

# Problems and Countermeasures of the Development of Small and Medium-sized Enterprises in Cross-border Electronic Commerce

**Zhong Mu**

*Guangdong Mingsi Law Firm (Fang&Fang Law Firm), Guangzhou, 510630, China*

**Abstract:** *Under the background of economic globalization, cross-border electronic commerce has become the foundation of China's foreign trade development. Cross-border electronic commerce is a new type of trade developed in the process of economic globalization, which has developed rapidly in recent years, but there are still many shortcomings in the development of cross-border electronic commerce. In order to solve the problems existing in the development of small and medium-sized enterprises in cross-border electronic commerce, the thesis puts forward some suggestions based on the development model of cross-border electronic commerce, which lays the foundation for the development of small and medium-sized enterprises in cross-border electronic commerce.*

**Keywords:** *small and medium-sized enterprises; cross-border electronic commerce; business development*

## 1. Introduction

Cross-border electronic commerce is an international business activity, in which trading partners with different relationships conduct transactions through e-commerce platforms, and further conduct transactions by transporting goods through cross-border logistics. At the Davos Forum in 2017, Ma Yun analyzed that SMEs have become the most important force to promote future globalization, and enterprise e-commerce has become a trend. Compared with traditional e-commerce, cross-border electronic commerce has the advantages of globality, real-time, convenience and quickness, and can pay orders in a short time.

## 2. Overview of Cross-border C-commerce Development of SMEs

### 2.1 Definition of cross-border e-commerce for SMEs

At present, China's cross-border electronic commerce is dominated by small and medium-sized enterprises. With the increasing export of small and medium-sized enterprises, their contribution to cross-border electronic commerce, including their contribution to the national economy and the competitiveness of China's foreign trade in the international trade market, is becoming more and more important. Cross-border electronic commerce, a small and medium-sized enterprise, refers to a cross-border electronic commerce company with an import and export volume of less than 150 million yuan and less than 500 employees, depending on the number of employees and the volume of trade exports. Compared with large companies in cross-border electronic commerce, small and medium-sized enterprises have narrow financing channels, small production scale, few types of products, weak ability to reduce risks and relatively low competitiveness.

### 2.2 SMEs cross-border e-commerce export trade development status

In the development model of cross-border electronic commerce in other countries, SMEs account for most of the trade, mainly because they play an important role in promoting cross-border trade <sup>[1]</sup>. Small and medium-sized cross-border electronic commerce companies are mainly located in the southeast coastal areas, which are less common in the west, because the economy in this area is developed and the transportation is relatively convenient. Sea, land and air transportation can be used in the southeast coastal areas, while land transportation can only be used in the west. Using air

transportation in the west will lead to high transportation costs, which is not cost-effective.

### **3. Problems in the Development of Cross-border E-commerce Logistics of SMEs in China**

#### ***3.1 The policy environment and legal system are not perfect***

At the moment, the relevant local policies, laws and regulations are not perfect, and there is still a big gap between the development of cross-border electronic commerce in the central and western regions of China and the coastal areas, resulting in uneven development. Relevant departments can only formulate and improve relevant policies and regulations in research and practice. In particular, China has almost no specific legislation to support the development of cross-border electronic commerce, which further restricts the development of cross-border electronic commerce. At the same time, logistics-related laws, regulations, international contracts and practices are still fragmented, not forming a complete system, incompatible and contradictory, which has seriously affected the development of logistics in cross-border electronic commerce, a small and medium-sized enterprise.

#### ***3.2 Difficulties in customs clearance and accidental factors such as nature and politics affect cross-border logistics.***

