



## Influence of Normal Quality and Functional Quality of the Business Environment on Business Environment Satisfaction: Mediating Role of Perceive Value of the Business Environment and Government Credibility

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### Abstract

**Background and Aims:** This section could benefit from a clearer and more structured presentation of the research problem, methodology, results, and conclusion. Currently, the sentences are lengthy and the sequence of ideas is somewhat unclear. To improve this, the research objectives and methodology should be presented more distinctly, followed by a concise summary of the findings and their implications. For example, instead of immediately diving into specific details about customer satisfaction theory and service quality, it would be beneficial to start by outlining the broader significance of the study. This section could be shortened without losing important information. It is currently too wordy, particularly in its description of the theoretical background and methodology. The details about the theoretical frameworks used (e.g., customer satisfaction model service quality theory and new public service theory) could be briefly summarized, focusing instead on their relevance to the study.

**Methodology:** The methodology could be described more succinctly. For example, mentioning the use of structural equation modeling (SEM) and AMOS software to analyze the data is important, but the details about the software and the number of participants in the quantitative study could be integrated more smoothly. The focus should be on explaining why these methods were chosen and how they contributed to achieving the research objectives.

**Results:** The section on findings could be expanded to highlight the key contributions of the study. The results about the functional quality of the business environment having a greater impact than the normal quality on business environment satisfaction should be explained more clearly in terms of their practical implications. Additionally, the mediating role of perceived value and government credibility should be highlighted as major contributions to the literature on business environment satisfaction. The use of language could be simplified while still maintaining an academic tone. Phrases like "compared with 'the normal quality of business environment,' 'the functional quality of business environment' has the greatest impact on 'business environment

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satisfaction" could be rewritten in a more fluid and reader-friendly way. Simplifying complex clauses would enhance readability and engagement.

**Conclusion:** The findings highlight that functional quality has a greater impact on business environment satisfaction than normal quality, with perceived value and government credibility acting as key mediators. Simplifying the language and clearly presenting these findings would improve comprehension while emphasizing the study's practical implications.

**Keywords:** Normal Quality (NQ); Functional Quality (FQ); Business Environment; Satisfaction (SA) ; Perceive Value (PV) ; Government Credibility (GC)

## Introduction

This section would benefit from a clearer definition and explanation of the core concepts being studied. Terms such as "normal quality" (NQ) and "functional quality" (FQ) of the business environment are used early in the introduction, but their definitions are not fully explained. Providing a more detailed description of these terms would help readers unfamiliar with the subject to better grasp the research context. Furthermore, integrating a broader theoretical background at the beginning of the introduction would provide stronger academic grounding and support for the research questions. By citing more recent and relevant studies, the authors can make the connection between the study's focus and the existing literature more explicit, highlighting the gaps in knowledge that this research aims to fill.

The research questions presented in section 1.2 should be introduced with more context and rationale. While the questions themselves are relevant, the lead-up to these questions would benefit from further elaboration on why these specific aspects are important. The introduction would be more compelling if the authors explained in more depth the importance of investigating these questions in the context of foreign-funded enterprises in China. This could include a brief discussion on the challenges faced by such enterprises in relation to the business environment, linking this discussion to the significance of improving satisfaction with that environment.

The research objectives in section 1.3 could be streamlined and better aligned with the research questions. Currently, the objectives appear as a list, but they could be framed in a more narrative form, which would create a smoother flow in the text. Additionally, it would be helpful to clarify the relationship between these objectives and the broader economic and policy implications for China. Expanding on how the findings could contribute to the modernization of China's economic system would reinforce the relevance of the study.

Improving the conceptual framework section (1.4) could involve a more integrated discussion of the theories being used. While the section refers to customer satisfaction models





and new public service theory, a more seamless connection between these theories and the specific variables of the study would provide a stronger theoretical underpinning. A more critical discussion of the limitations of existing theories and how this study addresses them could also enhance the academic rigor of the introduction.

Foreign-invested enterprises have injected vitality into the development of China's market economy, which is the main force of the current rescue and stimulate market vitality, and is also a key part of promoting economic recovery, promoting employment and ensuring people's livelihood (Shang, 2020). At the same time, the business environment plays a very important role in promoting the high-quality development of the foreign economy (Liang, 2018). At present, the research on the influencing factors of business environment satisfaction is still an academic blank, and it is urgent to actively explore the factors affecting the business environment satisfaction of the management of foreign-funded enterprises and clarify the influencing mechanism of each factor (Xu & Ruan, 2019).

