

# *Analysis and Countermeasures of the Status Quo of the Strategic Management of Private Enterprises from the Perspective of Corporate Governance*

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**Abstract:** China's private economy and private enterprises have developed by leaps and bounds and made remarkable achievements. However, with the change of social and economic environment, especially the arrival of knowledge economy, the wave of economic globalization and the reform of state-owned enterprises, the development of private enterprises has brought great challenges. Strategic management is a very important content in the management of modern private enterprises. The “short-lived” phenomenon of private enterprises in China is in sharp contrast with the prosperity of international private enterprises. The deep-seated reason for the “short-lived” phenomenon of private enterprises in China is the neglect of development strategy management. China's private enterprises should make strategic analysis based on comprehensive and true information; Make and implement strategies based on the links and functional strategies of the industrial chain; Ensure the evaluation and control of enterprise development strategy. In view of the present situation of strategic management of private enterprises in China in the process of formation and development, this paper analyzes the strategic management of private enterprises, and puts forward the strategic management countermeasures of private enterprises.

## 1. Introduction

Private economy usually includes individual and private economy, township enterprises and non-traditional or new collective economy. The development of market economy emphasizes the diversity and difference of economic development [1]. It is different from the solidification of ownership in the development of state-owned economy. The connotation of private economy includes individual, private economy, township enterprises, private science and technology enterprises, joint-stock cooperative enterprises and other types [2]. Due to its innate adaptability in the market economy, the private economy has gradually become an important part of the national economy in a short time. Together with the state-owned economy, it supports and promotes the rapid development of China's economy.

Strategic management is very important for enterprises [3]. Enterprise strategic management is a dynamic process of establishing enterprise mission, setting enterprise organizational objectives

according to the enterprise's external environment and internal business factors, ensuring the correct implementation of objectives and finally realizing the enterprise mission [4]. Strategic management can point out the future development direction of enterprises, help enterprises avoid market risks and promote the rational allocation of internal resources, so as to achieve the purpose of enterprise development and prosperity. In order to achieve better development, private enterprises need to have a clear and clear understanding of their own development strategy and a more firm understanding of their business philosophy and mode [5]. Therefore, the current analysis and Research on the strategic management of large private enterprises with better development will help many private enterprises clarify their development ideas, realize a more perfect and comprehensive brand development concept, and create greater value for the socialist market economy. As China's market economy is still in the process of further development and improvement, the business environment of enterprises is changing day by day, the competition among enterprises is becoming increasingly fierce, and strategic management is becoming more and more important [6]. Although private enterprises account for a large proportion in China's economy, people pay little attention to them. In the research of enterprise strategic management, scholars mostly take large enterprises as the research object, and most people believe that only large enterprises are qualified to talk about strategy, while private enterprises can only talk about survival. In fact, due to their "weak power", private enterprises face more problems and specific requirements in strategic management, and need to accumulate competitive advantages through strategic management.

As the state gradually liberalizes various restrictions on the market, it has created huge market demand and opportunities, while a single state-owned enterprise does not meet people's material needs [7]. Therefore, the state has successively promulgated several laws, regulations and policies to encourage the development of individual and private enterprises. Private economy occupies a very important position in the socialist market economy [8]. In recent years, the private economy is rising rapidly in China, which plays an important role in promoting the sustainable, healthy and effective development of the national economy. Therefore, how private enterprises find the problems in strategic management under the new economy and carry out scientific strategic management for these problems is an important problem for private entrepreneurs to think about.

## **2. Problems in Strategic Management of Private Enterprises**

At present, there are several forms of private enterprises in China: (1) Family-owned enterprises started from self-employed households and gradually accumulated and developed, or directly invested by family members. (2) Friends and colleagues participate in joint ventures. (3) Enterprises transformed from villages and towns or state-owned enterprises through formation, contracting and buyout. The common feature is that the ownership of enterprises is owned by one or some major investors. Among them, family-owned enterprises are more common. When enterprises enter a certain degree of scale operation, with the intensification of market competition and the change of business environment, the original market intuition is gone, and the business operation is in trouble. And paternalistic management mode is easy to lead to strategic decision-making mistakes. This method increases the randomness, limitation and risk of decision-making, and it is difficult to adapt to market changes. The lack of effective monitoring, feedback and restriction from inside and outside greatly reduces the correctness and accuracy of decision-making. Follow-up will lead to the decline of the whole enterprise management level, efficiency, slow market response, employee cohesion and sense of belonging, etc. The once brilliant private enterprises, whose family management is contrary to democratic management and scientific decision-making, have constrained the development of private enterprises [9].

In the process of starting a business and developing, private enterprises often adopt diversified

strategies, with profit as their original motivation. Therefore, the convergence of investment is often formed. In some fields, it has caused a rush of investment, leading to vicious competition in the industry, and even the consequences of “several losses”. The main reason for this phenomenon is that private enterprises have not scientifically analyzed the opportunities and threats in the external environment, nor have they had a thorough understanding of their core competitiveness. This will inevitably lead to too long the front of enterprise development and scattered resource allocation [10]. This seems to be pursuing reasonable profits in different industries, but in fact, due to the lack of in-depth understanding of new industries, it fails to achieve the expected goal, and even generates losses.

