

Research on Sustainable Development Strategy of Chinese Small and Medium-sized Enterprises

Jing Xian^a, Qing Li

Xi'an Innovation College of Yan'an University, Xi'an 710100, China

^a 104585243@qq.com

Abstract. Small and medium-sized enterprises are an important part of China's national economy. They play an irreplaceable role in the national economy and social development by constructing the main body of China's market economy, promoting economic development, promoting social employment and promoting social stability. At present, small and medium-sized scientific and technological enterprises, as the group with the greatest development potential and innovation vitality, play an important role in the process of building an innovative country in China. However, the short average life span is a common problem in China's small and medium-sized scientific and technological enterprises. After the financial crisis, due to the worldwide economic recession and the changes of China's macro-control policies, small and medium-sized enterprises are facing the problem of financing difficulties. At the same time, China's small and medium-sized enterprises generally have a big gap compared with domestic large enterprises and multinational companies in terms of technology, internal and external system construction and perfection. The sustainable development of small and medium-sized enterprises lies not only in the improvement of technical ability, but also in the establishment of internal and external systems.

Keywords: small and medium-sized enterprises; sustainable development; strategy

1. Introduction

In today's economic globalization, the economic openness of various countries is gradually improving, and China's enterprises are bound to face more and more fierce market competition [1]. With the continuous improvement of the framework structure of China's market economy system and the emergence of the important role of small and medium-sized enterprises, the concept of paying too much attention to the improvement of the competitiveness of large enterprises will inevitably gradually shift to the problem of improving the competitiveness of small and medium-sized enterprises [2]. Small and medium-sized enterprises are an important part of China's national economy and play an important role in promoting economic development and maintaining social stability [3]. With the development of China's economy, small and medium-sized enterprises play an irreplaceable role in national economic and social development. It plays an irreplaceable role in China's economic growth and social development, and their position in future economic development will continue to improve [4]. However, from the perspective of development strategy, strategic innovation is the soul. Enterprises are the main body of innovation. In many aspects of enterprise innovation, strategic innovation is the source of power to realize sustainable development. The research of enterprise sustainable development strategy cannot only stay at the macro level, but must move towards the research of specific enterprise sustainable development strategy, especially the way to realize the strategy [5].

Today's world is full of opportunities and challenges. With the increasingly complex environment and fierce competition, the survival and development of enterprises become more and more difficult. In this case, the enterprise strategy shows great vitality because of its significant, global and future-oriented characteristics. Therefore, in today's era of strategic victory, it is difficult for enterprises without strategic planning to develop and grow in a rapidly changing environment. At the same time, the competitive environment is changing rapidly in today's era, and small and medium-sized enterprises, with their natural operational flexibility and response agility, can gain opportunities in the competition if they can keep pace with the times and follow the trend [6]. As far as possible, any enterprise will inevitably face various risks in the economy and society. Especially for relatively large

enterprises, individual small and medium-sized enterprises are relatively short of funds and resources, relatively backward in overall technical level and management concept, and relatively weak in coping with environmental changes and resisting risks. These problems have been threatening the survival and development of small and medium-sized enterprises [7]. Therefore, it is necessary to clarify the traditional strategic defects of small and medium-sized enterprises, and combine the comprehensive analysis of the current market situation, in order to explore the development strategy of small and medium-sized enterprises, so as to realize the sustainable development of enterprises.