## Questions

Whether in the field of customer satisfaction or in the field of public service satisfaction, what factors affect the evaluation of business environment satisfaction by the management of foreign enterprises and how will become the focus of future research. Therefore, this study raises three research questions:

Q1: Do NQ and FQ affect to business environment satisfaction?

Q2: Do PV and GC mediate between NQ and FQ with SA?

Q3: How should the Chinese government improve the business environment satisfaction of the management of foreign-funded enterprises in China?

## Objectives

The growth rate of foreign-funded enterprises in China is very fast, and the utilization of foreign capital to promote domestic economic development is also very impressive. Improving the satisfaction of the management of foreign-funded enterprises with the business environment is an important link to optimize the business environment. Therefore, it is urgent to study the business environment satisfaction of the management of foreign-funded enterprises. This study proposes three research objectives:

1. To study the direct effect of NQ and FQ on SA.
2. To Study the mediating role of PV and GC in the framework.
3. Based on the research results, this paper proposes ways to improve the business



environment satisfaction of the management of foreign-funded enterprises in China, so as to provide further reference and reference for the country's future economic development and foreign investment introduction.

### Conceptual Framework

Based on the review of relevant literatures at home and abroad, this study constructs a conceptual framework including 5 variables and their interrelationships with the help of customer satisfaction model, service quality theory, new public service theory (Alizadeh, A. 2013; Fan & Jin, 2016; Liang et al, 2015). As shown in Figure 1.

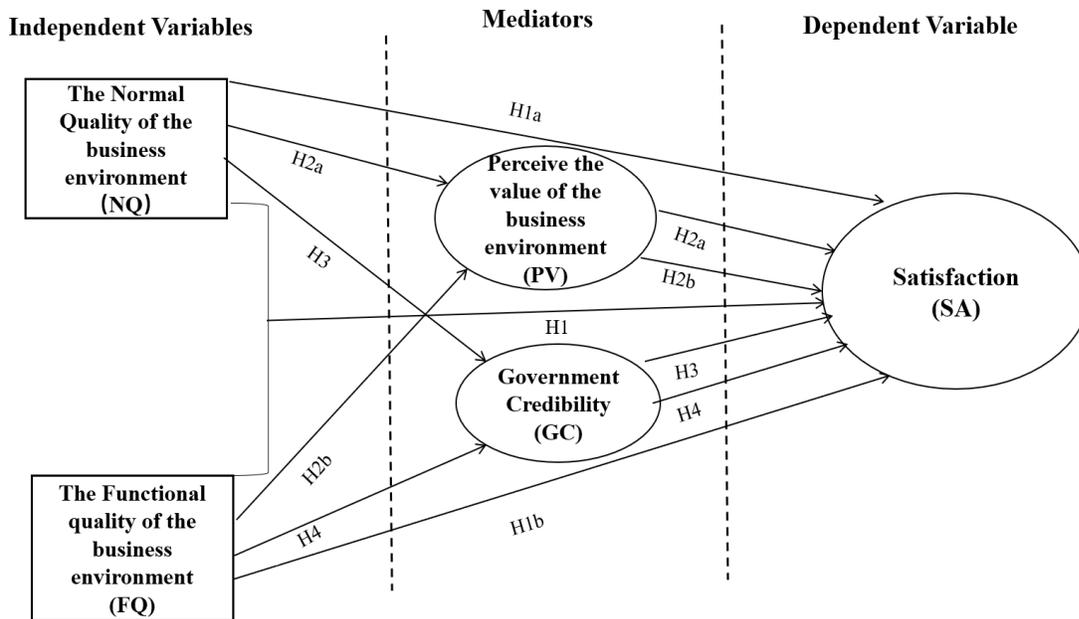


Figure 1. Research Conceptual Framework

Source. Adapted from Alizadeh, A. (2013); Fan, B. et al. (2016); Liang, et al. (2015).

### Hypothesis

According to the research conceptual framework, a total of 8 hypotheses were proposed in this study. As shown in Table 1.

