

# Strategic Management Countermeasures for the Development of Small and Medium-Sized Enterprises Based on Core Competitiveness

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**Abstract:** In today's rapid economic growth, small and medium-sized enterprises (SMEs) have become an economic strength that cannot be ignored. How to overcome their own disadvantages, formulate a set of scientific growth strategies, and obtain sustainable competitive advantages is a major challenge faced by SMEs' question. And the sense of innovation is an important part of the core competence of an enterprise. At present, in the fierce competition of the market economy, SMEs are at a disadvantage in the market competition, and the main reason for their disadvantage is the lack of individuality and characteristics, so that the enterprise does not form a differentiated advantage in the market competition, and the enterprise is squeezed by the market. pressure and exclusion. Therefore, increasing investment in SMEs and making them a bright spot in economic growth will have a direct impact on economic recovery and structural adjustment. Therefore, this paper proposes a strategy management strategy for the growth of SMEs based on core competitiveness. It mainly introduces the existing problems of SMEs, and puts forward some suggestions for promoting the growth strategies of SMEs.

## 1. Introduction

In the global economic environment, SMEs are in a relatively prosperous stage due to the flexibility of their business methods and low organizational costs<sup>[1]</sup>. It has played a positive role in promoting urban and rural economy, meeting social needs, increasing employment, reforming growth mechanisms, and promoting sustainable and stable economic growth. The growth of SMEs can better adapt to the rapid changes of the market economy and the needs of various consumers, and play an irreplaceable role in the global economic system<sup>[2]</sup>. However, under the condition of market economy, SMEs are often in a state of weak competition, and their economic activities have less impact on the market environment and less impact on the market<sup>[3]</sup>. The factors that cause SMEs to be disadvantaged are not only the size of the assets and the number of personnel, but also the lack of soft environments such as enterprise management, technology research and growth, human resources and market information. The main problem is that SMEs lack corporate personality and lack of Enterprise characteristics, in the market competition, there are problems such as management convergence, technology convergence, product convergence, and management convergence<sup>[4]</sup>. Therefore, as a small and medium-sized enterprise, it must take a characteristic growth path, be close to the market needs, strive to find growth space, and enhance the core competence of the enterprise. Therefore, this paper proposes a strategy management strategy for the growth of SMEs based on core competitiveness. To play a full role in the economy, it is inseparable from the determination of growth strategic goals and the choice of strategic direction. Only with established goals and directions can we better grasp the growth track of SMEs contribute to growth.

## 2. The Connotation and Characteristics of the Core Competitiveness of Enterprises

We The definition of "core competence" is: "Core competence refers to the collective knowledge

and collective learning within an organization, especially the ability to coordinate various production technologies and integrate various technical processes”<sup>[5]</sup>. Therefore, the academic circles define “core competitiveness” as: the core competitiveness of an enterprise refers to the unique ability of an enterprise in the growth of technical products and marketing<sup>[6]</sup>. The technical capability of an enterprise is the comprehensive application of enterprise strategic decision-making, manufacturing, marketing and organizational management, and is a supplement to the assets and knowledge that the enterprise continuously builds and develops in the process of its own growth<sup>[7]</sup>. The core competitiveness of an enterprise must at least meet the following characteristics (see Table 1).

Table 1 Enterprise Core Competitiveness

Core competitiveness of enterprises			
Malleability	Value	Unique	Variability
Core competencies are the basis for extending to new markets. Enterprises can use their core competencies to manufacture various products, thus providing a possible channel for the company's growth.	The core competence of an enterprise can create more customer value for customers. Whether a company performs well, or its stability, ultimately depends on its customers. In the final analysis, all its competition is to better meet the needs of customers, and to make products have user value recognized by customers.	Compared with other competitors, its core competence should be the technology and intellectual property that is unique to the company and difficult to be copied by other competitors. Generally speaking, the higher the entry barrier of an enterprise's core competence to its competitors, the higher its proportion in its core competitiveness will be, thus enabling it to maintain its competitive advantage in the long run.	The core competence of the enterprise will continue to improve with the growth of the company, and will gradually form a virtuous circle. The change of core competence means that after a period of time, under the constantly changing market environment, the core competence of an enterprise will also go through the whole process from generation, growth, expansion to decay. To maintain the leadership of its core competencies, an enterprise needs to continuously maintain, innovate, develop and cultivate its own core competencies. Therefore, in order to maintain their core competencies, they must continue to learn and cultivate.