2. Research Status of Enterprise Sustainable Development Strategy

2.1 Current status of related research abroad

Since the 1980s, the research on the core competitive advantage of enterprises has been a very hot topic in the field of enterprise strategic management. Especially in recent years, relevant articles on how to obtain sustainable competitive advantage and realize sustainable development have appeared from time to time in various academic journals. However, foreign research on financial strategy lags behind the research on strategic management. Until the middle and late 1980s, some internal logical consistency between corporate finance and strategic management has been gradually accepted and selectively applied to practice. After the 1980s, with the continuous changes of enterprise business environment and management requirements, the research object of enterprise financial strategy has shifted from simple financing, investment and dividend distribution to the specific content that has an impact on enterprise capital flow. By the 1990s, the research on science and technology-based small and medium-sized enterprises had entered a heyday. During this period, the international research on the development of scientific and technological enterprises has gone deep into various fields [8]. Foreign research on small and medium-sized enterprises mainly has the following characteristics: first, take science and technology as the external resources available to enterprises, and study the impact of technology penetration on the growth of small and medium-sized enterprises; Second, pay attention to the research on the development and management mode of small and medium-sized enterprises; The third is to focus the research on technology R & D and management on the process of scientific and technological innovation and achievement transformation. Although foreign research on strategic theory and practice has made some achievements, compared with relatively systematic and mature theories such as management theory, strategic theory research started late and failed to form a perfect theoretical system. At present, the combination of sustainable development theory and strategic management theory in foreign countries and its application to small and medium-sized enterprises are extremely scarce. The theoretical research of western developed countries focuses on the problems in contemporary economic development. Therefore, the in-depth research on the sustainable development strategic management of small and medium-sized enterprises is very urgent and of far-reaching significance.

2.2 Domestic related research status

The sustainable development strategy of enterprises refers to the process of pursuing self-survival and long-term stable development, in which enterprises should not only consider the realization of business objectives, but also maintain the profit growth and competitiveness improvement of enterprises in the leading areas and future operations. In China, small and medium-sized scientific and technological enterprises have gradually developed and grown up since the reform and opening up, especially in the environment of deepening the reform of scientific and technological system in the mid-1980s, and gained rapid growth in the middle and late 1980s. With the rapid rise of high-tech small and medium-sized enterprises in China, Chinese academic circles began to study small and medium-sized enterprises [9]. There are limitations in the proposition premise and strategic planning tools of small and medium-sized enterprises' strategy formulation, lacking in considering the resource disadvantages of small and medium-sized enterprises, and ignoring the reactions of competitors, especially large enterprises in this industry. At the same time, the proposition premise of SME

strategy formulation is flawed, and the strategic planning tools of SMEs have limitations. There are several strategic choices for the sustainable development of small and medium-sized enterprises: the compensation strategy is to concentrate resources to meet the potential demand of some selected niche markets neglected by existing suppliers; The substitution strategy is to set the same market supplied by existing enterprises as the target market, and the products and services provided can replace those of existing enterprises, but there are differences; The theoretical content of "free-rider" designed in economics is: the cost and difficulties faced when consumers are refused to benefit from the supply of public goods and services without paying; Strategic alliance is the cooperation among several small and medium-sized enterprises, aiming at the return that can be obtained through alliance exceeding that of individual enterprises on their own. At the same time, the strategic choice of small and medium-sized enterprises depends on two key factors: whether the target market is a market neglected by large enterprises at first or a market where large enterprises are providing services; The expected behavior of larger competitors chooses attack or tolerance, so the choice of strategy must take into account its own resource disadvantages and the reactions of competitors, especially large enterprises. Figure 1 shows the limitations of three enterprise strategies for small and medium-sized enterprises, and Figure 2 shows the implementation strategies of small and medium-sized enterprises.