No	Hypotheses
H1	Perceived business environment quality positively affects business environment satisfaction (NQ, FQ→SA)
H1a	The normal quality of business environment positively affects business



No	Hypotheses
	environment satisfaction. (NQ→SA)
H1b	The functional quality of business environment positively affects business environment satisfaction. (FQ→SA)
H2	Perceived the value of business environment plays a mediating role in the relationship between perceived business environment quality and business environment satisfaction. (NQ, FQ→PV→SA)
H2a	Perceived the value of business environment plays a mediating role in the relationship between the normal quality of business environment and business environment satisfaction. (NQ→PV→SA)
H2b	Perceived the value of business environment plays a mediating role in the relationship between the functional quality of business environment and business environment satisfaction. (FQ→PV→SA)
H3	Government credibility plays a mediating role in the relationship between the normal quality of business environment and business environment satisfaction. (NQ→GC→SA)
H4	Government credibility plays a mediating role in the relationship between the functional quality of business environment and business environment satisfaction. (FQ→GC→SA)

Source. Adapted from Alizadeh, A. (2013); Fan, B. et al. (2016); Liang, et al. (2015).

## Methodology

### Research Design

This section could benefit from a more detailed explanation of each of the steps outlined in the process. Currently, the description is somewhat broad, and it would be more effective to clearly describe each step in greater detail, including why those steps were necessary and how they align with the research questions and objectives. For instance, the section on the pre-test could be expanded to explain the specific procedures undertaken to remove "garbage items" from the questionnaire, and how this improved the reliability and validity of the final instrument. Additionally, it would be helpful to explain the rationale behind the use of specific software tools like AMOS for SEM analysis in the context of the research problem, providing more theoretical grounding.

### Population and Sample

The population and sample size description, while adequate, would be strengthened by a more thorough justification of the choice of 504 participants as the sample size. The reasoning





behind following Marsh et al, 2004). recommendation of a sample size that is 10-20 times the number of measurement items is mentioned, but the section could benefit from a more in-depth discussion of how this number adequately represents the larger population of foreign-funded enterprises in Sichuan province. Including more details about the characteristics of the sample, such as the industries and sizes of the businesses, would provide greater transparency regarding the representativeness of the sample.

In the qualitative research part, this research has investigated 16 managers of 16 foreign-funded enterprises in Sichuan Province in an in-depth interview. Different from the sampling method of qualitative research in the traditional sense, the sample extracted by grounded theory method should be a typical representative group that can reflect a certain phenomenon (Wang, N. 2002). According to the operation requirements of Strauss and Corbin's programmatic grounded theory method and the combined research needs, this study adopts stratified sampling method. This paper selects a sample database of the management of foreign-funded enterprises in Sichuan Province. Based on the representativeness of the sample, 1-2 foreign-funded enterprises were selected for each district city according to its advantageous industries.

In the quantitative research part, the sample size of this study is 504 managers currently working in foreign-funded enterprises in Sichuan Province. The selection of sample size depends on conceptual model and SEM analysis: First, the minimum sample size of structural equation model ranges from 100 to 200; Secondly, the sample size is determined according to the proportion of sample items. Marsh pointed out that the rule of thumb for structural equation analysis is that the sample size is 10-20 times that of the measured items (Marsh et al, 2004). A total of 36 measurement items were used in the final questionnaire of this study, and 504 valid questionnaires were collected in the end, with a questionnaire ratio of 1:14, which met the sample size requirements.

### Research Method

This section could be improved by clarifying the integration of qualitative and quantitative approaches. While it is mentioned that the study combines qualitative interviews with a quantitative survey, the integration of these methods could be better articulated. For example, it would be beneficial to explain how the qualitative findings informed the quantitative phase or vice versa. Additionally, the description of the qualitative methodology, specifically the use of grounded theory, could be elaborated upon by explaining the coding process and how saturation was achieved in the interviews.

This study is a combination of qualitative and quantitative research. The qualitative part is mainly based on the interview method, which conducts one-to-one in-depth interviews with the





management of 16 foreign-funded enterprises. The quantitative part is mainly based on structural equation model (SEM) and guided estimation analysis, using questionnaires to collect data on the perception of business environment of 504 managers of foreign enterprises working in Sichuan Province. The data quality and hypotheses are tested by descriptive analysis and inferential analysis. Descriptive statistics are used to describe demographic variables and measurement items, including frequency, percentage, mean, standard deviation, and correlation coefficients. Inferential statistics include the use of SPSS software for reliability analysis and exploratory factor analysis (EFA), and AMOS software for confirmatory factor analysis (CFA) and structural equation modeling (SEM) with bootstrap-up estimation to test hypotheses.