##### ***3.2.1 Difficulties in customs clearance have a great impact on transportation cycle, cost and return.***

The biggest difference between cross-border electronic commerce and domestic e-commerce is customs control and collection. Due to the different customs policies of countries around the world, the inspection standards of goods import and export are also slightly different, and some countries have many troublesome customs declaration procedures. On the other hand, customs often declare goods that do not meet the requirements temporarily, so it is extremely difficult to establish an ideal connection between multinational e-commerce companies and the customs system, and customs clearance has become an important reason for the failure of cross-border transactions. At present, almost all countries do not systematically manage the small-scale individual import tax system, and it is difficult for the customs authorities of all countries to manage a small amount of import and export goods. Strict customs control inhibits the rapid development of industry and hinders the good development of the national economy. However, if it is fully open, the customs will not promote the import and export control of a small number of domestic and foreign commodities, and the government tax revenue will also suffer huge losses. Foreign currency settlement export tax rebate, customs clearance efficiency and customs supervision and other issues affect the speed, cost and benefit of cross-border logistics, and lead to uncertain logistics time for small and medium-sized enterprises, which will eventually curb the good momentum of economic development <sup>[2]</sup>.

##### ***3.2.2 Goods safety risks caused by natural and political uncertainties.***

Cross-border electronic commerce logistics needs many connections, often far away, and the goods are easily influenced by natural, political and social factors, which leads to the transaction cannot be successfully completed. In addition, due to human reasons, goods are often damaged or lost.

### **4. Countermeasures and Suggestions to Promote the Development of SMEs in Cross-border Electronic Commerce**

The development of small and medium-sized enterprises in cross-border electronic commerce needs not only their own efforts, but also the support of the government and the coordinated development of relevant departments. Study the problems in cross-border electronic commerce and analyze the general methods of rapid sales.

#### ***4.1 Promote the optimization of cross-border e-commerce system***

##### ***4.1.1 Planning cross-border e-commerce laws and regulations***

Nowadays, the China Municipal Government has strengthened its policy support for cross-border electronic commerce and participated in the continuous institutional innovation in cross-border electronic commerce. However, there are still loopholes in cross-border electronic commerce's regulatory legislation, which not only leads to the lack of guidelines and regulations for cross-border electronic commerce's monitoring, but also exposes the products of small and medium-sized enterprises

to risks such as overseas boycott and customs clearance. Cross-border electronic commerce faces many difficulties in carrying out compliance activities. Therefore, governments should speed up the crackdown on irregularities in the cross-border electronic commerce market and illegal activities in cross-border electronic commerce, lest the lack of legislation become an obstacle to deepening the market.

#### ***4.1.2 Promote the successful experience of system innovation and innovate the supervision system.***

We should actively promote the summary and dissemination of successful experiences of pilot cities, for example, promote the national operation of Hangzhou-cross-border electronic commerce single window, promote the facilitation of cross-border electronic commerce through parallel examination and approval, and release innovation dividends on a larger scale. In addition, government departments must recognize their responsibilities and importance in developing cross-border electronic commerce and improve the level of supervision services through innovative supervision methods. As a part of specific policy improvement, the Ministry of Commerce can establish special cross-border electronic commerce services and implement the B2C model. Conduct compliance inspection and registration with cross-border electronic commerce companies engaged in B2B business. Customs can provide targeted support to registered cross-border electronic companies and bring scattered B2B and B2C into customs statistics; In order to facilitate the settlement and tax refund in the future, the inspection and quarantine department and the tax department can also issue policies on rapid quarantine inspection and tax refund. In addition, in order to improve the recovery efficiency of small and medium-sized enterprises and reduce the cost of foreign exchange, domestic small and medium-sized enterprises can be exempted from foreign exchange restrictions on treatment without excessively restricting the control of small and medium-sized enterprises.

#### ***4.2 Promote the safe and efficient flow of funds***

##### ***4.2.1 Strengthen the safety protection of cross-border funds.***

First of all, the online privacy of customer identity is the main reason for many online payment problems. Cross-border affairs cannot fully access customer information, so the payment problem is more prominent in cross-border affairs. In cross-border online transactions, cross-border electronic commerce platform and payment institutions pay more attention to strengthening the identification mechanism, strengthening the monitoring of both sides of cross-border transactions, and ensuring that both sides provide correct and reliable information. In particular, efforts should be made to record the authenticity and credit status of foreign customers' credit cards; For example, establish a mechanism to prevent online fraud by strengthening contact with local payment platforms. Under the background of the rapid development of cross-border electronic commerce, countries should also open some personal credit inquiries of large trading countries to jointly crack down on cross-border electronic money crimes. Secondly, payment platforms should also strengthen the security management of payment systems<sup>[3]</sup>, track, control and monitor cash flow in time, and constantly optimize the technical support of payment systems, so as to minimize the theft of funds such as cyber-attacks and ensure the financial security of small and medium-sized enterprises in cross-border electronic commerce.