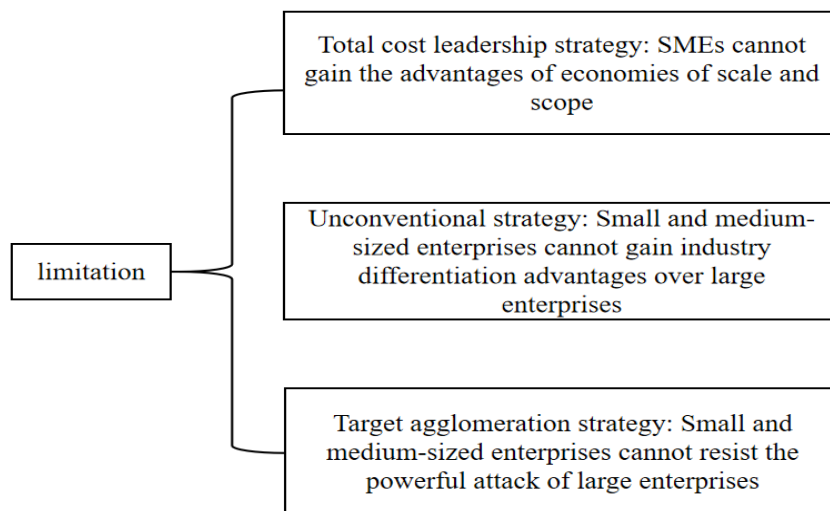


Figure 1. The limitations of three corporate strategies for SMEs

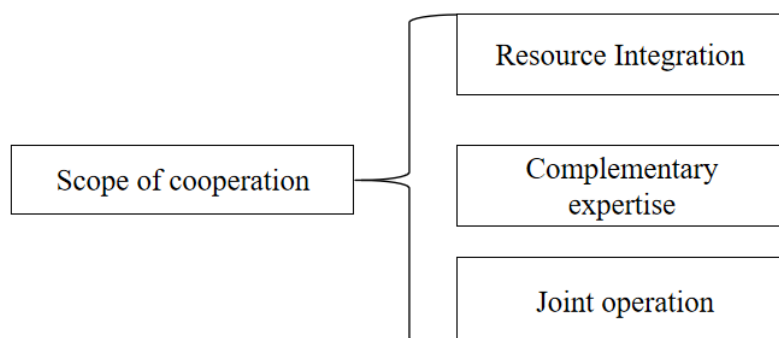


Figure 2. SME implementation strategy

3. The Position and Function of Small and Medium Enterprises in National Economy

3.1 The Position of Small and Medium Enterprises in the National Economy

Although there are many great differences in the definition and division standards of small and medium-sized enterprises in countries and regions all over the world, and the concepts are not unified, the main purpose of defining small and medium-sized enterprises is to divide small and medium-sized enterprises from the whole enterprise group and reflect the boundary between small and medium-sized enterprises and the outside. In social and economic development, small and medium-sized enterprises have important functions and roles that many large enterprises cannot replace. After the crisis, China's small and medium-sized enterprises play a very important role in optimizing the economic structure and social structure, especially in promoting the rapid recovery of national economy and social resources. Although small and medium-sized enterprises play an important role in social and economic life, they have not been regarded as an important force affecting international competitive advantage. However, since the 1990s, with the surging development wave of small and medium-sized science and technology enterprises, the United States has rapidly led Europe and Japan in most fields of major technology, left other countries behind with great advantages, and re-established the status of science and technology superpower [10]. Due to the development of high-tech industry, especially information technology industry, the United States is far ahead of other countries in the world, which has changed the unfavorable situation in international competition in the post-war period and stabilized the position of No. 1 in the economic world. The traditional strategic planning of small and medium-sized enterprises rarely considers the limitation of enterprise resources, and ignores the response of competitors, especially large enterprises. Therefore, the strategy formulated is not suitable for the sustainable development of small and medium-sized enterprises. Since China's reform and opening up, it has been established and implemented according to the principle of "self financing, voluntary combination, self-management and self responsibility for profits and losses". The rapidly growing small and medium-sized enterprise is a knowledge, technology and talent intensive enterprise entity with the pursuit of innovation as the core. It has unique characteristics that are significantly different from other enterprises.

3.2 The role of SMEs in the national economy

Compared with large enterprises, small and medium-sized technology-based enterprises have obvious organizational advantages in adapting to the external environment, supporting innovation activities, conducting internal communication, and building system and culture. The stability of small and medium-sized enterprises is the basis for maintaining local stability, and it is also an important source for ensuring the stability of local fiscal revenue and even national fiscal revenue. Small and medium-sized enterprises are the initial stage of the development of large enterprises. Usually, large enterprises are also formed by the development of small and medium-sized enterprises with fast development speed, advanced technology and advanced management ideas, so the present small and medium-sized enterprises can be regarded as the start-up stage of new large enterprises in the future. Small and medium-sized enterprises play an important role in technological innovation. Small and medium-sized enterprises are an important force of scientific and technological innovation, and also an important carrier of national technological progress. At the same time, small and medium-sized enterprises have a strong driving force to transform science and technology into productive forces as soon as possible. With the further development of the adjustment of national industrial structure, the production management of small and medium-sized enterprises presents the trend of replacing traditional labor-intensive and capital-intensive with knowledge and technology-intensive. In addition, small and medium-sized enterprises have the characteristics of flexible operation and high efficiency. Compared with large enterprises, small and medium-sized enterprises have higher efficiency in the time and experience of transforming scientific and technological innovation into real productivity. Small and medium-sized enterprises are not only an important driving force for global