### 3. Problems Existing in the Process of Using Strategy for SMEs

In recent years, with the intensification of market competition and the lack of necessary policy support, SMEs have begun to be in a relatively unfavorable position in the competition due to their small scale and low technical level<sup>[8]</sup>. There are still many problems in the growth process of SMEs, as shown in Figure 1.

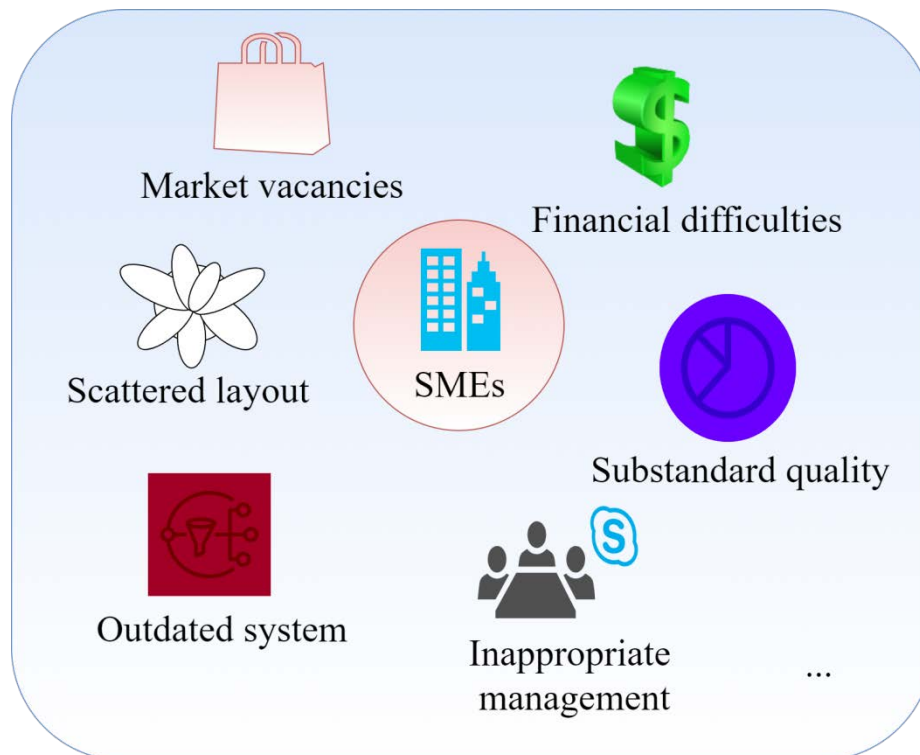


Fig.1 Problems Existing in the Growth of SMEs

(1) The capital market is vacant, financing channels are narrow, and growth funds are difficult

First, SMEs have difficulties in financing, with limited financing channels, and SMEs have difficulty in financing; secondly, with the acceleration of the reform of the fiscal and taxation system and financial system, the government's financial support has been difficult to continue<sup>[9]</sup>. Third, due to the shortcomings of the credit system, such as strengthening financial supervision and risk prevention, a new credit guarantee system has not been established. Therefore, it is difficult to obtain effective financing through credit financing channels. Finally, because the government has not fully mobilized and raised private capital, coupled with the weak accumulation capacity of SMEs, it is difficult for them to adapt to their normal production and operation needs.