##### ***4.2.2 Third-party platforms increase financing support for SMEs.***

Cross-border electronic commerce platform is the foundation of cross-border electronic commerce for most small and medium-sized enterprises, and also the main carrier of their trade activities, enabling them to provide more financial services and increase financial assistance to small and medium-sized enterprises. Cross-border electronic commerce platforms like Quicksell are helpful for SMEs to raise funds, but the benefits of high threshold and high interest rate are limited. The platform should strengthen its alliance with banks and other financial institutions, develop more financial products, and then establish a more comprehensive and accurate credit reporting system for related companies by combining the bank credit system and past transaction data, so as to obtain financing under more effective risk control.

##### ***4.2.3 Promote RMB cross-border e-commerce settlement and internationalization.***

The government should promote the comparison of RMB between cross-border electronic commerce and deepen the internationalization of RMB. The internationalization of RMB not only enhances the global influence of China's finance, but also enables more countries and regions to recognize and choose RMB as the trade currency, thus saving a lot of foreign exchange costs for cross-border electronic commerce, a small and medium-sized enterprise in China.

### ***4.3 Strengthen the brand building of SMEs***

#### ***4.3.1 Optimize products and services***

As the main sellers in cross-border electronic commerce, small and medium-sized enterprises must pay attention to their own advantages in order to do a good job in products and services. Cross-border electronic commerce is characterized by short cycle, large quantity and small amount. Therefore, the user experience of customers after one-time use of products will have a great impact on the reputation of products and subsequent sales. That is to say, cross-border electronic commerce merchants also have reputation relations with domestic e-commerce merchants. Therefore, small and medium-sized enterprises should first correctly position their products, pay attention to quality and reduce after-sales problems from the source before using cross-border electronic commerce to carry out business. On the other hand, small and medium-sized enterprises should improve the quality of related auxiliary sales and after-sales service. For example, according to the premise of usability, actively use overseas warehouses, promote the localization of after-sales service, reduce the cost of after-sales service, provide good purchase and use experience for overseas users, get good customer feedback, and improve the toughness of products.

#### ***4.3.2 Policies Strengthen supervision and improve various policies.***

In the development of cross-border electronic commerce, the government should also intervene, pay more attention, analyze some shortcomings of traditional policies, further improve policies according to the characteristics of the development of small and medium-sized enterprises, strengthen supervision, ensure the effective implementation of policies, and ensure the development of small and medium-sized enterprises. In the cross-border export tax rebate policy, we should further clarify the tax rebate conditions, standardize the tax rebate process, and raise the attention of small and medium-sized enterprises. In the process of goods declaration, it is necessary to improve the contents of relevant systems, prepare the declaration procedures in advance, and realize the automation and informatization of declaration through automation equipment. At the same time, it is necessary to strengthen the review and avoid tax evasion. In addition, governments of all countries must innovate the supervision mode, adjust the business mechanism, strengthen the coordinated management of cross-border electronic commerce, actively communicate with various departments, carry out information exchange, and do a good job in monitoring cross-border electronic commerce.

#### ***4.3.3 Improve brand building and management capabilities.***

Small and medium-sized enterprises should pay more attention to brands, strengthen external influence and build excellent brands. For example, small and medium-sized enterprises should have their own brands, including market environment, target groups, customer relations, competitive relations and so on. According to the competition in foreign markets, accurately locate the value and core competitiveness of brands in foreign markets. On the other hand, small and medium-sized enterprises should also actively learn, such as learning from foreign e-commerce practice, learning international internet marketing technology, constantly improving brand building and expanding skills, and properly cooperating with online marketing companies to further promote the company to complete brand export more effectively.