economic development, but also an important part of China's national economy. Compared with large and medium-sized enterprises, small and medium-sized enterprises are flexible in responding to the market, strong in adapting to the market and full of innovative spirit. Besides, they have a large number of small and medium-sized enterprises, involving a wide range of areas and having a great social impact, and they are playing an active role in satisfying people's lives and promoting the development of the whole national economy. It has made great contributions to the rapid development of China's market economy and the sustained prosperity of the market.

4. Conclusions

Making correct goals in the process of development means clarifying the overall direction of the future development of the enterprise, which can provide the correct code of conduct for various activities of the enterprise. On the premise of introducing the concept of sustainable development, taking the enterprise financial strategic goal of sustainable development as the starting point, focusing on the balance of enterprise cash income and risk, choosing the sustainable strategic model in all aspects of enterprise financial strategy, combined with the life cycle of innovation activities, we can clearly see the decisive role of cost and income on whether enterprises carry out technological innovation activities. The era of knowledge economy has come, and technological innovation is playing an increasingly important role. As a vulnerable group, small and medium-sized enterprises must strengthen their awareness of innovation, study new technologies, develop new products, improve service standards, and realize the goal of sustainable development based on organizational structure, operation mechanism, incentive mechanism and human resources guarantee. The realization of ecological sustainability, economic sustainability and social sustainability required by sustainable development depends on innovation, and enterprises are the main body of innovation. Small and medium-sized enterprises have advantages in innovation. A large number of small and medium-sized enterprises need to engage in economic, environmental and strategic innovation for the purpose of pursuing benefits, which not only improves their own benefits, but also improves the country's sustainable development ability.

Acknowledgments

Ministry of education industry university cooperation collaborative education: “virtual business social environment project research & development” (202002305013).

References

- [1] Zhang Leyan. Discussion on the financial management strategy of sustainable development of small and medium-sized enterprises [J]. 2022(4).
- [2] Xie Dan. Strategic analysis of financial management for sustainable development of small and medium-sized enterprises [J]. Economic Vision, 2020(22):1.
- [3] Lu Xiaoqiang. Comprehensive thinking on the financial strategy of sustainable development of small and medium-sized enterprises [J]. Manager, 2017, 31(006):197.
- [4] Li Weixiang. Research on the Sustainable Development of Entrepreneurship and Innovation Bases for Small and Medium-sized Enterprises in Nanning [J]. Science and Technology Achievements, 2020, 29(5):2.
- [5] Zhou Guifang, Zhao Fengmei. Research on strategic cost management of small and medium-sized enterprises from the perspective of sustainable development [J]. Zhongzhou Construction, 2019(6):3.
- [6] Zhang Guangjun. Thinking on the sustainable development strategy of financial support for private small and medium-sized enterprises [J]. Economic Vision, 2019(12):2.

- [7] Zhang Yalei. Research on financial strategy management of sustainable development of small and medium-sized enterprises [J]. Times Economic and Trade, 2019(15):2.
- [8] Wang Guorong. A Brief Discussion on the Sustainable Development of Small and Medium-Sized Enterprises' Informationization Construction Strategy [J]. Consumer Guide, 2017, 000(014):209.
- [9] Yang Zhe. The sustainable development of small and medium-sized enterprises [J]. China Management Informatization, 2017(5):2.
- [10] Nie Shouyan. Research on the problems and countermeasures of the sustainable development of small and medium-sized enterprises in Liaoning [J]. Modernization of shopping malls, 2019(2):2.