(2) The layout is scattered, the structure is unreasonable, and the product quality and scale cannot meet the requirements

Small and medium-sized enterprises generally have fatal weaknesses such as scattered layout, structural convergence, low degree of specialization, poor product quality, low grade, backward production technology, low technological level, and weak corporate innovation capabilities, which make it difficult for many SMEs to operate normally.

(3) The enterprise system is outdated, and the management mode and management methods do not meet the requirements of the standardized operation of the market economy

First of all, there are problems such as lack of system, lack of law, lack of human governance in the process of reorganization of SMEs<sup>[10]</sup>. Secondly, the alienation of the employee system, patriarchal system, family system composed of employees, blood system of power control, etc. Finally, the management methods are simplified, and modern management methods and marketing methods such as e-commerce and network economy are still at the theoretical level, far from being able to adapt to the growth of the market economy.

(4) Environmental analysis is not in place, and it is difficult to provide a basis for the formulation of growth strategies

Environmental analysis lacks pertinence and practical significance, and it is difficult to grasp the opportunities and threats at the policy level and industry level in the growth of enterprises, and it is difficult to provide a basis for the formulation of growth strategies. And the lack of awareness of the knock-on effects of competitors on their own.

(5) Improper use of strategic tools, affecting the feasibility of growth strategies

For SMEs, the use of strategic tools is often a pattern and superficial defect. When formulating, most of them adopt similar strategies, refer to the models and tools of major companies, and only incorporate their own factors into the corresponding models, while ignoring the applicability of the models and lack of corresponding templates and tools, which leads to the lack of feasibility of template-based strategies.

(6) The lack of feasibility of strategic goals makes it difficult to implement the strategy

When SMEs formulate growth strategies, their ability to analyze the environment is poor, and the methods they formulate are too rigid, which can easily lead to infeasible strategic goals. When formulating strategic vision and direction, SMEs often follow the trend, sometimes emphasizing diversification, and sometimes focusing on internationalization; in the process of enterprise growth, they often only focus on the systematization and logic of the strategy itself, ignoring the enterprise's own. However, during the formulation process, due to the lack of matching resource matching, support systems, safeguard measures and other related policies and measures, it is often difficult to implement specific implementation, and it is easy to fall into a void. and slogan misunderstandings.

(7) Strategy implementation lacks process management and assessment constraints, resulting in unhappy progress in strategy implementation

Due to the lack of sufficient awareness, most SMEs will simply be regarded as the end of the strategic construction project after completing the strategic report and implementation. In a specific period, due to changes in internal and external environmental factors, the formulated strategy is not suitable for the environment, which often leads to slow or even small progress in the implementation of the strategy. Therefore, corrections are needed to reposition the strategy, which is often a blind spot in the strategy-making process.

(8) Neglecting the deepening of market segmentation when formulating strategies, which affects the smooth implementation of growth strategies

Many SMEs ignore the in-depth market segmentation at the beginning of their establishment, and they do not know their target group at all. Clearly, they haven't penetrated into the deep segmentation of the market. If the market segmentation of SMEs cannot be done well, the relative quality and relative market share of their products will decrease, so that enterprises can obtain higher relative marginal returns and higher investment returns.

## **4. Strategic Management Strategies of SMEs Based on Core Competitiveness**

### **4.1 Build Core Competitiveness**

The core competitiveness of an enterprise is closely related to the growth of the enterprise and is an important strategic asset of the company. The planning of the core competitiveness must be regarded as the same height as the enterprise growth strategy. According to the values of core competitiveness, when implementing strategic management, enterprises must pay attention to cultivating and developing core competitiveness, so as to ensure that the company always has an advantage in the fierce market competition. Therefore, when establishing your own core competitiveness, you must choose a market direction that meets your future growth needs from the perspective of the growth of the entire industry, even the entire international market, from the perspective of long-term growth trends and competition, to produce products with its own strategic resource advantages, and to clarify its own growth strategy, so as to better grasp its own growth and establish its own core competitiveness. Therefore, in the process of cultivating the core competitiveness of enterprises, the key to core competitiveness lies in technological innovation. If there is no rapid advancement of technology, the value of core competitiveness will be greatly limited, and it will be easily eliminated in the fierce market competition.

