

Analysis on the Dilemma and Outlet of Foreign Trade Economy of Small and Medium-Sized Enterprises in China

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Abstract: China's small and medium-sized foreign trade enterprises as an important part of foreign trade export, their role in economic development can not be ignored. However, these enterprises have encountered many difficulties in the process of growth, such as outdated management concepts, talent shortage, and multiple challenges in the international environment. In order to better cope with these challenges and seek sustainable development, a series of strategic suggestions are put forward, including expanding financing channels, optimizing management and talent, improving product quality and developing international market strategies.

Keywords: Small and Medium-Sized Foreign Trade Enterprises; Management Concept; Talent Training; International Environment

Introduction

With the acceleration of the process of globalization, China's small and medium-sized foreign trade enterprises are more and more involved in international trade. Although these enterprises are large, accounting for the vast majority of the total number of enterprises in China, they are facing a series of challenges in their development. Internally, the enterprise lacks of advanced management concepts and excellent talents, which makes it at a disadvantage in the increasingly fierce international competition. Externally, uncertainties and changes in the international environment make it harder for these companies to cope with. In order to explore these problems and find solutions, this paper analyzes the current situation, predicament and development strategies of small and medium-sized foreign trade enterprises.

1. The current situation of small and medium-sized foreign trade enterprises in China

1.1 Definition and quantity of small and medium-sized foreign trade enterprises

Small and medium-sized foreign trade enterprises refer to the enterprises with employees of less than 500, or sales of less than 150 million yuan, which are engaged in foreign trade (import and export). In the relevant fields of registered enterprises stipulated by the state, these enterprises have the right to import and export legal products. By the end of 2021, the number of small and medium-sized foreign trade enterprises in China had reached 52 million, accounting for 99.8 percent of the total, according to the National Bureau of Statistics. These enterprises cover industry, agriculture, service industry and other fields, is an important part of China's foreign trade.

1.2 The position of small and medium-sized enterprises in foreign trade and export

Small and medium-sized foreign trade enterprises play an irreplaceable role in China's foreign trade export. On the one hand, they are the main force of China's foreign trade export. In 2021, private enterprises, mainly small, medium and micro, will maintain the position of China's largest foreign trade operator. The total import and export volume is 19 trillion yuan, an increase of 26.7%, accounting for 48.6% of China's total foreign trade, and contributing 58.2% to the growth of foreign trade. They mainly export labor-intensive products, such as clothing, shoes and hats, toys, furniture, etc., which meet the diversified needs of the international market and improve the added value and competitiveness of China's export products. On the other hand, they are the innovators of China's foreign trade export. In 2021, the export of small and medium-sized foreign trade enterprises, such as electric vehicles, photovoltaic batteries and lithium batteries, rapidly increased by 79.3%, driving the export of similar products by 48.3 percentage points. They actively use new technologies, new business forms and new models to explore new markets, new customers and new products, adding new drivers to China's foreign trade exports.

2. Small and medium-sized foreign trade enterprises face difficulties

2.1 Lack of advanced management concepts

In the context of globalization, foreign trade enterprises need to constantly manage and innovate in order to cope with the changeable and competition in the international market. However, for small and medium-sized foreign trade enterprises, there are some obvious management concept problems, which hinder their sustainable and healthy development. Many small and medium-sized foreign trade enterprises are still trapped in the traditional management thinking. Sticking to old business strategies and methods often leads to their slow response to new market opportunities or challenges and missed business opportunities. For example, some companies rely too much on the single market or a single customer without trying to diversify the market strategy. In addition, there is also a certain resistance to the application of new technologies and new forms of business. All of these hinder enterprises from making the necessary innovation and upgrading. In foreign trade areas, especially in labor-intensive products, price has always been the key to competition. However, when enterprises rely too much on the price advantage and ignore the product quality, innovation or service, they may fall into the trap of low-end competition. This not only leads to the continuous compression of profit margins, but also may damage the brand image of the enterprise. With the change of the global economic environment, the price advantage alone has been difficult to continue. Enterprises must find competitiveness from other aspects, such as quality, design, service, etc. Another common problem is the excessive pursuit of short-term benefits. Many small and medium-sized foreign trade enterprises - usually pay attention to the immediate orders and profits, but ignore the long-term development strategy and brand construction. This short-sighted strategy can lead to a lack of ability to cope with market fluctuations. For example, companies that do not accumulate enough brand loyalty and market share are more vulnerable when demand declines. (2) Lack of excellent talents in internal management

