

Research on the Influencing Factors of Small and Medium-sized Enterprises' Competitiveness

-- Taking Yiming as an Example

Peiru Yuan, Gaoxiang Chen *, Tanzhun Yu, Yanan Tang

Wenzhou Polytechnic, Zhejiang Wenzhou 325004, China

*Corresponding Author: Gaoxiang Chen (Email: yiefanshin@163.com)

ABSTRACT

Small and medium-sized enterprises (SMEs) are an important part of China's economy. Enhancing their competitiveness is crucial for promoting sustained and healthy economic development and is the driving force for their survival and growth. However, there are many factors influencing the improvement of their competitiveness. This paper takes Yiming Food Company as an example and analyzes it through Porter's Five Forces Model and SWOT analysis to reveal the opportunities and threats, as well as internal strengths and weaknesses that Yiming Food faces in the competition. Finally, it points out that the key to enhancing the competitiveness of SMEs lies in strengthening core competitiveness, cultivating innovative thinking, optimizing talent cultivation and incentive mechanisms, expanding market channels, and continuous improvement. These strategic suggestions are of great guiding significance for Yiming Food and other SMEs to enhance their competitiveness.

KEYWORDS

Small and medium-sized enterprises; Competitiveness; Porter's Five Forces Model; SWOT analysis; Yiming

1. INTRODUCTION

1.1. Research Background

With the development of economic globalization, small and medium-sized enterprises (SMEs) are playing an increasingly important role in the national economy. They play an irreplaceable role in increasing employment, promoting innovation, and improving people's living standards. However, SMEs face many challenges in their development, such as difficulties in financing, high market entry barriers, and talent loss. These problems seriously affect the competitiveness of SMEs. Therefore, studying the influencing factors of SME competitiveness and proposing corresponding improvement strategies is of great significance for promoting the development of SMEs.

The Chinese government attaches great importance to the development of SMEs and has formulated a series of policies and measures to support them. For example, it has increased financial support for SMEs, optimized the financing environment for SMEs, and promoted technological innovation in SMEs. These policies have provided a favorable external environment for the development of SMEs. However, how SMEs can enhance their competitiveness in the fierce market competition remains an unsolved problem.

It is against this background that this study selects Wenzhou Yiming Food Co., Ltd. as the research object and conducts an empirical analysis of the factors influencing its competitiveness. It is hoped that through this research, the key factors affecting the competitiveness of SMEs can be revealed, providing useful insights and references for SMEs, thereby helping to enhance their competitiveness and promote their sustainable development.

1.2. Research Significance

This study holds significant practical value for the development of Wenzhou Yiming Food Co., Ltd. and other small and medium-sized enterprises. Firstly, by studying the factors influencing the competitiveness of Wenzhou Yiming Food Co., Ltd., the company can identify its own strengths and weaknesses, thereby formulating more scientific and reasonable business strategies and enhancing its market competitiveness. Secondly, the results of this study are also of reference value for other small and medium-sized enterprises, providing them with ideas and methods for enhancing competitiveness.

From a theoretical perspective, this study has important theoretical significance. Firstly, this study systematically reviews and analyzes the definition of competitiveness and its influencing factors for small and medium-sized enterprises, constructing a theoretical framework for subsequent research. Secondly, this study adopts data analysis methods to verify the validity of the theoretical framework, which helps to enrich and develop the theoretical system of competitiveness research for small and medium-sized enterprises.

Overall, this study has significant theoretical significance and plays a positive role in promoting the development of small and medium-sized enterprises and enhancing their competitiveness.

1.3. Research Methods

In this study, we employed various research methods to comprehensively analyze the factors influencing the competitiveness of Wenzhou Yiming Food Co., Ltd. Firstly, we conducted a literature review, systematically sorting out and analyzing relevant domestic and foreign literature on the competitiveness of small and medium-sized enterprises to construct the theoretical framework of this study. Secondly, we adopted the case study method, taking Wenzhou Yiming Food Co., Ltd. as the research object, to deeply analyze the impact of its business strategies and corporate culture on its competitiveness. Additionally, we used data analysis methods to conduct empirical analysis of various factors affecting the competitiveness of Wenzhou Yiming Food Co., Ltd., verifying the accuracy of the theoretical analysis.