### **4.2 Creating a Value Chain That Meets Consumer Needs**

The essence of the core competitiveness of an enterprise is to create value elements and unique elements with core competitiveness. In terms of technology research and growth, product design, service, production, etc., it must be stronger than competitors, or at least surpass competitors in one

aspect, and it is not easy to be plagiarized. In this way, the core competitiveness of enterprises can provide customers with the most valuable products. The core competitiveness of small, medium and micro enterprises lies in their effect on the value chain of consumers, thereby generating value and changing their consumption behavior. When SMEs create value for consumers, they must reach common interests with customers and achieve common interests. This is a brand-new marketing idea. Under the guidance of this marketing idea, SMEs must change their traditional marketing methods and establish a community of interests with customers in the process of establishing core value competitiveness.

### **4.3 Create a Learning Enterprise Organization**

It can be said that today's society is an era of knowledge economy, all industries have been impacted by science and technology, and the speed of updating knowledge is far faster than before. Therefore, if an enterprise wants to develop good study habits in production and operation, it must learn to master its own knowledge quickly, so as to gain a sustainable advantage in the competition. Really good companies should be recognized by the largest social customers and have the ability to continuously learn. Therefore, in the implementation of sustainable growth strategy, there must be a learning enterprise. Only by continuous learning can we continuously improve the core competence of the enterprise, thus forming the greatest growth advantage. There are two ways for enterprises to create a learning organization:

One is to strengthen the training of enterprise employees. The company adopts a set of effective training system or technology exchange system to enable employees to acquire new knowledge and technology in innovative practice.

The second is to organize collective learning on a regular basis. Through collective learning, employees can share their own technology and experience, so that their knowledge and ability can be shared as a whole, so as to form the technology and experience of the enterprise. In addition, group learning can also enhance the cohesion of the company, so that the employees of the company can learn together, but also deepen mutual understanding, strengthen team spirit, and gradually establish a tacit understanding of company growth. The core competencies of learning companies are often higher than those of other companies, which is why they gain an advantage. Continue to transfer various new knowledge and new technologies to the company, making it the core competence of the company, so as to make it the sustainable growth of the company.

### **4.4 Vigorously Promote the Concept of Value Innovation**

In order to develop in the future, SMEs must first realize the importance of scale operation, and have continuous innovation ability. Only by continuous innovation can they achieve lasting competitiveness in the market. Small and medium-sized enterprises should actively respond to the new market environment and carry out value innovation to adapt to the growth of the knowledge economy. To achieve value innovation, new products, technologies and service models must be developed. In this process, what we need to do is not to defeat competitors, but to innovate in value and create new consumption desires for consumers. Judging from the successful growth experience of many SMEs, the success of many enterprises is not necessarily related to their scale. On the contrary, many SMEs can obtain endless profits in their own industries by virtue of their flexible operation methods and innovative business strategies. profit. Therefore, SMEs should break through the constraints of traditional thinking and should not blindly pursue scale, but should focus on new value creation, which can not only meet the needs of customers, but also expand the market and continue to innovate.

## **5. Conclusions**

In a complex environment, the growth strategy of an enterprise is the basis for the enterprise to make important decisions, and it is also the long-term growth direction of the enterprise. In order to stand out in the market competition, SMEs must actively adapt to market changes, determine the direction of growth, strengthen human resource management, take value innovation as the main

line, continuously innovate, and cultivate and enhance the core competitiveness of enterprises. If SMEs want to grow from small to large, from weak to strong, they must seize the opportunity for growth and do a solid job in all aspects of strategic management.

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