure funding for Zhibang Technology Group in its early stages? (Q2)
3. How did Zhibang Technology Group prioritize its financial objectives at the outset? (Q3)

Growth Phase

1. How did Zhibang Technology Group's financial strategy transform as it progressed from the start-up phase to the growth phase? (Q4)
2. What pivotal investment choices did Zhibang Technology Group undertake to foster its growth, and what were the underlying rationales? (Q5)

3. How did Zhibang Technology Group navigate the delicate equilibrium between financial risk and opportunity throughout its expansion? (Q6)

Maturity Phase

1. How did Zhibang Technology Group modify its financial strategy upon entering the maturity phase to enhance sustainability and dividend management? (Q7)
2. What refinements were implemented in Zhibang Technology Group's financial management practices as it progressed through the maturity phase? (Q8)
3. What initiatives were pursued to optimize Zhibang Technology Group's capital structure and bolster cash flow during the maturity stage? (Q9)

Recession Phase

1. What measures did Zhibang Technology Group implement to navigate economic downturns or recessions? (Q10)
2. How did Zhibang Technology Group adapt its financial strategy in reaction to declining sales or profitability? (Q11)

These questions are designed to explore how Zhibang Technology Group managed its financial strategy across different phases of its life cycle. Each phase presents unique challenges and opportunities that require tailored financial approaches for effective management and sustained growth.

Thank you for participating in this survey! Your opinion is very important to us. wish you a happy life!