In summary, this study conducted in-depth analysis of the factors influencing the competitiveness of Wenzhou Yiming Food Co., Ltd. through multiple research methods, and proposed targeted strategic suggestions, aiming to provide reference and inspiration for small and medium-sized enterprises to enhance their competitiveness.

2. THEORETICAL ANALYSIS OF FACTORS INFLUENCING THE COMPETITIVENESS OF SMALL AND MEDIUM-SIZED ENTERPRISES

2.1. Theoretical Basis

2.1.1. Resource-Based Theory

The resource-based theory holds that the competitiveness of an enterprise stems from its unique resources, which can be physical resources, technological resources, human resources, etc. These resources are valuable, scarce, difficult to imitate, and organizational. If small and medium-sized enterprises can effectively acquire, configure, and utilize these resources, they can form competitive advantages in the market.

2.1.2. Core Competence Theory

The core competence theory emphasizes the decisive role of internal core competencies in competitiveness. Core competencies are the unique, difficult-to-be-imitated capabilities accumulated by enterprises over the long term, which enable them to maintain a leading position in the market. Small and medium-sized enterprises can enhance their competitiveness by cultivating and improving their core competencies, such as innovation capabilities, management capabilities, and marketing capabilities.

2.1.3. Dynamic Capability Theory

The dynamic capability theory states that the competitiveness of an enterprise does not only stem from static resources and capabilities, but also from the ability to adapt to environmental changes. Small and medium-sized enterprises face a rapidly changing market and technological environment, and need to possess the ability to respond quickly and make flexible adjustments to cope with various uncertainties. By constructing flexible organizational structures, cultivating agile decision-making mechanisms, and strengthening learning and innovation, small and medium-sized enterprises can enhance their dynamic capabilities and thereby enhance their competitiveness. Small and medium-sized enterprises (SMEs) are the active participants in the market economy, and their competitiveness directly affects the stable development of the entire economic system. However, in the context of globalization and informatization, SMEs are facing increasingly fierce market competition and complex and changing external environments. Therefore, in-depth analysis of the influencing factors of SMEs' competitiveness is of great significance for guiding SMEs to enhance their own competitiveness and achieve sustainable development.

2.2. Influencing Factors

2.2.1. Internal Factors of the Enterprise

Internal factors of the enterprise are one of the important factors influencing enterprise decision-making and development. When evaluating internal factors, we need to pay attention to the following aspects.

(1) Organizational Structure and Culture

The organizational structure and culture of the enterprise are the core components of its internal environment. The organizational structure determines the operation mode, decision-making process, and power distribution of the enterprise. While the corporate culture reflects the values, beliefs, and behavioral norms of the enterprise. These factors jointly influence the behavior, work attitude, and teamwork of employees.

(2) Resources and Capabilities

The resources and capabilities of the enterprise are the source of its competitive advantage. Resources include financial resources, technical resources, human resources, and material resources, etc. Capabilities refer to the ability of the enterprise to utilize these resources to achieve its goals. The enterprise needs to formulate appropriate development strategies based on its own resources and capabilities.

(3) Management Quality

The quality of the management team has a significant impact on the development of the enterprise. An efficient and professional management team can lead the enterprise to cope with various challenges and achieve sustainable development. Factors such as leadership style, decision-making ability, and team collaboration of the management team will directly affect the operational efficiency and innovation ability of the enterprise.

(4) Employee Quality

Employees are the most important assets of the enterprise. The quality, skills, and attitude of employees will directly affect the production efficiency and product quality of the enterprise. The enterprise needs to pay attention to the training and development of employees, stimulate their creativity and potential, in order to enhance the overall competitiveness of the enterprise.

(5) Internal Control and Risk Management

Establishing a sound internal control system and risk management mechanism is an important guarantee for the stable development of the enterprise. Internal control can ensure the compliance and efficiency of the enterprise's operation and reduce operating costs. Risk management can help enterprises identify, assess, and control potential risks, ensuring the stable development of the enterprise.

