

# Problems and countermeasures of strategic management of small and medium-sized enterprises

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**Abstract:** *The sudden outbreak has brought a huge impact on the economic development, and small and medium-sized enterprises are also affected by it. Small and medium-sized enterprises have made great contributions to solving social employment and other problems, but in the current market background, these severe problems are obstructing the comprehensive development of small and medium-sized enterprises, and need to make some changes to promote the sustainable development of small and medium-sized enterprises. This paper analyzes the present situation and existing problems of strategic management of Taisen Food Co., LTD., Linfen City, Shanxi Province, analyzes the problems existing in strategic management of Taisen Food Co., LTD., and puts forward the countermeasures to solve these problems.*

**Keywords:** *Small and Medium-sized Enterprise; Strategic Management; Taisen Food Co., LTD*

## 1. Introduction

Strategic management was originally a military term, which was an idea applied to military management. Since the 1960s, the idea of strategic management began to be applied in the field of business. In the narrow sense, it refers to the strategic thinking about the development direction and goal of enterprises, including the establishment of the goal and direction, the realization method and the actual process of realization. In fact, the basic concept of strategic management is that enterprises should make long-term development goals and policies according to their own situation and expectations for the future, in line with the strategy formulation of the enterprise, and then forge their own core competitiveness according to the planning of the external market, and make achievements in the field.

The manifestation of corporate strategy varies depending on different perspectives. For instance, viewed from a future-oriented standpoint, the corporate strategy designated by an enterprise represents a development plan. Strategic development of a company involves a thought process that considers the enterprise's development process and long-term perspective. When viewed from an industry level, corporate strategy indicates a positioning for the enterprise's development. At the enterprise structure level, it is manifested as a concept. Determining strategic management goals and long-term planning is a strategy undertaken by enterprises to adapt to market competition.

Enterprise strategy is an important decision for enterprise development and a reference system for profit. Although it is a static concept, it plays a critical role in achieving economic benefits in the actual production and operation of the enterprise. To promote the implementation of enterprise strategy, necessary management measures are essential. Enterprise strategic management should have a clear mission and be guided by the company's internal and external environment in order to develop long-term planning goals. From there, the related planning and target resource allocation can be carried out to promote the plan's implementation. Through the way of supervision, analysis and control, the enterprise strategic management in the implementation stage of the process to promote the application of resources, and strengthen the promotion of relevant strategic development goals.

## **2. The Current Status of Strategic Management in Chinese Small and Medium-Sized Enterprises.**

### ***2.1. The background of the strategic management and development of small and medium-sized enterprises in China***

The current market economic environment is very complex, and the emergence of various new technologies, new processes and new materials greatly makes the pressure of business competition more complicated, and the whole market is changing to a technology-oriented direction. In such a market background, the demand of consumers has also become more advanced and diversified, and various factors are intertwined, resulting in a complicated business situation, and bringing a lot of difficulties to small and medium-sized enterprises. In such a market background, small and medium-sized enterprises want to survive, they must change the traditional survival mode, to the direction of high-tech, and provide more high-quality and multi-functional high-tech products. However, the speed of the supply and demand relationship has been changing too fast, often making enterprises fail to respond, and there is no way to make timely adjustment to keep up with the pace of market changes. China's market has changed faster after entering the WTO.<sup>[1]</sup> Natural selection, the survival of the fittest. All these are difficult to complete for daily management. In the case of complex and changeable business environment, we should pursue active change, strengthen the sustainable development of modern management through innovative ways, and promote the improvement of strategic management ability through better innovation and adaptability. In a series of strategic changes in the survival and development, enterprises should effectively strengthen their own adjustment according to the changes in the market, and promote their own market competitiveness in a more scientific way.

### ***2.2. Problems existing in the strategic management and development of small and medium-sized enterprises in China***

#### ***2.2.1. The management method is not scientific***

(1) Lack of unified standardization in production management. There are serious weak links in the basic management of small and medium-sized enterprises, and non-standardization is an obvious feature of the traditional production mode of enterprises. In business management, production operation and disorderly production and management, which have seriously affected the normal management of enterprises.