In the context of the global economy, excellent talents have become the key to the sustainable development of enterprises and the improvement of competitiveness. However, for China's small and medium-sized foreign trade enterprises, the shortage and loss of talents and the lack of the corresponding training and incentive mechanism have become the obvious bottleneck of their development. In China's small and medium-sized foreign trade enterprises, facing obvious talent shortage, especially in some key positions and professional skills. This shortage can lead to business process disruption, project delays, and quality declines. But the more serious problem is that, even after successfully recruiting some talent, these companies still face high brain drain rates. Many talents choose to leave due to uncompetitive pay, limited career development opportunities or poor working conditions. This constant flow of talent leads to frequent rerecruitment and training, greatly increasing the cost. When it comes to talent training, many small and medium-sized foreign trade enterprises obviously have serious defects. Many enterprises do not have a clear and systematic training plan, resulting in employees can not get enough skills improvement and business knowledge training. Even if some enterprises have a training mechanism, its content may be too simple or outdated to meet the complex needs of modern foreign trade business. In addition, the incentive mechanism for employees is also missing or imperfect in many small and medium-sized foreign trade enterprises. These enterprises often ignore the value of employees, resulting in a lack of sense of belonging and enthusiasm for work. The lack of clear promotion path, lack of fair evaluation system and reward system can lead to low morale.

2.2 International environmental challenges

Under the background of the changing global economy, the international market demand presents a complex and changeable trend. Especially in recent years, due to various economic and political factors, the economic growth of many countries and regions has slowed down, resulting in weak consumer demand. In addition, increased protectionism around the world has also reduced the demand for foreign products in some markets. For small and medium-sized foreign trade enterprises, this means that their export products may encounter cold, and their orders will decrease, and then affect the operating efficiency and living space of enterprises. Another challenge that cannot be ignored is that as the competition in the global market becomes increasingly fierce, consumers' demand for products is becoming more and more detailed and personalized. This requires foreign trade enterprises to have a high degree of flexibility and innovation ability, in order to adapt to this change. However, the restrictions of small and medium-sized foreign trade enterprises in resources, capital and technology make it difficult

for them to quickly adjust their product structure and strategies quickly, and thus may miss market opportunities. For small and medium-sized foreign trade enterprises, overseas rights protection has always been a thorny problem. First, in international trade, the legal environment and rules often vary from country to country and are complex and diverse. This requires enterprises to have the corresponding international legal knowledge and resources, so as to safeguard their rights and interests in the process of contract signing, performance and dispute resolution. However, many small and medium-sized foreign trade enterprises lack of experience and resources in international law. Even in the case of contract disputes, many enterprises are difficult to obtain timely and efficient legal support. This may not only lead to economic losses, but also have a bad impact on their international reputation. In addition, intellectual property rights protection has also become a major challenge in the international market. Although many countries and regions have established corresponding intellectual property rights protection mechanisms, the actual intensity and effect of the implementation vary from place to place. In some markets, the technology, brand and design of small and medium-sized foreign trade enterprises may face the risk of being imitated and infringed, while the cost of enterprises to protect their rights in the local area is high and difficult to bear.

3. Small and medium-sized foreign trade enterprises development countermeasures and suggestions

3.1 Capital aspects

3.1.1 Expand financing channels

In the current economic environment, capital is the lifeline of the development of small and medium-sized foreign trade enterprises. In order to maintain liquidity and support business expansion, companies need to constantly find suitable financing channels. Although traditional bank loans are the main means of financing for enterprises, it may be difficult to obtain loans due to banks' concerns about the credit risks of small and medium-sized enterprises. Therefore, it is particularly important to broaden the financing channels. The bond market, especially those for small and medium-sized enterprises, can provide another financing method for enterprises. Compared with bank loans, bonds usually have longer maturities and can provide a more stable source of financing for companies. In addition, equity financing is also a financing method that small and medium-sized foreign trade enterprises can consider. By attracting venture capital, angel investment or equity-based crowdfunding, enterprises can not only get financial support, but also may get investors' experience and resources to help them develop. Supply chain finance is also a new way of financing. By converting accounts receivable, advance payments and other payments in the supply chain into financing tools, enterprises can more flexibly meet their short-term financing needs.

3.1.2 Optimize financing costs

The financing cost directly affects the operating efficiency and competitiveness of the enterprise. Therefore, the optimization of financing cost is an important task for small and medium-sized foreign trade enterprises in the capital management. The primary task is to accurately assess the financing needs of enterprises, to avoid excessive financing or idle funds, so as to reduce unnecessary financing costs. At the same time, enterprises should actively establish cooperative relations with a number of financial institutions to strive for the best financing conditions. When choosing financing methods, the cost, duration should be considered and flexibility to find the most appropriate financing solution. In addition, companies can also consider using financial derivatives for risk management. For example, by using tools such as interest rate swaps and currency swaps, companies can lock in future financing costs and reduce the uncertainty of financing costs. In the use of funds, enterprises should strengthen fund management to ensure the efficient use of funds. For example, by setting up a centralized fund management system, enterprises can optimize the capital structure and reduce the cost of capital. At the same time, through the establishment of a good financial management system, enterprises can timely find and solve the capital problems, reduce the potential financing costs.