When evaluating internal factors, enterprises need to consider all the above aspects comprehensively in order to better formulate and implement development strategies. At the same time, enterprises also need to pay attention to the changes and trends of internal factors and adjust their strategies in a timely manner to adapt to the constantly changing market environment.

2.2.2. External Factors of the Enterprise

External factors of the enterprise are aspects that cannot be ignored when affecting the competitiveness of SMEs. Changes in the market environment, policy environment, and industry environment collectively form the broad background for the development of SMEs and have a profound impact on their competitiveness.

(1) Changes in the Market Environment

The dynamic nature of the market environment requires SMEs to have acute market insight and rapid response capabilities. Fluctuations in market demand, changes in consumer preferences, and changes in the competitive landscape all directly affect the sales situation and market position of the enterprise. For example, when market demand shifts towards higher quality and personalized directions, SMEs need to promptly adjust their product strategies to meet the new needs of consumers, in order to maintain competitiveness in the market.

(2) Adjustments in the Policy Environment

Policy environment changes have a significant impact on the development of SMEs. Government policy adjustments, such as tax incentives, financial support, and industry access, may provide new development opportunities or bring challenges for SMEs. SMEs need to closely monitor policy trends and promptly adjust their development strategies and business strategies to adapt to changes in the policy environment.

(3) Changes in the Industry Environment

Changes in the industry environment are another important factor affecting the competitiveness of SMEs. The renewal and upgrading of industrial technologies, the reconfiguration of the industrial chain, and the development of emerging industries all require small and medium-sized enterprises to continuously innovate to adapt to market changes. Small and medium-sized enterprises need to increase their research and development investment, enhance their independent innovation capabilities, and strengthen cooperation with upstream and downstream enterprises in the industrial chain to jointly cope with changes in the industrial environment [1].

2.3. The Theoretical Framework Construction of Factors Affecting the Competitiveness of Small and Medium-sized Enterprises

Based on the above analysis, we can construct a theoretical framework for the factors affecting the competitiveness of small and medium-sized enterprises. This framework takes internal and external

factors of the enterprise as the two main pillars, and deeply analyzes the interaction relationships among these factors. Internal factors of the enterprise enhance the enterprise's strength by improving innovation capabilities, optimizing resource allocation, and strengthening internal management; external factors of the enterprise influence the survival and development of the enterprise through market demand, policy support, and industrial environment, etc. The two pillars support and influence each other, jointly forming a complete system of the competitiveness of small and medium-sized enterprises.

The factors affecting the competitiveness of small and medium-sized enterprises are diverse, including both internal and external factors of the enterprise. By constructing a theoretical framework and deeply analyzing the interaction relationships among these factors, we can better understand the formation mechanism and improvement path of the competitiveness of small and medium-sized enterprises [2]. At the same time, this theoretical framework can also provide theoretical basis and guiding significance for the government to formulate policies. In future research, we can further refine the specific mechanisms of each influencing factor and conduct empirical analysis based on actual cases to better guide small and medium-sized enterprises to enhance their own competitiveness.

3. OVERVIEW OF WENZHOU YIMING FOOD CO., LTD.

3.1. Company Profile

Wenzhou Yiming Food Co., Ltd. was established in 2000 and is a modern food enterprise integrating R&D, production, and sales. The company mainly engages in the R&D and production of baked goods, beverages, and other products, committed to providing consumers with healthy and delicious food.

After over 20 years of development, Yiming Food has established a wide sales network across the country and owns thousands of chain stores. The company adheres to the business philosophy of "Quality First, Service Supreme", and has won the trust and praise of consumers with high-quality products and considerate services. In 2023, the company's total operating revenue was 2.643 billion yuan, an increase of 8.66% year-on-year; the number of employees was 4,698, and the total assets were 2.637 billion yuan.

Wenzhou Yiming Food Co., Ltd. has become increasingly prominent in the industry and is now a leading player in China's food industry. The company will continue to uphold the enterprise spirit of "Quality as the Foundation, Innovation as the Soul", strive to improve product quality and service levels, provide consumers with better food experiences, and create greater value for society.

