Research on the Management Mode Reform of Small and Medium-sized Enterprises under the Downward Economic Pressure in the Post-epidemic Era

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Abstract. China's small and medium-sized enterprises have achieved rapid, healthy and sustainable development and contributed more and more to economic growth. However, the COVID-19 epidemic broke out in Wuhan in early 2020. The rapid spread of the epidemic brought serious threats to the health of the people of the whole country, forcing the government to take the measure of "closing the city" in Wuhan on January 23, encouraging citizens to go out less frequently and isolate at home, and various provinces and cities made first-class responses one after another. Due to the concentrated outbreak of global epidemic, China's economic development faces great uncertainty. In this regard, this paper analyzes the adverse effects of the epidemic from the perspective of SME management, and at the same time analyzes how SMEs can get out of the management dilemma and how to improve their ability to resist risks under the uncertainty of external environment in the post-epidemic era. In the post-epidemic era, in order to solve the immediate dilemma, small enterprises must improve their ability to resist risks and respond, and improve their competitiveness in the market by reducing production, transportation and operating costs.

Keywords: COVID-19, Economic pressure, Small and medium-sized enterprises, Management mode transformation

1. Introduction

At the beginning of 2020, the rapid spread of COVID-19 epidemic brought a serious threat to people's health all over the country, forcing the government to take the measure of "closing the city" in Wuhan on January 23, encouraging citizens to go out less frequently and isolate at home, and various provinces and cities made first-class responses in succession[1]. In some areas, small and medium-sized enterprises have formed industrial clusters and continuously promoted the optimization and upgrading of industrial structure, and they are playing an increasingly important role [2]. It is the basic force to promote national economic development, promote independent innovation, ease employment pressure, optimize economic structure and ensure social stability. In order to support small and medium-sized enterprises with poor risk resistance under the epidemic situation, the state has issued a number of policies to support small and medium-sized enterprises. Since April, the global epidemic has been concentrated, and China's economic development is facing great uncertainty. At the same time, the global economic growth has been impacted by the epidemic, and the epidemic prevention in China is facing the situation of foreign imports and internal defense rebound, and the resumption of work and production is in progress, which has brought difficult problems to the financial management of small and medium-sized enterprises, and the negative impact of the epidemic on production and operation has persisted and been strong [3-4]. The leaders of most small and medium-sized enterprises in China have no strategic awareness and foresight, and cannot make scientific strategic planning and strategic management. In addition, there are some misunderstandings in small and medium-sized enterprises, which believe that small and medium-sized enterprises should focus on reality and follow the development direction of large enterprises. Small and medium-sized enterprises are in the dilemma of "three-phase superposition". How to break through the bottleneck in combination with structural adjustment needs to attract social attention. For an enterprise, if it wants to develop stably for a long time, it must first have a good sense of financial risk, and only financial stability can maintain the normal operation of the enterprise. However, many enterprises have insufficient understanding of the importance of financial risks and weak awareness of financial risks, which leads to the lack of risk awareness in the operation of enterprises and the
great arbitrariness in decision-making [5]. In this regard, this paper analyzes the adverse effects of the epidemic from the perspective of SME management, and at the same time analyzes how SMEs can get out of the management dilemma and how to improve their ability to resist risks under the uncertainty of external environment in the post-epidemic era [6].

2. The impact of the COVID-19 on the management model of SMEs

2.1 Poor capital turnover and operating conditions of enterprises

In the early stages of the epidemic, small and medium-sized enterprises found it difficult to resume work and production in a timely manner, resulting in a halt in business volume and a sharp decline in operating income. However, the rigid expenses faced by enterprises such as housing rent, employee wages, capital interest, and asset depreciation remained unchanged. The balance of funds and cash variables in the accounts of small and medium-sized enterprises will directly determine whether they will fail or not[7]. Funds are the blood of enterprises, and only when funds can flow normally can they maintain the normal operation of the enterprise. According to the public website of the People's Court, within three months of this year, "3451 film and television companies went bankrupt, more than 13000 education and training companies disappeared. 12000 tourism enterprises went bankrupt, and more than 40000 small restaurants closed and transferred." Among them, more than 15 large and well-known enterprises. A typical example is the IT vocational training company Brothers Education, which has strong capabilities[8]. However, due to the impact of the epidemic, it is unable to recruit students, and there is a shortage of funds, unable to complete game transactions and declare bankruptcy. This article conducted a survey on the capital operation of enterprises, and the results are shown in Figure 1. 29.58% of enterprises expect the epidemic to cause a decrease of over 50% in annual operating revenue. In addition, 28.47% of enterprises are expected to decline by 20% -50%, and 17% of enterprises are expected to decline by 10% -20%. In addition, the proportion of unpredictable enterprises is 20.93%. In summary, small and medium-sized enterprises, which account for over 50% of the total, are expected to see their annual revenue decline by over 20%.

![Figure 1 The impact of operating income of SMEs](image)

Under the background of short-term market closure, small and medium-sized enterprises are facing a cruel situation: existing orders cannot be delivered because they cannot be produced, so they face defects; There is no deliverable order because the other party cannot accept the goods or pay for them; In the short term, enterprises will not have new orders; The original order may be cancelled, because it is more appropriate for the other party to cancel and compensate than to continue [9-10].
2.2 Financial personnel in enterprises are under great pressure to pay salaries.

The main pressure of SMEs' expenditure can be attributed to employees' salary, five kinds of social insurance, housing accumulation fund, rent, repayment of loans, payment of other payables and other expenses. During the epidemic period, SMEs could not make ends meet. As shown in Figure 2, 68.24% of enterprises attributed the main expenditure pressure to "employees' salary, five insurances and one fund", and the proportions of "rent" and "loan repayment" were 17.23% and 15.48% respectively.

