

Analysis of Small- and Medium-Sized Business Issues from a Strategic Management Viewpoint

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Abstract: With the reform and opening up in 1978, the Chinese government encouraged Chinese business to be more "global", which led to the creation of mass entrepreneurship and innovation in 2018. The fast growth of China's economy has created enormous opportunities in this process. However, many businesses are solely concerned with how to resolve the emergent problem existed in the nowadays in this choppy market. In a long-term, this passive approach will progressively be a disadvantage, and such businesses will bankrupt in the market.

This paper discussed several topics such like "how to lead a sales team", "how to promote a suitable strategy", "what is the proper talent development plan", and "the awareness of enterprise culture". In response to the issues, this paper builds on practice and primarily analyzes the internal issues based on the theory of management control theory, establishing a fully-stocked talent pool and the combination of culture and strategy, and also combined with Anthony's resolution in management control. By using this approach, this article hopes to create good management and so support the long-term growth of the business.

Keywords: Strategic Management; Enterprise; Chinese small and medium-sized enterprise(SMEs)

1. Introduction

From 1949, Chinese government start to encourage the development of the private enterprise. And after three years, by 1952, private SMEs made rapid development. But at that time, the industrial types of enterprises were mainly focused on traditional type of manufacturing. But a serious of setbacks challenge SMEs, such as insufficient understanding of market conditions, lacking of rich experience, and the limited industrial type bring SMEs less choice avoid the risk and provide a passive role to the development of enterprises. So it was not until 1980 that various types of small and medium-sized enterprises really began to develop in the Chinese Market. But according to the report from China's Ministry of Commerce, most of the average life cycle of SMEs is only 2.5 years. Even as the giant group can only exist 7-8 years. So, what is the best route does a company can be choose so as to minimize this potential risk for surviving in this volatile market? Internally, this is closely related to the management of the company.

At different stages of market development, different periods of a corporate need different management models. Internally, an flexible management strategy of a company will provide a macro guiding function to allocate employees and avoid the potential risk, to decide which strategy they need select and the blueprint in the future. But obviously, for the majority of SMEs, there is no management team existed within the company, never talk about the management strategy. One more experience prove that it can not be exist in a long term with no management. Just as David J. Ketche, Jr and Alan B. Eisner pointed out that the four characteristics of strategic management are: guided by the overall vision and goals of the organization, involving the interests of multiple stakeholders in decision making, integrating immediate goals and long-term planning, and balancing the efficiency and effectiveness. But with a deep investigation in the company, this four characteristics existed none of them.

2. Literature review and an analysis of the current state of research in China

Strategic management theory really stands out as a branch of management needs to be traced back to the 1970s, when Michael Porter put forward his "Five Forces" model. The Porterian research on strategic management was fully developed up until the 1980s. However, at that time, research was primarily based on economics and focused primarily on the external environment. During this process, some new research areas, such as upper echelons theory, internal company resources, and agency theory, gradually emerged,

shifting the focus of strategic management from the external environment to internal management. By the 1990s, internal management was well developed in this process due to the introduction of some frontier theories. Then in 1990s, internal management created an arena of active thought, and under the influence of the study of internal resources in the company, different perspectives on this topic have made significant progress, among which the resource management view and dynamic capability theory remain hot until now in the 21st century. All of those new theory brought such new prospective for the researchers and introduced a new research direction of organizational behavior to strategic management.

The advancement of this theory in China still has a lot of flaws, though. First, theoretically speaking, the term "strategy" as a professional term in business circles dates back to the middle of the 20th century, when business school students began studying "Strategic Management" in the classroom. After the reform and opening up, the word "Strategy" became popular in China. The Chinese word "Mou" signifies planning anything with strategy. Additionally, the researcher's expectations were far from being met as this non-native culture spread and developed in China. A gap between introduced theory and local practice can be seen in various companies' actual operations. Additionally, the Chinese scholars and practitioners need to consolidate their influence in order to solve this issue.

3. Analysis of Chinese companies' practices

The phrase "no investigation, no right to speak" The following research and analysis was done in practice in the foreign trade-related industries of Chinese SMEs, including goods export companies, e-commerce export companies, and logistics companies, combined with strategic management theory, to explore some common problems in the management and operation of SMEs, as well as the solutions suggested for these.

3.1 The mainly problems existed in the management

3.1.1 Inflexible management model

The market economy will cause companies' development models to converge more and more, therefore if a business wants to differentiate itself from the competition, it must possess sufficient inventiveness to manage market risk. Of course, the majority of businesses lack this capability. Three aspects make up the most noticeable element of rigid management. First, a lack of managerial expertise; second, management that is less strict; thirdly, the company's management style is positioned as a centralized model, which results in the wasteful allocation of resources in their control. Take one corporation as an example. When the annual objective was set in the prior year (it was very profitable in that year), but the goal was still unmet, it is perplexing that they set a larger goal in the next year when the market had returned to normal. Therefore, this kind of target setting has no significance for the entire group. This behavior is primarily the result of poor management direction.