3.2. Company Business Strategies

Since its establishment, Wenzhou Yiming Food Co., Ltd. has always been guided by market demand and driven by technological innovation, formulating a series of business strategies that suit the company's actual situation.

3.2.1. Product Strategy

"Green, healthy, and delicious" is the company's R&D concept, which means that the company pays attention to environmental protection and health in the production process and pursues superior taste. By continuously enriching the product line, the company aims to meet the needs of different consumer groups and increase market share. The company strictly controls production quality, including raw material procurement, production processing, and product sales, to ensure that the quality of products meets consumers' expectations and build consumers' trust in the company's products.

3.2.2. Market Strategy

The company adopts the strategy of "Regional Focus, Deep Distribution", concentrating resources on specific regions and enhancing market share through in-depth channel distribution. Through meticulous market cultivation, the company gradually expands its market share, ensuring the existing market while actively exploring new markets, increasing sales channels, and enhancing product exposure and penetration.

3.2.3. Brand Strategy

The company adheres to the brand concept of "Quality Builds Brand, Innovation Leads the Future", promoting the brand through multiple channels both online and offline to enhance brand awareness and reputation. This means that the company builds its brand image through product quality and innovation. Through multiple channels of promotion, including advertising, promotional activities, and public relations activities, the company enhances brand awareness and reputation and strengthens the emotional connection with consumers.

3.2.4. Human Resources Strategy

The company attaches great importance to talent cultivation and recruitment, providing employees with a good working environment and career development space to stimulate their potential and achieve the common development of the enterprise and employees. The company improves employees' professional qualities and work skills through training and incentive mechanisms. By providing a good working environment and career development space, the company attracts and retains outstanding talents, achieving the common development of the enterprise and employees.

3.2.5. Corporate Culture Strategy

The company actively promotes the corporate spirit of "Honesty, Innovation, and Win-win", using corporate culture as a bond to enhance employees' cohesion and centripetal force and promote sustainable development of the enterprise. Regular corporate culture training is organized to deepen employees' understanding of the corporate spirit and ensure that every employee can practice the principles of honesty, innovation, and win-win. By taking corporate culture as a bond, the company enhances the cohesion and centripetal force of its employees, promotes sustainable development, and forms a good interactive relationship between the enterprise and its employees as well as the society.

To sum up, through the implementation of the above business strategies, Wenzhou Yiming Food Co., Ltd. has achieved rapid development and continuous expansion of market share, making positive contributions to the prosperity and development of China's food industry.

3.3. Company's Industry Position

Wenzhou Yiming Food Co., Ltd. was established in 2000 and is a comprehensive enterprise specializing in food research and development, production, sales and service. After more than 20 years of development, the company has become a leader in China's food industry, especially in the baking and beverage sectors, with a high market share and brand recognition.

In the industry, the position of Wenzhou Yiming Food Co., Ltd. can be reflected in the following aspects.

3.3.1. Market Scale

Wenzhou Yiming Food Co., Ltd. has a wide customer base, and its products are distributed throughout the country. The market scale is constantly expanding, bringing stable income and profits to the company

3.3.2. Brand Influence

The company attaches great importance to brand building. Through years of market promotion and word-of-mouth dissemination, the Yiming brand has gained high recognition and reputation among consumers.

3.3.3. Technological Innovation

The company is committed to product research and development and innovation, and has a professional technical team that continuously launches new products in line with market demands to meet the diverse needs of consumers.

3.3.4. Industrial Chain Integration

The company has achieved integration of the upstream and downstream of the industrial chain through acquisitions and cooperation, effectively controlling production costs and enhancing product competitiveness.

3.3.5. Market Share

In the domestic baking and beverage market, the sales volume and market share of Wenzhou Yiming Food Co., Ltd. have been increasing year by year, and the market share has been continuously expanding.

3.3.6. Industry Honors

The company has won many national, provincial and municipal honorary titles and awards with its excellent product quality and good corporate reputation, and has been highly recognized both inside and outside the industry.