(2) In terms of management means, it is also mainly completed by manual management. Using computer information management is a common way of modern enterprise management, many small and medium-sized enterprises in the process of computerization lack of the necessary technology, especially the computer application in labor management, personnel file management and cost management on the lack of market prediction and decision-making management, for the computer, computer not into the process of production and management, led to the poor application, makes the enterprise own management ability.

(3) The quality management method is backward, and the quality management system fails to operate. In some enterprises, the proportion of quality management department personnel and production personnel is very high, but the quality of the whole company has not been up. Blindly post-control, there is no direct responsibility for quality, no quality management of all staff among the staff, the management system is not deeply implemented, and no one is responsible for the overall quality system.

#### ***2.2.2. The financial management system is not scientific***

(1) The methods of financial management are flexible and diverse, but sometimes they are not effectively applied. For small and medium-sized enterprises, adopting more flexible and diverse management methods can help enterprises to improve the loopholes of financial management. But due to the limitation of small and medium-sized enterprises by their own scale, many talents to introduce, and the enterprise power too concentrated, lead to the lack of clear management boundary managers, many small and medium-sized enterprises influenced by their own size is more willing to adopt some traditional management techniques for advanced techniques, plus low internal personnel quality makes accounting information in small and medium-sized enterprise management decision is difficult to play an effective role.

(2) Lack of investment analysis causes investment errors. With the intensification of market competition, many small and medium-sized enterprises begin to consciously accelerate the technological transformation, equipment renewal and product development speed in order to improve their

competitiveness. However, due to the lack of investment analysis and demonstration, the result is "do not transform death, transformation for death" resulting in investment mistakes. Many enterprises in the financial management spent huge amounts of money, but in the end no effect, but into the enterprise on the brink of bankruptcy, because of the operation and decision-making mistakes, the lack of sufficient prediction for the market, led to the investment of the enterprise cannot effective recovery, makes the enterprise for the pressure of debt, the lack of scientific management in project investment, any link error may lead to the cost of investment cannot be recovered.

### ***2.2.3. Imperfect talent management mechanism***

Due to the reward and punishment system, salary system and training, small and medium-sized enterprises are still in a blank state. Small and medium-sized enterprises lack the introduction of advanced management concepts, many traditional methods are still applied, in a long period of time, still dominate the vast majority of specific affairs of enterprises. In the establishment of human resources for small and medium-sized enterprises, it is not necessary to have an independent human resources department, and many enterprises only build an assessment system, following the past reward and punishment system and salary distribution system.<sup>[2]</sup> However, in the process of enterprise operation, there is no real concept of human resources development and management. Enterprises have not established the concept of human resource management in a real sense. Quite a number of small and medium-sized enterprises are still concerned about how to better save labor costs and spend less money to make people do more work, but they do not realize the importance of real talents for enterprise development and strategic management.

## ***2.3. Targeted suggestions on the strategic management and development of small and medium-sized enterprises***

### ***2.3.1. Establish a guaranteed production management system***

In recent years, digital technology has brought inestimable and amazing changes to the production and operation of enterprises, and the achievements it made are also obvious to all. The application of all kinds of production system and computer management system makes the management application of enterprises and the efficiency of resource integration get a qualitative leap and improve, and greatly improves the production intelligence of enterprises. The application of digital technology in the production and operation process of enterprises has been spread in every link of enterprises, including product development and design as well as production and sales process, forming a complete system, more flexible to adapt to the changes of the market. The huge potential contained in digital technology itself can bring huge economic profits to enterprises. By fully excavating the power of this technology, it can upgrade the management mode, realize the integration of operation and production, and promote the high development of industrial intensification.

### ***2.3.2. Improve the financial management level***

We will improve the enterprise financial management system. For the current system of the small and medium-sized enterprises financial system, to strengthen the reform, improve management ability, to improve the professional quality of accounting personnel, let them learn more advanced management technology and accounting knowledge experience, for the assets of liabilities ability to improve determine good planning route, to establish a set of more normative measures to strengthen the accounting management of small and medium-sized enterprises.