3.2 Management and talents

3.2.1 Introduce modern management concepts

In a modern business environment, effective management is a key factor in the success of any business. For small and medium-sized

foreign trade enterprises, the introduction of modern management concept can not only improve organizational efficiency, but also help enterprises to cope with the complex and changeable market environment. The introduction of modern management concepts means that everything from top strategy to daily operations needs to be re-examined and adjusted. For example, adopting the agile management model can help companies respond to market changes more quickly and meet customer needs. By using data-driven decision-making methods, enterprises can make decisions based on objective data and reduce decision-making errors. At the same time, encouraging cross-departmental cooperation and knowledge sharing can promote innovation and knowledge accumulation within the enterprise. The introduction of modern management concept also requires enterprises to pay attention to the training and development of employees. By providing relevant training, employees can master modern management tools and skills to create greater value for the enterprise.

3.2.2 Establish and improve the talent training and incentive mechanism

Talent is the most valuable resource of an enterprise. For small and medium-sized foreign trade enterprises, the establishment of a sound talent training and incentive mechanism is the key to attract and retain talents. First of all, enterprises need to establish a perfect talent training system. This includes providing regular vocational training, skills upgrading, and leadership training for the employees. Through these training, employees can continuously improve their professional skills and knowledge, and create greater value for the enterprise. At the same time, providing opportunities and paths for career development can help employees see their development potential in the enterprise, so as to enhance their sense of belonging and loyalty. Secondly, enterprises need to establish effective incentive mechanisms. In addition to offering competitive compensation and benefits, companies can use other incentives, such as performance bonuses, equity incentives, and promotion opportunities. These incentives can help companies attract and retain high-level talents, while stimulating employees' work enthusiasm and innovation ability. In addition, enterprises also need to pay attention to building a positive corporate culture. An open, cooperative and innovative corporate culture can attract and retain talent while promoting knowledge sharing and collaboration within the enterprise.

3.3 Market and products

3.3.1 Improve product quality and added value

Product quality and added value are the core factors that determine the competitiveness of an enterprise in the international market. In the field of foreign trade, product quality is usually related to factors such as reliability, durability, safety and satisfaction of specific standards or specifications. To ensure the continuous improvement of product quality, the continuous supervision and improvement of the production process, the introduction of advanced quality management tools and technologies, and the regular quality testing and certification are necessary. The added value is related to the characteristics, design, brand and service of the product. In many cases, added value can provide more value to consumers, such as a better user experience, higher performance, or a longer service life. In order to increase the added value of the product, the product can make innovative design, adopt new technology, or provide better after-sales service. In a global environment, improving product quality and added value is the key for enterprises to gain competitive advantages, meet higher consumer expectations and maintain their market position.

3.3.2 Expand the international market

In order to achieve greater success in the international market, small and medium-sized foreign trade enterprises need to constantly explore new markets, and establish long-term cooperative relations. This often involves in-depth study of the target market to understand local culture, consumption habits, market trends and competitive landscape. Based on these studies, enterprises can formulate corresponding market entry strategies, such as product positioning, price strategy, sales channel selection and marketing strategy, etc. At the same time, the development of the international market also requires enterprises to face different challenges, such as trade barriers, currency risks, cultural differences and legal regulations. To overcome these challenges, enterprises need to establish specialized foreign trade teams, conduct relevant training, and establish close partnerships with local partners. In addition, the development of the international market also brings greater opportunities for enterprises. By entering the new market, enterprises can acquire more resources, technology and knowledge, expand the scale of business, achieve economic scale benefits, and improve the overall competitiveness of enterprises.

Conclusion

The challenges and difficulties in the development of small and medium-sized foreign trade enterprises in China are encountered in many aspects, involving management, talent, capital, market and other fields. But these challenges are not insurmountable. By introducing modern management concepts, establishing a perfect talent training mechanism, broadening financing channels, strengthening product quality and exploring the international market, enterprises can not only solve the existing problems, but also obtain greater competitive advantages in the future development. For the government and relevant departments, supporting and promoting the development of small and medium-sized foreign trade enterprises is not only helpful to improve China's foreign trade competitiveness, but also the key to promoting the high-quality development of the overall economy.

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