In conclusion, the position of Wenzhou Yiming Food Co., Ltd. in the industry is becoming increasingly stable, and it has become an important force in China's food industry. In the future, the company will continue to leverage its advantages, strive to enhance its core competitiveness, and make greater contributions to the development of the industry.

4. ANALYSIS OF COMPETITIVE FACTORS OF WENZHOU YIMING FOOD CO., LTD.

This study utilizes Porter's Five Forces Analysis Model, which includes the bargaining power of suppliers, the bargaining power of buyers, the ability of potential competitors to enter, the substitution power of substitutes, and the degree of competition within the industry, to comprehensively analyze the competitive environment of the industry in which Yiming Food operates. At the same time, the SWOT analysis method was adopted to assess the internal conditions and external environment's impact of Yiming Food by considering its strengths (S), weaknesses (W), opportunities (O), and threats (T).

4.1. Porter's Five Forces Analysis

This paper conducts a literature survey on Yiming Company and draws a Porter's Five Forces model diagram for Yiming Company, as shown in Figure 1.

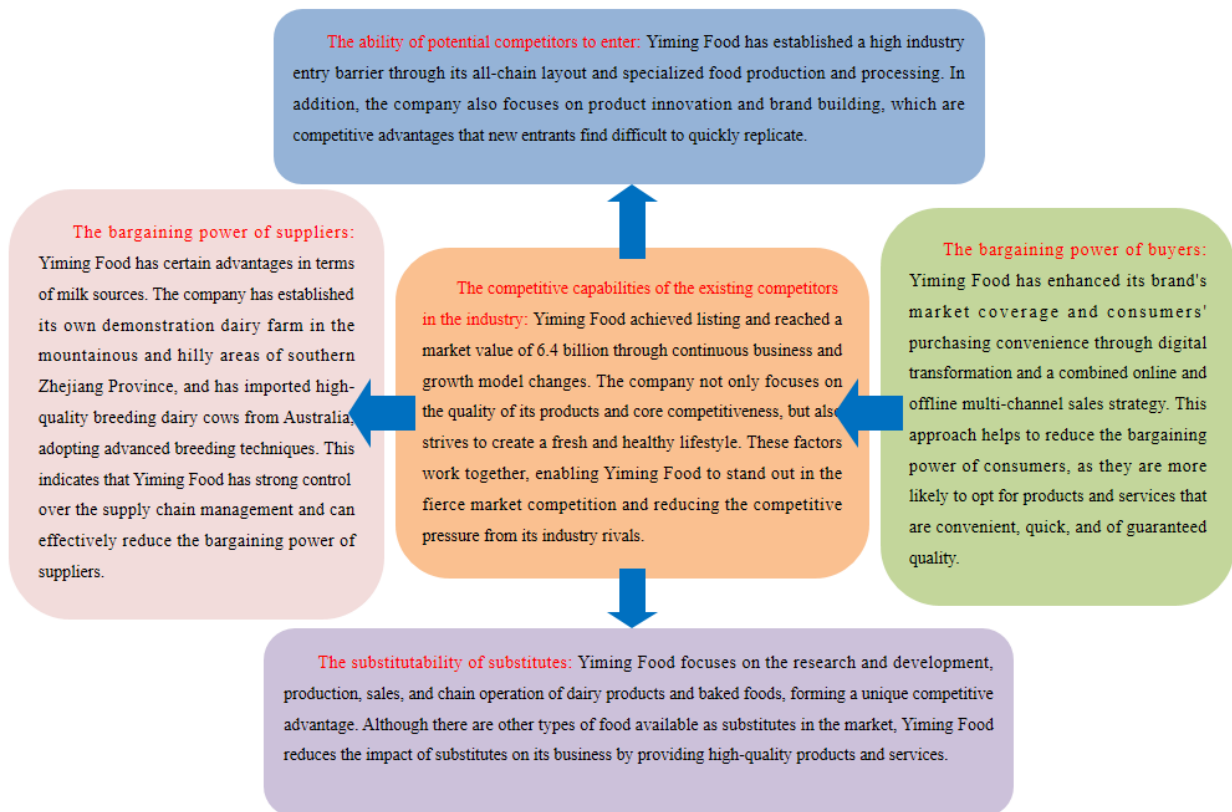


Figure 1. Porter's Five Forces Model of Yiming Company

From Figure 1, it can be seen that Yiming Food has established a high industry barrier through its full-chain layout and specialized food production and processing. This layout covers all aspects from raw material procurement to final product sales, ensuring the company's deep control over the production process, increasing the difficulty for potential competitors to enter the market. Moreover, the company's product innovation ability and brand building have also constructed an uncopyable competitive advantage, making it difficult for new entrants to achieve the same market position in a short period of time.