### ***2.3.3. Establish a strong social security mechanism for talents***

Small and medium-sized enterprises should not only vigorously introduce and cultivate talents, but also provide good social life security for talents. If a region or an enterprise has a sound guarantee mechanism for employees, it will promote enterprises to attract talents and stabilize the development of enterprises, and establish a more reliable social security system for talents for enterprises. Perfecting the salary system and strengthening the guarantee can make the excellent talents serve the enterprise without hesitation and create value for the enterprise better. Local governments should introduce corresponding preferential policies to ensure that the talents working in small and medium-sized enterprises can enjoy the due social security and medical service treatment, so as to eliminate the concerns of these outstanding talents in different places. At the same time, small and medium-sized enterprises should also provide corresponding convenient conditions for these excellent talents, and do their best to help and solve their school problems, housing problems, pension and medical problems, and spouse work problems.

### 3. Current situation and existing problems of strategic management in Taishen Food Co., Ltd.

#### 3.1. Current situation of strategic management in Taishen Food Co., Ltd.

Table 1: The current situation and existing problems of strategic management of Taisen Food Co., Ltd.

	In 2016,	In 2017,	In 2018,	In 2019,
cost in business	316	405	453	569
Business tax and surcharge	15.9	20.6	22.8	28.9
selling expenses	16.6	19.0	20.8	28.4
cost of financing	-1.05	-0.84	-1.29	1.39
general expenses	17.4	27.5	38.2	40.3
period charge	32.9	45.6	57.8	70.1
Total cost	364.8	471.2	533.6	668
total profit	68.4	99.2	96.4	96.9
Cost and expense profit margin of (%)	18.75	21.05	18.06	14.5

According to the feedback data in Table 1, it can be found that the cost profit margin of the company has increased by nearly 3% from 2016 to 2017, indicating that the company has operated well in the past two years, and the company has been stable and continuously expanding. However, in 2018, the cost ratio began to be in a downward trend, and throughout the indicators found that the reason is still due to the high operating costs. Since 2016, the profit margin of cost has been in a state of continuous decline. The main reason for this is that the enterprise spends more costs in operation, and the service cost has also risen sharply. In the process of food sales, transportation tools should be used to complete the purchase demand of customers, which leads to the increase of sales expenses, which makes the slow increase of total cost and expense so fast that the final result is the decline of the profit margin of cost and expenses.

Table 2: Financing channels of Taisen Food Co., Ltd.

the way to deal with a situation	bank borrowing	Other businesses borrow money	Employee to raise	Relatives and friends borrow money
scale	11.3%	29.9%	5.7%	45.2%

According to table 2, enterprise finance is an important factor of enterprise production and business operation, strong financial is an important foundation of enterprise development is the key to obtain other related resources, too sen food co., LTD., its own financial strength is weak, difficult to resist rapidly changing market risk, more vulnerable to financial constraints.

Table 3: Educational qualifications of employees of Taisen Food Co., Ltd

record of formal schooling	High school and below	junior college education	undergraduate course	Graduate student or above
scale	65.3%	39.9%	3.7%	1.5%

According to table 3, due to the enterprise internal need some technical strength, so need professional and technical personnel, but the overall scientific literacy level is low, especially most of the employees are from the countryside, the education level is not high, scientific literacy is not high, enterprise rough machining of agricultural and sideline products, belongs to the typical intensive labor industry development model, the added value of the product is not high, the lack of talent leads to the development of the fatal weakness.

#### 3.2. Existing problems of strategic management in Taishen Food Co., Ltd.

##### 3.2.1. The operator lacks innovation consciousness.

According to Table 4, Taisen Food Co., Ltd. has not achieved ideal results in staff training. The company pays great attention to the production and sales of products, but its knowledge structure is not perfect, and it is difficult for it to conduct effective training for employees to promote the improvement of its knowledge and technical level. Many small and medium-sized enterprise owners only hope that their products can sell well, so that enterprises can obtain sustained and stable income, which leads to the insensitive response to market changes and the lack of knowledge update. In addition, to update the knowledge and technology, it is necessary to make a lot of time and cost investment, which also makes a lot of enterprises hesitate. The current era of information has penetrated into all aspects of the market, driving the market changes rapidly, once the knowledge has structural defects, and not update, under the

condition of information occlusion, it is difficult to flexibly grasp the market, still can lead to behind the market, enterprise management increasingly difficult. The scientific and technological innovation ability of enterprises is not strong, which naturally lacks the initiative of innovation. In the process of operation and development, enterprises only pay attention to the accumulation of quantity, but do not pay attention to the qualitative change of products.<sup>[3]</sup>