![Figure 2 Expenditure pressure of SMEs](image)

In addition, in today's increasingly fierce market competition, the rise and fall of enterprises rely more and more on the initiative and innovation of their employees, especially the management and technical backbone personnel. However, due to small scale, small strength and poor sense of career, it is difficult for small and medium-sized enterprises to attract talents and pay high salaries for real talents. Reasonable fund-raising is an important content of financial management, which is also of great significance to the operation and development of enterprises. Many enterprises have great blindness in raising funds, lack of understanding of capital structure and financial risks, and are unaware of the high asset-liability ratio, which leads to the shortage of funds needed for normal operation and difficulties in capital turnover when the economic crisis comes, resulting in financial difficulties and the risk of bankruptcy [11].


3.1 Strengthening financial management prevention measures

Improve the company's financial management system and establish a strong financial management emergency system, such as the supply of specialized emergency equipment, donation of emergency equipment, emergency management, etc. Accounting and reimbursement, emergency subsidies, and other management systems to ensure the dedicated use of epidemic prevention funds, and strictly control the company's expenditures and fund approvals. Enterprises play a role in financial management prediction, decision-making, control, assessment, supervision, and other aspects when conducting business activities. Only when financial management and operational management are coordinated and developed can enterprises develop healthily and stably. The development prospects of small and medium-sized enterprises are very broad. We should fully recognize the positive significance of collaborative innovation for the economy and society, and strive to explore the systematization of resource services, research and development services, and rights implementation
policy services. In the post pandemic era, small and medium-sized enterprises facing difficulties not only require government support, but also seek independent transformation. Strengthen Inventory control and cost control, establish scientific and reasonable inventory reserves, strengthen cost budgeting, and implement cost quota management. Raise awareness, make strengthening fund management enterprise, recognize the importance of managing, utilizing, and controlling funds well, clarify the responsibilities of the financial department, adhere to the implementation of financial management work at all levels, strive to improve the efficiency of fund utilization, and achieve the best results in fund utilization.

3.2 Enhance the awareness of risk prevention in financial management

Professional skills training for employees, quality development activities on a regular basis, and training financial and accounting personnel's sensitivity to national policies and markets; Respect for employees' labor achievements should be realized through the combination of incentives and punishments when introducing the incentive and punishment system, which can fully develop employees' initiative and creativity. In the post-epidemic crisis era, small and medium-sized enterprises must improve their ability to resist risks and respond, and improve their competitiveness in the market by reducing production, transportation and operating costs. Accountants are the founders and executors of financial management system. Accountants should improve their professional quality, raise their awareness of preventing financial management risks, find and identify risks in time, put forward solutions and measures to solve risks, and maintain a normal financial management environment.

3.3 Establish the core position of financial management strategy

Idea is the basis of action, and managers are the core of enterprises. Changing managers' financial management concepts directly determines whether financial management can play its due strategic role. In the post-epidemic period, it goes without saying that the order quantity and unit price will continue to decline. At this time, to maintain profitability, or to maintain operation, it is necessary to completely cut costs, and the degree of cost decline is greater than the price decline. At the same time, cutting costs during the epidemic period is a proactive business strategy adopted by enterprises in order to leap forward again. In the post-epidemic period, under the condition of low price and low sales, enterprises can still operate and even generate profits by cutting costs. Such enterprises will become high-yield enterprises once the impact of the epidemic has completely dissipated and the market and sales have recovered. Strengthen the management of accounts receivable and reduce the occupation of funds. This move, on the one hand, understands the customer's operating performance and credit rating, and understands its solvency; On the other hand, establish an internal control system in the daily management of accounts receivable, strengthen accounting work, correctly estimate bad debts and deal with them in time. Some small and medium-sized enterprises, the first thing that comes to mind is to reduce wages. Although it makes sense, it is also the most undesirable method. Therefore, managers should keep learning, so that they can have modern management concepts, attach importance to financial management, and fully understand the strategic position of financial management in enterprise management.

4. Conclusions

Under the impact of the COVID-19, small and medium-sized enterprises face financial management problems such as difficult internal capital turnover, poor operating status, difficult financing and high pressure on enterprise expenditure. How to break through the bottleneck in combination with structural adjustment needs to attract social attention. For an enterprise, if it wants to develop stably for a long time, it must first have a good sense of financial risk, and only financial stability can maintain the normal operation of the enterprise. In this regard, this paper analyzes the adverse effects of the epidemic from the perspective of SME management, and at the same time
analyzes how SMEs can get out of the management dilemma and how to improve their ability to resist risks under the uncertainty of external environment in the post-epidemic era. However, many enterprises have insufficient understanding of the importance of financial risks and weak awareness of financial risks, which leads to the lack of risk awareness in the operation of enterprises and the great arbitrariness in decision-making. At present, enterprises need to take diversified strategies to occupy the market to enhance financial management capabilities and strengthen financial management preventive measures to respond to public health events. The development prospects of small and medium-sized enterprises are very broad. We should fully recognize the positive significance of collaborative innovation for the economy and society, and strive to explore the systematization of resource services, research and development services, and rights implementation policy services. In the post pandemic era, small and medium-sized enterprises facing difficulties not only require government support, but also seek independent transformation. Strengthen Inventory control and cost control, establish scientific and reasonable inventory reserves, strengthen cost budgeting, and implement cost quota management. At the same time, increase investment in innovation, improve the efficiency of achievement transformation, establish a standardized R&D organization within the enterprise, allocate relevant R&D resources reasonably, and promote the continuous and effective implementation of R&D work. We should develop internal skills, increase income, reduce expenses, overcome difficulties together, and achieve our own transformation.

References