In terms of bargaining power with suppliers, Yiming Food has a significant advantage in the dairy source area. By establishing its own demonstration dairy farms and introducing high-quality dairy cows, the company ensures the stable supply and high quality of raw materials. This self-sufficient supply chain model not only reduces the company's reliance on external suppliers but also enhances its bargaining power in supplier negotiations. Advanced breeding techniques further improve the quality of raw materials, thereby reducing the dominance of suppliers in negotiations.

In terms of substitutes, although there are various substitutes in the market, Yiming Food has successfully created a differentiated advantage for its products through its unique dairy products and baked food R&D capabilities. The company is committed to providing high-quality products and services, making consumers more inclined to choose its products, thereby reducing the impact of substitutes on its business.

In terms of existing competitors, Yiming Food stands out in the fierce market competition, thanks to its continuous business innovation and growth model transformation. The company achieved capital expansion through listing, with a market value of 6.4 billion, further consolidating its market position. The company not only focuses on product quality and core competitiveness but also pays attention to creating a fresh and healthy lifestyle. This comprehensive competitive advantage enables Yiming Food to occupy a favorable position in the industry and reduces the pressure from competitors in the same industry.

Regarding the bargaining power with buyers, Yiming Food has enhanced its brand's market coverage and consumers' purchase convenience through digital transformation and a combined online and offline multi-channel sales strategy. This approach not only meets the diverse needs of consumers but also boosts the brand's reputation and influence. As consumers tend to prefer products and services that are convenient, fast, and of guaranteed quality, their bargaining power has been somewhat reduced to a certain extent.

Wenzhou Yiming Food Co., Ltd. demonstrates strong competitiveness in all five aspects of the Porter's Five Forces Model. Through its full-chain layout, product innovation, brand building, supply chain advantages, and market strategies, the company successfully withstands the threats from potential competitors, supplier bargaining pressure, substitute impact, and competition from industry rivals. At the same time, it reduces the bargaining power of buyers. These factors work together to enable Yiming Food to maintain a leading position in the market and possess the potential for sustainable development.

4.2. SWOT Analysis

This study conducted a SWOT analysis on Yiming Company, and the SWOT analysis table for Yiming Company is shown in Table 1.

Table 1. SWOT Analysis Table of Yiming Company

S	W	O	T
1. Brand awareness and reputation: Yiming Food enjoys high popularity and reputation in Zhejiang, which is beneficial for the sales of its products and the establishment of its brand image.	1. Net profit fluctuations: After going public, Yiming Food experienced a consecutive decline in net profit for three years. In 2022, it even suffered a loss of 129 million yuan.	1. The growth of the e-commerce business: The pandemic accelerated the explosion of Yiming's e-commerce business. The company launched several innovative projects, expanded non-contact shopping channels, and promoted product sales.	1. The market competition is intense: A summary of the competitive situation in the Chinese bakery food industry indicates that the competition is fierce, and enterprises such as Yiming Food, which have a large number of stores, are all under significant competitive pressure.
2. Product innovation and diversification: The company continuously conducts product innovation, such as overcoming technical obstacles like "eggs will solidify when heated", and has its own brand and national patent products - fresh milk with eggs. At the same time, through the dietary combination of "dairy products +baking", it has broken through the singleity of the business categories of the dairy products industry.	2. Competitive pressure faced by expansion: As a strong regionalized and market-oriented brand, Yiming Food is encountering increasing competitive pressure from outside, which will also lead to an increase in overall operating costs.	2. Expansion of new regional markets: Yiming Food continues to expand into new regional markets, contributing to the growth of sales channels.	2. Risk of aggressive expansion: Although 400 stores were aggressively expanded, the performance growth did not meet expectations, indicating that rapid expansion may pose a risk of declining management and service quality.
3. Full-chain layout and digitalization construction: Yiming Food stands out in the dairy industry competition through its outstanding product innovation, full-chain layout and digitalization construction [3]. Chain store model: The retail model of "central factory + chain stores" enhances the brand competitiveness.			