#### ***4.3.4 Increase the quality supervision level of products and services of cross-border e-commerce platforms.***

The existing and potential problems in cross-border electronic commerce, such as infringement of the seller's intellectual property rights and dishonesty, make the seller of small and medium-sized enterprises lose the trust of foreign buyers, damage the interests of traders themselves, and thus reduce the activity of the cross-border electronic commerce platform. To develop cross-border electronic commerce, as a trading and credit intermediary platform for buyers and sellers, cross-border electronic commerce Platform should strictly control the inspection and monitoring of sellers' activities, punish inappropriate products and behaviors, and ensure the fairness of the platform, thus restricting small and medium-sized enterprises. We must actively interact with foreign customers to ensure the healthy operation and sustainable development of cross-border electronic commerce.

### ***4.4 Improve the ability of supporting international logistics services***

#### ***4.4.1 Appropriate selection of logistics mode***

Small and medium-sized enterprises should choose the appropriate logistics mode according to the

product type and their own conditions <sup>[4]</sup>. Different logistics modes have their own advantages and disadvantages. Small and medium-sized enterprises can consider logistics modes from three dimensions: cost, strength and target market. For example, under the overseas warehousing mode, the initial construction cost of building a warehouse is very high, and the operation of the warehouse also needs a high management level. At the same time, the exporter must undertake all the customs clearance tasks. Small and medium-sized enterprises with large demand for raw materials should try their best to build overseas warehouses and share resources in the common target market to reduce the later cost. Small and medium-sized enterprises with low demand in the target market should avoid excessive investment when entering these markets, and accept small parcels, international express delivery, special logistics and other modes of transportation that require less capital and management ability. Small and medium-sized enterprises can move goods more effectively and provide better procurement services to foreign customers only by choosing appropriate transportation modes themselves.

#### ***4.4.2 Logistics suppliers actively carry out cross-border cooperation.***

The cooperation between suppliers must be strengthened. International distribution involves many kinds of contacts, and logistics companies from different countries and regions must work together at appropriate nodes. Coordination among international logistics companies can reduce the loss rate of goods at different joints and improve transportation efficiency. At the same time, we should improve the level of supply chain and information technology, actively build overseas warehouses, establish a wider transportation network, enrich the logistics mode and information channels of small and medium-sized enterprises and foreign customers, and achieve the effect of improving service efficiency and quality.

#### ***4.4.3 Strengthen the integration ability of logistics resources of third-party platforms.***

Cross-border electronic commerce Platform should speed up the transformation and upgrading, position itself as a practitioner of resource integration in cross-border electronic commerce, provide more effective logistics channels for the development of small and medium-sized enterprises in cross-border electronic commerce, and integrate logistics resources. Cross-border electronic commerce platform should not be limited to the role of information sharing and trading platform, but should make full use of its big data advantages and deeply integrate the industrial chain. Actively strengthen cooperation with small and medium-sized enterprises, logistics suppliers and other upstream and downstream stakeholders, and become the headquarters for integrating and utilizing resources of all parties. For example, actively establish overseas storage platforms to support small and medium-sized enterprises and logistics to negotiate prices. This not only creates opportunities for the transformation, upgrading and sustainable development of the cross-border electronic commerce platform itself in the wave of cross-border electronic commerce, but also benefits the traders on the platform, making the road to cross-border electronic commerce for SMEs more and more smooth.

#### ***4.5 Upgrade the cross-border e-commerce talent training and configuration system***

The problem of talents lies in education and training. Therefore, the shortage of cross-border talents requires not only industry development to attract talents, but also education and training innovation in universities and vocational schools. Therefore, this paper puts forward some suggestions on talent shortage from the aspects of educational innovation, government support and enterprise response.

##### ***4.5.1 Strengthen the cultivation and innovation of cross-border e-commerce talents by the government and cross-border e-commerce platforms.***

The state should vigorously support cross-border electronic commerce education and training in universities and cross-border electronic commerce platforms. At present, the education system of international trade, foreign languages and e-commerce is relatively mature, and cross-border electronic commerce is not only a collective integration of these disciplines, but also a unique system. When international trade is compared with foreign languages and medicine, cross-border electronic commerce is still a pediatrician. Therefore, schools must also recognize the integrity and uniqueness of cross-border electronic commerce, constantly innovate the education system and curriculum, and improve the application effect of discipline practice. Meanwhile, cross-border electronic commerce Platform should use the platform's practical experience as the basis for cross-border electronic commerce's development, provide more cross-border e-commerce talents for SMEs, and improve the practical skills and innovation level of SME employees.

