

# Research on Problems and Countermeasures of Digital Transformation of Small and Medium-Sized Enterprises

Shuang Li

College of Business Administration, University of the Cordilleras, Baguio 2600, Philippines.

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**Abstract:** In the context of the information era, it has promoted the development of modern society, and the information technology has been rapidly updated, and the application of information technology has been added in all industries. In the long run, the trend of digitalization is becoming more and more obvious. In the development of small and medium-sized enterprises, they should comply with the trend of technology, strengthen the application of digital technology, promote the digital transformation of enterprises, and improve their ability to adapt to the times while improving their competitiveness. At present, small and medium-sized enterprises are small in size and often face survival problems. Therefore, they still have great resistance in their digital transformation. In this paper, we will focus on a simple analysis of the current situation, influencing factors and countermeasures.

**Keywords:** Small and Medium-Sized Enterprises; Digital Transformation; Problems; Countermeasure Research

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## 1. The concept of digital transformation

With the advent of the digital era, many digital technologies have emerged in the society, which have been widely used and have played different roles and values in different fields. In the research of resources, the application of IT innovation can improve the competitiveness of enterprises, and give enterprises sustainable resources and capabilities that cannot be obtained by rivals, so that enterprises can stand firm in the era of digital economy and achieve stable development. Not only that, digital technology can also have a disruptive impact on enterprises, change the business logic and value creation process of enterprises, improve innovation ability and comprehensive competitiveness, and thus achieve innovative development in social change, and occupy a place<sup>[1]</sup>. In addition, for small and medium-sized enterprises, digital transformation is a relatively big reform. It is also the work of enterprises to use the new generation of digital technology to transform the operation mode, industrial development mode and value creation logic, in order to follow the pace of the development of the digital era, quickly adapt to the changing market environment, and achieve sustainable development.

## 2. Status quo of digital transformation of small and medium-sized enterprises

As we all know, there are a large number of small and medium-sized enterprises in China, and they involve a wide range of industries, which has played a decisive role in the sustained and stable growth of our national economy. At present, the reason why we need to carry out the digital reform of small and medium-sized enterprises is that today is the digital era, and the social development speed is very fast. If we cannot keep up with the development trend of the era, we will gradually eliminate enterprises from the society and affect the economy. Therefore, China must attach importance to the digital transformation of small and medium-sized enterprises, improve enterprise value and market competitiveness, reduce costs, improve the efficiency of various operations, speed up work, and enable the national economy to achieve high-quality and high-powered development. However, due to the limitations of human resources and capital resources, many problems occurred in the transformation process of China's small and medium-sized enterprises, such as inadequate application of technology, lack of research on digital technology, etc., which eventually extended the transformation time and caused unnecessary losses.

## **2.1 The quality of production and service cannot keep up with the needs of the times**

For small and medium-sized enterprises, the digitalization of production and service has become an indispensable part. The main reason is that enterprises apply digital technology to production and service, integrate the two, and transform the original working mode towards digitalization, so as to make production and service digitalized and intelligent [2]. However, at present, most of China's small and medium-sized enterprises have a relatively small business scale, and their investment in funds and manpower for various types of work is not up to the standard. There are some unsolved problems, which have become more and more serious over time, greatly reducing the confidence of managers in participating in the new round of information technology revolution, and affecting the digital transformation. At the same time, small and medium-sized enterprises have not recognized the advantages of digital technology, and it is difficult to effectively apply digital technology, and it is difficult to grasp the application of the latest digital technology, which seriously restricts the optimization and upgrading of enterprise productivity and service quality, and fails to correctly evaluate the value of digital technology, leading to the digital transformation work becoming a mere formality, affecting the final work quality.