From Table 1, it can be seen that Wenzhou Yiming Food Co., Ltd. has demonstrated its unique advantages and opportunities in multiple aspects, while also facing some disadvantages and threats. In terms of advantages, Yiming Food has a high brand awareness and reputation, which provides strong support for its competition in the market. The company continuously innovates its products, overcomes many technical difficulties, and has its own brand and national patent products, which further enhances its competitiveness in the industry. Additionally, the company's full-chain layout

and digitalization construction have enabled it to stand out in the dairy market. The chain store model of Yiming Food also enhances its brand competitiveness and provides consumers with a convenient shopping experience.

However, Yiming Food also has some disadvantages. The company's net profit has fluctuated and even experienced losses, which poses certain challenges to its operational stability. At the same time, as a regional-oriented market brand, Yiming Food faces competition pressure when expanding externally, and its overall operating costs may also increase as a result.

In terms of opportunities, the rapid growth of e-commerce has provided new sales channels for Yiming Food, helping to increase the company's sales and market share. Additionally, the company has actively expanded new regional markets, further expanding its sales network.

Yiming Food also faces some threats. The fierce competition in the baking food industry is making enterprises within the industry strive to enhance their competitiveness, which poses considerable pressure on Yiming Food. At the same time, the risks associated with aggressive expansion need to be vigilantly guarded by the company, as rapid expansion may lead to a decline in management and service quality, thereby affecting the company's reputation and performance.

During its development, Wenzhou Yiming Food Co., Ltd. has both opportunities and challenges. The company should fully leverage its advantages in brand, products, and channels, seize the opportunities of e-commerce and expansion in new regional markets, and actively respond to market competition and expansion risks to achieve sustained and stable development.

Based on the above description, it can be concluded that to enhance the competitiveness of Wenzhou Yiming Food Co., Ltd., such measures as expanding the company's scale, increasing market share, focusing on product quality, strengthening innovation capabilities, optimizing human resource management, and improving financial conditions can be adopted to enhance the overall competitiveness of the company [4].

5. STRATEGIES FOR ENHANCING THE COMPETITIVENESS OF SMALL AND MEDIUM-SIZED ENTERPRISES

5.1. Strengthening Core Competitiveness

To enhance the overall competitiveness of small and medium-sized enterprises, they must strengthen their core competitiveness. Core competitiveness is not limited to the enterprise's products or services; it encompasses various dimensions such as management models, technological innovation, and brand image.

Firstly, small and medium-sized enterprises need to establish a clear development direction and goals, avoiding blind following of market trends or excessive expansion [5]. Enterprises should focus on the development of core businesses and continuously improve through refined management and continuous improvement, thereby enhancing the quality of products and services. In the fierce market competition, only those products or services with unique advantages can attract consumers' attention and win market share.

Secondly, small and medium-sized enterprises should attach importance to brand building. A brand is not only an important display of the enterprise's image but also an important component of the enterprise's competitiveness. Enterprises should increase brand promotion efforts and enhance brand awareness and reputation. By shaping a unique brand image, enterprises can establish a good reputation in the minds of consumers and further consolidate their market position [6].

In addition, small and medium-sized enterprises need to pay attention to the innovation of management models. Traditional management models may no longer be able to adapt to the rapid development of the modern market. Therefore, enterprises need to explore new management models

to improve operational efficiency and management level. By introducing advanced management concepts and methods, enterprises can better integrate resources, reduce costs, and thereby enhance competitiveness.