*Table 4: Staff training of Taisen Food Co., Ltd.*

Employee knowledge training	Staff technical training
Once every half a year	Twice a year

### **3.2.2. Financing is difficult, and the family management phenomenon is prominent**

*Table 5: Strategies adopted by enterprises in times of financial constraints.*

Counter measure	Bank loans	Borrowings from other enterprises	Crowd funding	Borrowing from friends, Employee and family	Deferred payment loans, utilities bills	Deferr-ed payment of salaries	Deferred payment of taxes, bank loan principal and interest	Other
scale	61.3%	9.9%	2.1%	10.9%	7.0%	2.1%	1.7%	2.1%

According to Table 5, the vast majority of small and medium-sized enterprises in China are limited by their size and lack the necessary financing models to replenish funding, which has hindered their further growth. Under such circumstances, the development of small and medium-sized enterprises has long been restricted by capital. The main lenders relied upon by SMEs are banks, small loan companies, trust companies, and some equity investment companies. While there are some supplements to the financing channels of small and medium-sized enterprises in China, the gap between the comprehensive quality and overall level of SMEs and large enterprises makes investors and large commercial banks unwilling to finance SMEs, resulting in financial difficulties for these enterprises.

The family-type management phenomenon is prominent. Taisen Food Co., Ltd. is a family enterprise and the original capital accumulation.<sup>[4]</sup> In the absence of funds, the strategic level of the development of enterprises will be affected, and ultimately the development power of the leading enterprise will also have an important impact.

### **3.2.3. Low degree of informatization**

Enterprise development strategy decision-making depends on relevant information. In order to improve the decision-making and operation efficiency of enterprises, the best way is to improve the informatization degree of enterprises, and improve the operation ability of enterprises through the improvement of the informatization level. Too sen food co., LTD., due to the limitation of their own strength, lead to enterprises in informatization investment is small, the enterprise development information access to a single, information access surface is narrow, this seriously affected the enterprise development strategy decision-making level and enterprise development business process informatization level, so, too sen food co., LTD., need for effective integration of internal information resources, strengthen the construction of informatization, so as to promote the improvement of the market reaction mechanism.

### **3.2.4. Shortage of human resources**

According to Table 3, there is a shortage of human resources. Firstly, due to the poor air quality in Shanxi and the relative backwardness of economic development level, many high-quality talents are unwilling to develop in this region for the second time, since Taisen Food Co., Ltd. has no specific talent recruitment and training program, the entrepreneurs only pay attention to the use of talents and not to invest in talent training. They believe that cultivating talents is what the country, society and large enterprises should accomplish, while the talents cultivated by other organizations can hardly be used for the enterprise. Therefore, Taisen Food Co., Ltd. needs to pay attention to the training and introduction of talents, to deal with the shortage of talents.

## **4. The Solutions to Address the Problems in Strategic Management of Tai Sen Foods Limited Company**

### **4.1. Formulate development strategies and design an organizational structure**

Under the current background of The Times, the development strategy of Taisen Food Co., Ltd. should give full play to the prominent location advantages and characteristic industries of Shanxi

Province, and optimize the strategic vision of Taisen Food Co., Ltd. And relying on the domestic leading enterprises, promote Taisen Food Co., Ltd. to take science and technology as the guide, strengthen the guiding role of strategic planning on the development of the enterprise.<sup>[5]</sup>

Taisen Food Co., LTD., the design of the organization structure to follow for positioned, not because of people positioned, enterprise organization post set not only according to the main business set, but also combined with the development strategy of the enterprise post setting, post set to responsibilities clear, minimize cross area and blind area, to streamline institutions, but also pay attention to the flexibility of the organization, to the organization, as far as possible to shorten the distance between the business communication between superior and subordinate.