## Results

The section currently presents the results in a straightforward manner without enough elaboration on the statistical findings and their implications. It would be beneficial to provide more detailed explanations for the results, such as describing what specific statistical measures (e.g., path coefficients, significance values) imply about the relationship between variables. For instance, after stating that the normal quality and functional quality of the business environment have significant effects on satisfaction, it would be helpful to explain what this means in the practical context of foreign-funded enterprises in China.

The discussion section could be strengthened by more directly linking the findings to the existing body of literature. While it is mentioned that the results are consistent with previous studies, it would be more informative to cite specific studies and explain how these findings align or diverge from the referenced works. This would help position the research within the broader academic conversation and highlight its contribution to the field. Additionally, the introduction of new theories, like the public service theory, could be expanded to show how this theory complements the findings.

The section discussing the mediating roles of perceived value and government credibility is somewhat concise and could benefit from further expansion. A more in-depth exploration of why these mediating effects are significant would provide greater insight. For example, the authors could explore why the mediating role of government credibility is greater than that of perceived value, perhaps drawing on theoretical frameworks or the political and economic context of China. Explaining these mediating roles in more depth would enhance the understanding of the mechanisms driving business environment satisfaction.





Through empirical analysis of structural equation model (SEM) with bootstrap estimation. All eight hypotheses are supported, indicating that our validation analysis is scientifically sound. As shown in table 2.

Table 2 Results of Hypothesis Test

Hypotheses	Hypothetical content	Results
H1	NQ, FQ→SA	Supported
H1a	NQ→SA	Supported
H1b	FQ→SA	Supported
H2	NQ, FQ→PV→SA	Supported
H2a	NQ→PV→SA	Supported
H2b	FQ→PV→SA	Supported
H3	NQ→GC→SA	Supported
H4	FQ→GC→SA	Supported

### Discussion

First of all, from the structural equation model fitting results, the normal quality of business environment has a significant impact on business environment satisfaction, the functional quality of business environment has a significant impact on business environment satisfaction. It can be seen that the normal quality of the business environment and the functional quality of the business environment have a significant positive impact on the satisfaction with the business environment, that is, the better private entrepreneurs perceive the normal quality of the business environment or the functional quality of the business environment, the higher their satisfaction with the business environment, while the reverse is not true. The results of this study are consistent with the conclusions reached by existing studies.

Secondly, from the perspective of the direct effect of perceived business environment quality on business environment satisfaction, the direct effect path of the functional quality of business environment on business environment satisfaction is significant ( $p < 0.05$ ), and the path coefficient is 0.182. In the impact path of the normal quality of business environment on business environment satisfaction, the direct effect path was significant ( $p < 0.05$ ), and the path coefficient was 0.128. From the perspective of the intermediary effect of perceived the value of business environment, the indirect effect of perceived business environment value on business environment satisfaction was significant ( $p < 0.05$ ), and the path coefficient was 0.030. The perceived value of business environment plays a partial mediating role in the perceived impact





of business environment quality function on business environment satisfaction; The indirect effect of perceived the value of business environment was significant ( $p < 0.05$ ). The path coefficient of perceived the value of business environment was 0.020. Therefore, perceived the value of business environment played a partial mediating role in the process of perceived impact of the normal quality of business environment on business environment satisfaction.

Finally, from the perspective of the intermediary effect of government credibility, the indirect effect of government credibility on perceived business environment functional quality on business environment satisfaction is significant ( $p < 0.05$ ), and the path coefficient is 0.048. Government credibility plays a partial mediating role in the perception of the impact of business environment quality function on business environment satisfaction. The indirect effect of government credibility was significant ( $p < 0.05$ ), and the path coefficient was 0.032. Therefore, government credibility played a partial intermediary role in the perception of the impact of business environment regulation quality on business environment satisfaction, which also verified the new public service theory.