5.2. Persisting in Innovation

In the current rapidly changing market environment, small and medium-sized enterprises can only flexibly respond to the changing demands of the market by persisting in innovation. Firstly, exploring new business models and updating management methods is an urgent task for the development of enterprises. Given that traditional business models have difficulty meeting the demands of the modern market, small and medium-sized enterprises need to be bold in innovation and try new models such as sharing economy and platform economy to discover new growth points. At the same time, enterprises should also attach importance to management innovation by introducing advanced management concepts and tools to improve management efficiency and reduce operating costs.

Secondly, technological innovation occupies a core position in the development of enterprises and is the key to enhancing competitiveness. Small and medium-sized enterprises should increase R&D investment, actively attract and cultivate innovative talents, and promote technological breakthroughs and product innovation. By developing products and technologies with independent intellectual property rights, enterprises can stabilize their market position and enhance competitiveness. Moreover, small and medium-sized enterprises also need to closely monitor market trends and changes in consumer demands. Only by keeping up with market trends and understanding consumer demands can enterprises continuously launch new products or services that meet market demands and maintain a competitive edge in the market [7].

5.3. Talent Cultivation and Incentives

Talent is a strategic resource for promoting the continuous development of enterprises. For small and medium-sized enterprises, building a high-quality talent team is of vital importance. To achieve this goal, small and medium-sized enterprises should first establish a scientific and effective talent selection system to identify and attract talents with professional capabilities and innovative thinking. At the same time, enterprises should focus on the continuous cultivation and development of talents, providing diversified training and development opportunities to help employees continuously improve their professional skills and comprehensive qualities [8].

In terms of talent incentives and retention, small and medium-sized enterprises should establish a competitive salary system and complement it with a comprehensive welfare system, thereby fully stimulating the enthusiasm and creativity of employees. In addition, enterprises should design scientific and reasonable incentive mechanisms, such as promotion channels and reward systems, to motivate employees to contribute wisdom and strength to the development of the enterprise.

Finally, creating a positive and upward working atmosphere and an innovative corporate culture is crucial for attracting and retaining outstanding talents, stimulating employees' creativity and team spirit. Small and medium-sized enterprises should strive to build such a working environment and cultural atmosphere to promote the continuous healthy development of the enterprise.

5.4. Expanding Market Channels

Small and medium-sized enterprises should actively expand their markets and increase their market share in order to promote the expansion of their scale and the enhancement of their competitiveness. Specifically, these enterprises should fully utilize both online and offline channels, leveraging their respective advantages. For instance, online channels such as e-commerce platforms and social media have the characteristics of rapid dissemination and wide coverage, which can effectively help enterprises rapidly expand their market share; while offline channels such as physical stores and

exhibitions can enable enterprises to have a more direct contact with consumers and understand market demands and changes better.

Furthermore, small and medium-sized enterprises should also strengthen cooperation with other enterprises. By establishing strategic partnerships, enterprises can achieve resource sharing, cost reduction, and efficiency improvement, thereby achieving a mutually beneficial and win-win outcome. At the same time, cooperation will also help enterprises expand their supply chains and sales networks, further enhancing their market competitiveness.

In the context of globalization, the international market has become an important stage for the development of enterprises [9]. Therefore, small and medium-sized enterprises should also pay attention to the development of the international market, actively understand the needs and rules of the international market, and expand the international market through export and investment methods, in order to enhance the international competitiveness of the enterprises.

5.5. Continuous Improvement

Small and medium-sized enterprises should optimize their internal management processes. By simplifying processes and improving efficiency, enterprises can reduce operating costs and enhance competitiveness [10].

At the same time, enterprises should also focus on information technology construction, using modern information technology means to improve management efficiency and service levels. Small and medium-sized enterprises should continuously pay attention to changes in customer needs. By deeply understanding customers' needs and feedback, enterprises can promptly adjust products and services, improving customer satisfaction and loyalty. Enterprises should also pay attention to communication and interaction with customers, establishing good customer relationships, laying a solid foundation for the development of the enterprise, and focusing on learning and drawing on the experience of other successful enterprises. By learning and drawing on the successful experiences and management models of other enterprises, enterprises can avoid detours and improve their management level and competitiveness more quickly.

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