## **2.2 Business model is difficult to reshape**

The so-called business model digitalization is a digitalization platform built for enterprises by means of information technology. It uses big data technology to obtain data, analyze data, and then use the final results to optimize the existing business model of enterprises. This can solve 90% of the problems of enterprises, improve the accuracy of consumer market information and the internal operation efficiency of enterprises, and provide personalized services to the society. Based on the current situation, although China's market is full and large, and the consumption level has been greatly improved in recent years, what small and medium-sized enterprises are facing is not this problem, but that they do not properly apply digital technology when they encounter problems, resulting in the inability of digital technology to integrate with enterprise business, and the inability to upgrade business processes, which is not conducive to the transformation of digitalization. In the long run, they will be eliminated by the society, Affect economic benefits and development.

## **3. Countermeasures and suggestions for promoting the digital transformation of small and medium-sized enterprises**

### **3.1 Government guidance**

When facing the problem of digital transformation of small and medium-sized enterprises, enterprises should not only consider internal and external factors, but also combine with the needs of the development of the times, grasp the trend of the development of the times, adopt advanced digital technology, and formulate problem-solving countermeasures according to the current situation of enterprises, fundamentally solve problems, and achieve rapid digital transformation. In this process, government guidance plays an important role in providing support and government guarantee for the digital transformation of small and medium-sized enterprises, speeding up the transformation and "walking" along the expected goal [3]. First of all, the government needs to do a good job in top-level design and control the digital transformation strategy. In the guidance process, it must do a good job in overall planning, allocate resources reasonably, and strengthen the construction of digital infrastructure on the original basis, so as to "lay a good foundation" for the transformation work and promote the smooth transformation of small and medium-sized enterprises. However, it should be noted that different regions must use different digital technologies and build different digital infrastructure, so as to ensure the smooth implementation of the digital transformation of SMEs and accelerate the progress. Secondly, the government should also build a measurement system of the level of digital transformation of small and medium-sized enterprises that is consistent with the current digital economy background according to the local situation, because the foundation of small and medium-sized enterprises is weak, and the construction of infrastructure is relatively poor, coupled with the lack of a complete system within the enterprise, if it blindly follows the trend of transformation, it will be very easy for enterprises to "go astray", completely inconsistent with the standards. Based on this, small and medium-sized enterprises must make reforms, develop a complete set of digital transformation level measurement standards according to the current problems and local conditions, and the government should also formulate

assistance policies to provide sufficient financial support to enterprises, so as to accelerate the transformation speed and keep pace with the development of the digital era. Finally, the government must also play its role in market supervision, maintain market order, provide enterprises with a reasonable digital ecological environment, improve their competitiveness, give full play to their advantages, learn from each other's strengths, and realize digital transformation faster.

## 3.2 Market leading

In the current new situation, market leadership plays a very important role in the digital transformation. It can help small and medium-sized enterprises to insight into the development of the digital economy, understand the changes in the external market in real time, improve their own information supplement, reduce risks, and make work progress smoothly. Not only that, market leadership needs to build a digital industrial system for small and medium-sized enterprises, because digital industrialization itself has many advantages, which can continuously optimize the economic structure of our country, enable all work to be carried out in an orderly manner, realize digital upgrading, and meet the requirements of the new era<sup>[4]</sup>. In addition, it is also necessary to play the role of an intermediary mechanism. There is a long-term competitive relationship between small and medium-sized enterprises. In order to meet their own interests and needs, they often use some improper means to obtain income and hinder market stability. At this time, according to the current actual situation of small and medium-sized enterprises, establish a digital platform, strengthen communication between enterprises, let their own digital transformation experience be complementary, and provide corresponding guidance, Accelerate the pace of transformation and achieve common progress.

Conclusion: With the rapid development of society today, China has entered the digital era. Various digital technologies have emerged in the society and are constantly updated, causing a new generation of industrial technology revolution. At this stage, the Chinese government has put forward the strategy of building a digital China and a smart society, using digital technology to fundamentally change the relationship between business processes, products and services of small and medium-sized enterprises, so as to make enterprises more valuable and improve performance. However, the transformation of small and medium-sized enterprises is relatively difficult than that of large enterprises, because the healthy development of small and medium-sized enterprises determines the growth rate of China's economy, so this type of enterprises must find out the strategies and methods of digital transformation, actively respond to policies with the help of advanced digital technology, and move forward in the direction of digitalization.

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