3.1.2 Imperfect talent development mechanism

The general issue of the talent pool has not only persisted in the growth of SMEs for a long time, from tiny workshops to huge groups of businesses, the issue of job openings has not abated. From a business perspective, the position's lack of appeal is the key cause. The interviewee's point of view is that there is never room for their growth, and the majority of them merely use it as a temporary parking space. Additionally, even when the business hired a new employee, keeping them is still a challenge for SMEs. Talented people won't be happy with the way things are going because the resources and platform are restricting their growth.

As a result, people will decide to leave the company if their needs for welfare or pay are not met. Additionally, those SEMs lack a specialized human resources division, which prevents them from providing employee training and career planning services in a methodical manner.

3.1.3 Weak awareness of core culture

Most SMEs find it to be one of the easiest things to ignore. In actuality, it frequently happens that the leaders themselves lack cultural understanding. Generally speaking, the goal of these businesses is pretty straightforward: to make money. Focusing on performance is the company's overall objective. In this situation, there will be a growing loss of cohesiveness and team spirit throughout the entire team. In a team, whether there are sufficiently clear goals and whether the road can be united after the goals are established will directly effect the success or failure of the team, as Fu Zhijun puts out in his book.

But of all the external factors, business philosophy is frequently the one that these SMEs need the most. But it is obvious that, in the early stages of a company's development, operators prioritize performance and income over culture and way of thinking like corporate goals, corporate vision, and corporate values. However, for the company's long-term growth, this is frequently of utmost importance.

3.2 Discussion and analysis based on strategic management theory

Inflexible management has many diverse effects, and resolving it also requires a unique technique. In this case, the management control theory is a viable choice. According to Anthony^[1], managers employ the management control theory to ensure that resources are acquired and utilised effectively and efficiently in order to achieve the organization's goals. Goal, process, and causation are three more orientations provided by Luobiao's research. We also used the Balanced Score Card (BSC) proposed by Kaplan and Norton^[2], who set their aim taking into account culture and performance, and made a good optimization in management, as a benchmark at the real practice of one organization. By using this theory, proper tracking and quantization also got positive feedback.

3.2.1 Establishing a fully-stocked talent pool

It's important to think about long-term talent attraction strategies. By addressing this issue, it would be preferable to enhance the businesses itself in terms of knowledge, working conditions, employee caliber, and corporate welfare, all of which are becoming increasingly significant to the younger interviewees. Regarding the long-term issue of talent development, each SME disregarded the fact that they can also offer a program for it.

Talent reserves should be selected, trained, and employed with careful consideration of all factors. When an organization foregoes knowledge training and the introduction of new knowledge for personnel for the sake of momentary interests, the industry will gradually disappear as a result of the market's rapid development. This is because the professionalism of an industry is a necessary knowledge for an employee.

3.2.2 The combination of culture and strategy

According to Sonja A. Sackmann^[3], "Organizational culture as such is an abstract concept challenging for its members to grasp because it basically refers to the invisible basic beliefs that guide their thoughts, feelings, and actions." In other words, one company should assemble the strength of all personnel, moving forward in the same direction and goal. Organizational culture must be introduced gradually in order to gain acceptance before being sublimated.

In actual use, one company's culture advantage stands out in particular. When they try to fix this problem by the lack of culture in the later phases of development, it becomes a difficult work since the staff has its own intrinsic thinking and refuses to accept the new. In the early stages, it has no culture-related methods. Therefore, the organizational culture can only rely on time to progressively combine their own and shared ideals. Additionally, the direction and the team aim are intertwined with the culture that has been formed. There is what Wang Jialing said: start with the vision, always keep the objective in mind, think every day, hang on the mouth, set the orientation (rather than solve the problem). Only then will the organization be able to recognize the potential of collective value when all employees are working toward a shared objective and each department is playing to its greatest strengths and skills in its own position. The hope of coherence will be realized at this point.

4. Summary

Many journals and papers have addressed the issue of how to enhance the development strategy of SMEs to achieve long-term development, but it is more crucial to focus on how to put the solutions to these problems into practice because researchers and practitioners have not yet found a sustainable balance and can still learn from one another. In order to preserve the long-term development of businesses, enhance management in practice, lower the bankruptcy rate, and reduce societal expenses, all employees must work together. At this point, these issues present both a challenge and an opportunity for us to more thoroughly examine the unrefined theories with the help of the correct guidance, in order to discover the solution to the issues and the key entry points in our fundamental national circumstances and to fully exploit the theories' greatest benefits in order to better serve practice.

References:

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