#### ***4.2. The government shall build a relaxed financing environment and convenient and fast financing channels***

There is a common problem of villages and towns of small and medium-sized enterprises, the more lack of funds, in the absence of funds, many projects of enterprise is difficult to develop, so should be the lack of funds for small and medium-sized enterprises, looking for financing channels to help them improve the enthusiasm of financing, and through the policy support to make the development of small and medium-sized enterprise scale to grow, to better give them support policy related solutions, as follows:

For full use of township enterprise credit capital, under the premise of urban trustworthy background, township enterprises can use their own enterprise reputation to establish more reliable credit files, a lot of villages and towns of small and medium-sized enterprises are money, the biggest reason is that enterprise credit degree is too low, there is no way to obtain the trust of professional financial institutions, so establish perfect credit files can help them solve this problem.

Make full use of private credit. Through the mode of mutual assistance, help township enterprises to complete the financing of funds, through mutual help and exchange to achieve information sharing, to help township enterprises to solve individual financial difficulties, but also through more reasonable and legal ways to financing and investment, to promote the overall improvement.<sup>[6]</sup>

Make full use of rural financial institutions. As a rural grass-roots financial institutions, the rural credit cooperatives support the whole rural financial market to play an excellent coordination role, so the township small and medium-sized enterprises need to make a good relationship with the rural credit cooperatives, play a role in their respective fields, and jointly promote the economic take-off of the whole rural areas.

#### ***4.3. Improve the level of informatization***

First of all, increase the investment of innovation funds. The development of an enterprise cannot be separated from the construction of a talent team. The more innovative talents to conduct the development of enterprise products need capital injection, and they need capital as the backing.<sup>[7]</sup> Enterprises need to strengthen the technical innovation, in the new situation to strengthen the application of technology, enterprises long face the problems brought by extensive economic growth, makes the enterprise for excessive dependence on energy and resources, and under the condition of insufficient technical strength, is unable to adapt to the market competition pace, so must according to their own situation, extensive absorption of advanced knowledge experience from home and abroad, technology and equipment field innovation to strengthen technology accumulation, can help enterprises to achieve a qualitative leap. Secondly, the current training mechanism should be improved to help enterprises to build more independent technical departments for the training and incubation of technical personnel to bring practical benefits to enterprises, promote the innovation of enterprises and strengthen the introduction of technology, so as to obtain more benefits for enterprises.<sup>[8]</sup> For the timely upgrading of products, enterprises should also establish long-term development goals, fully mobilize the enthusiasm of enterprise employees and the enthusiasm in technology creation.<sup>[9]</sup>

#### ***4.4. Optimize the talent guarantee mechanism of development strategy***

Talent is the most active core element for enterprises to thrive in the market competition environment. Talent plays a decisive role and significance in the operation and development of enterprises. The introduction of talents is the primary issue for the strategic development of small and medium-sized enterprises. The strategic development of Taisen Food Co., Ltd. cannot be separated from the introduction

of talents, and the introduction of high-quality talents is the primary issue of the strategic development of Taisen Food Co., Ltd. Therefore, Taisen Food Co., Ltd. should establish a multi-level talent introduction mechanism to improve the introduced talents, such as salary, position, life, to attract talents; Taisen Food Co., Ltd. should regularly train employees, promote talents with management ability, and satisfy the respect and self-realization, not only can motivate employees to work, or the best way to stabilize enterprise talents.

## 5. Conclusions

Enterprise strategy is an important means of enterprise development and profit. It can bring economic benefits to the enterprise in the actual enterprise production and operation, and is of vital importance to the survival and development of small and medium-sized enterprises. At present, there are still many deficiencies in the strategic management of township small and medium-sized enterprises, so it is necessary to strengthen the research of township small and medium-sized enterprises. This paper analyzes the current situation and shortcomings of strategic management of small and medium-sized enterprises in China, and on this basis analyzes the current situation and existing problems of strategic management of Taisen Food Co., LTD., and puts forward solutions to the existing problems, in order to help the company improve the level of strategic management. Small and medium-sized enterprises should fully carry forward their own advantages, to make up for shortcomings, effective use of national policy, through the financing channels to expand diversified processing mode, strengthen the innovation technology learning, combined with the requirements of the current new rural construction, promote the development of modern agriculture to promote the development of national economy in the process of change.

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