## Conclusion

The conclusion briefly summarizes the key findings of the research, but it would be beneficial to more clearly explain the broader implications of these findings for both academic research and practical application. For example, while the conclusion mentions that "functional quality" has the greatest impact on business environment satisfaction, it could further discuss how this insight could inform future policy decisions or business strategies in foreign-funded enterprises, especially in regions beyond Sichuan.

It is important to explicitly link the conclusions to the initial research questions and objectives laid out at the beginning of the paper. This will provide a more structured wrap-up and ensure that all key research aspects have been adequately addressed. For instance, directly addressing how the research findings respond to the question of how the government can improve the business environment satisfaction of foreign-funded enterprises would give the conclusion a more comprehensive closure.

The section on future research presents some ideas for expanding the scope of the study, but these could be more detailed. For example, the suggestion to "expand the sample range" could discuss specific methods for achieving more representative samples or innovative data collection techniques. Furthermore, when suggesting the use of modern technologies such as big data and machine learning, the paper should elaborate on how these technologies could enhance





the analysis and what specific aspects of the business environment could be better captured using these tools.

The research suggestion section includes several broad recommendations, such as improving governance and promoting co-creation between government and enterprises. However, these suggestions could be made more actionable by including specific examples of how such improvements could be implemented. For instance, suggesting concrete steps the government could take to enhance its credibility or outlining how value co-creation could be fostered through joint public-private initiatives would make the recommendations more practical.

This paper starts with the urgency of foreign-funded enterprises, optimizing the business environment and improving the efficiency of government services. By combing the views of relevant scholars and past studies, and combining the customer satisfaction model, service quality theory and new public service theory, the independent variables involved in this study (the normal quality of business environment, the functional quality of business environment), mediate variables (perceived the value of business environment, government credibility) and dependent variables (business environment satisfaction) are proposed. The direct impact of the normal quality of business environment and the functional quality of business environment on business environment satisfaction and the indirect impact through perceived the value of business environment and government credibility are respectively discussed in depth. Finally, the conceptual framework of the research is established and eight research hypotheses are proposed.

The results show that, first of all, compared with "the normal quality of business environment", "the functional quality of business environment" has the greatest impact on "business environment satisfaction". Secondly, "the functional quality of business environment" has the greatest impact on "perceived the value of business environment". Finally, the mediating effect of "government credibility" between independent variables ("the normal quality of business environment" and "the functional quality of business environment") and "business environment satisfaction" is greater than that of "perceived the value of business environment".

## Recommendation

### Research Usage Recommendation

In this study, the influence mechanism of the business environment satisfaction of the management of foreign-funded enterprises in China is deeply discussed, and the model of business environment satisfaction of the management of foreign-funded enterprises in China is obtained. This study combines the actual situation of the foreign business environment in Sichuan province with the research results, and puts forward the following management suggestions to

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improve the satisfaction of the management of the foreign business environment in China. First, improve the overall governance level based on quality perception (Lan & Fan, 2019). Second, guided by perceived value, we will promote value co-creation between government and enterprises (Huang & Zeng, 2020). Third, strengthen the credibility of governments with the credit system as the center (Han, J. 2020). Fourth, take foreign-funded enterprises' feelings as concerns and give play to the effect of third-party evaluation (Li & Gong, 2019).

### Further Research Recommendation

In view of the shortcomings of this study, future research may be optimized or improved in the following aspects. First, narrow the scope of business environment research. Focusing on a certain type of business environment or a specific indicator, an in-depth analysis of the influencing factors and mechanisms of its satisfaction is made. The business environment evaluation system issued by governments at all levels in China involves a number of evaluation indicators, and there may be some correlation between the satisfaction of the management of foreign-funded enterprises with each evaluation indicator. Second, expand the sample range of business environment research. Adopt more rigorous survey and sampling methods, or improve the data collection method filled in by hand, and try to collect sample data by crawlers and other means. Third, try to use modern information technology such as big data, big data mining, natural language processing, as far as possible to explore the factors affecting the satisfaction of business environment, and further adjust the theoretical model. Finally, the theoretical model is tested by various methods. For example, following the previous experimental methods for testing inconsistent expectation models in the field of customer satisfaction (Van Ryzin et al. 2013), or using Bayesian networks, genetic neural networks, decision tree models and other computational scientific methods, the dynamic changes of the models are analyzed and visually displayed (Chen et al, 2021).

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