#### **4.5.2 Local governments launch cross-border e-commerce talent encouragement policies.**

Some areas have developed foreign trade and high dependence on foreign trade. The development of cross-border electronic commerce can drive the innovative development of local economy. Therefore, the local government can strengthen the incentive to cross-border electronic commerce, use the talent introduction system, determine the preferred strategy of talents in cross-border electronic commerce from the aspects of household registration and branches, attract and retain talents, and form a talent cluster in cross-border electronic commerce, so as to help the region realize the knowledge loss in cross-border electronic commerce talent circle and enhance the overall strength of cross-border electronic commerce region.

#### **4.5.3 Reasonable service outsourcing for small and medium-sized enterprises**

Under the background of the shortage of professional talents in cross-border electronic commerce, SMEs are more willing to focus on the advantage strategy, maintain and strengthen their core competitive commodity business, and outsource other or part of non-productive business to professional enterprises, such as retail business, so as to maximize the efficiency of high-yield investment and achieve better results.

#### **4.5.4 Carry out school-enterprise cooperation and cultivate compound talents.**

In order to solve the problem of talent shortage and large-scale brain drain in small and medium-sized enterprises, it is necessary to further expand communication with universities and enhance the space for talent development through cooperation with universities. Colleges and universities should understand the current situation of cross-border electronic commerce market development and the characteristics of talent demand, further improve the talent training program, update the curriculum system, innovate the teaching mode, and optimize the international economic and business curriculum system. At the same time, we should attach importance to the construction of teaching staff, introduce some outstanding talents from enterprises as teachers, and deepen the mode of school-enterprise cooperation. Enterprises can provide students with internship and learning opportunities, expand the basis of off-campus learning, and continue to improve training programs. Through this model, we can not only improve the overall quality of students, understand the application of knowledge in specific work, strengthen the level of practice and operation, but also provide talents for the company. In addition, small and medium-sized enterprises must improve their brand technology, integrate some innovative ideas, and create unique brands to enhance their competitiveness. At the same time, we must integrate innovative ideas into our daily work, improve the attention of existing employees, train existing employees, improve their overall quality, and cultivate cooperative talents who truly meet the needs of small and medium-sized enterprises [5].

## **5. Conclusion**

At the moment, cross-border electronic commerce has become a new model of China's foreign trade growth. The traditional trade growth is slow, and the growth after development is weak. The development of cross-border electronic commerce conforms to the requirements of the economic development of the times. Small and medium-sized cross-border electronic commerce companies gain core competitiveness by connecting upstream and downstream companies, which is very important for them to enter overseas markets and build their own brands. Governments of all countries must solve the cross-border electronic commerce issue to cope with the development of small and medium-sized enterprises in cross-border electronic commerce.

## **References**

- [1] Zhang Hao (2022). *SMEs in cross-border electronic commerce development problems and countermeasures* [J]. *China Business Theory*, no. 17, pp. 40-42.
- [2] Yang Nachuan, Wang Lin, Yang Jianqing (2015). *Analysis of the impact factors of SMEs in cross-border electronic commerce* [J]. *E-commerce*, no. 1, pp. 53-53, 58.
- [3] Zang Ziyang, Yao Yao (2019). *Study on the Competitiveness of SMEs in cross-border electronic commerce* [J]. *Modern business trade industry*, vol. 40, no. 18, pp. 29-30.
- [4] Liu Guofang, Wang Lu (2017). *Study on influencing factors of cross-border electronic commerce adoption of SMEs* [J]. *Business Economic Research*, no. 2, pp. 110-112.
- [5] Su Lixin (2016). *Analysis of the development constraints of SMEs in cross-border electronic commerce* [J]. *Modern Commerce*, no. 14, pp. 16-16, 17.