In the process of starting a business, in the face of various development opportunities, quick decision-making is very important for enterprises to seize the development opportunities. However, in grasping the first opportunity, some enterprises successfully seized the opportunity and laid the foundation for further development of enterprises. Some enterprises failed to seize the opportunity or made wrong decisions, which led to the demise of enterprises in the initial stage. For entrepreneurs who make successful decisions for the first time, they may mistakenly think that the decision-making of enterprises can only be based on their own experience. In the future decision-making process, it often relies too much on the “successful experience” of the past, ignoring that the decision-making basis will become more complicated due to the expansion of enterprise scale and the change of enterprise decision-making environment.

### **3. Strategic Management of Private Enterprises**

#### **3.1 The Inevitability and Planning Mode of Strategic Management of Large Private Enterprises**

With the improvement of the socialist market economy, the market competition is becoming more and more fierce. How private enterprises carry out scientific strategic management under the new economy is an important issue for private entrepreneurs to think about. Private enterprises are allowed to enter the expansion of industry scope and enter a new stage of development, which urgently requires the implementation of strategic management.

From the development process of China's private enterprises, every adjustment of the development policy of private enterprises will inevitably lead to the expansionary development of private enterprises, so it can be predicted that private enterprises will stage a new round of expansion. However, the expansion is not a simple addition of several industries, but for the purpose of improving comprehensive competitiveness. According to the idea of strategic management, what industries will enterprises enter When to enter, they all focus on the development strategy of the enterprise.

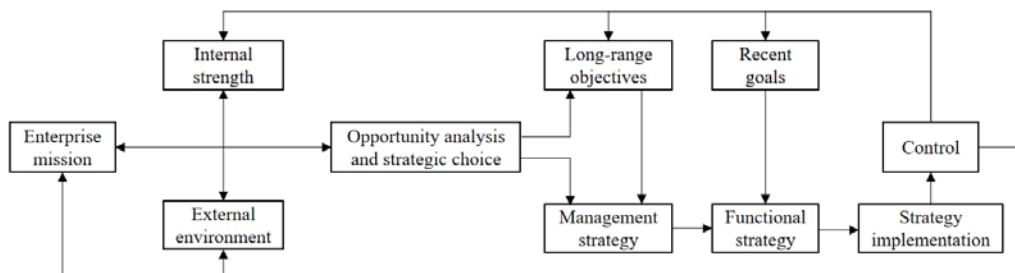
The comprehensive development strategy of private enterprises needs good product strength to support, and the product marketing strategy is the main way for enterprises to make up for their shortcomings and form good market competitiveness. With the diversification of marketing methods, enterprises in the market should pay attention to marketing. The connotation of marketing, including marketing concept, marketing method and marketing strategy, is an important influencing factor for the continuous appreciation of enterprise brand, the development and growth of enterprises and the expansion of product marketing scale.

#### **3.2 Strategic Management Countermeasures for Private Enterprises**

The strategy formulation should be based on the links of the industrial chain and determine the survival space of the enterprise. The enterprise is profit-oriented, and the strategy is formulated for

the enterprise to be profitable. If private enterprises want to maintain long-term sustainable development in the fierce market competition, it is definitely impossible without a good profit model. To avoid wrong analysis and judgment of the environment, strategic analysis needs to be highly sensitive to environmental changes and have a broad vision. When formulating strategies, private enterprises must also carefully verify some assumptions and premises they have been accustomed to. They cannot take everything for granted, let alone take their beautiful wishes into reality. To avoid wrong analysis and judgment of the environment, a highly sensitive and broad vision of environmental changes is needed. For those key factors related to the enterprise in the environment of the enterprise, even the slightest changes should be noticed as early as possible, analyzed in time, and adjusted according to the needs.

The implementation of corporate strategic management depends on the effectiveness of corporate business management, but strategic management is not the same as business management. It emphasizes the adaptability to the external environment and tries to change this environment. It is a pre-response rather than a responsive management model. It requires knowledge and skills of different structures, and requires personnel with corresponding skills to carry out it. Figure 1 describes the basic mode of corporate strategic management.



*Fig.1 The Basic Model of Strategic Management*

Improve the market operation and improve the marketing level. In the marketing process, the most important problem is how to provide commodities to consumers in a timely, appropriate and appropriate manner, so as to meet the needs and desires of consumers. Therefore, enterprises must innovate marketing means, reduce marketing costs and enhance their competitive strength. The decision-making and implementation of marketing means are more important. Effective marketing strategy can maintain the existing channel structure and maintain good relations with existing marketing channel members.

In order to ensure the effective implementation of the selected strategies, private enterprises should subdivide their own development strategies and make short-term and medium-term plans to make the strategies more operable. In view of various strategic objectives and action objectives, we should establish corresponding organizations and jobs, select suitable talents of all kinds, formulate various rules and regulations of enterprises, improve the operating mechanism of enterprises, and ensure the correct implementation of the development strategy of enterprises. In the process of evaluation and control, firstly, the evaluation and control standards should be established; secondly, the actual situation in the work should be compared with the evaluation and control standards; finally, the causes of deviation should be analyzed, and corresponding corrective measures should be taken. Only in this way can the enterprise maintain sound development.

#### 4. Conclusions

This paper analyzes the problems of strategic management encountered by private enterprises in

the actual management and development level, and carries out the planning of strategic management mode and the corresponding application analysis. With the acceleration of the global economic process, the competition in the international market is becoming more and more fierce, and the external environment is complex and changeable. If private enterprises want to survive and develop for a long time, they must grasp the future from the overall strategic height, keep pace with the times and implement correct strategic management. At present, China's private enterprises are facing unprecedented development opportunities. The status of private enterprises in China's national economy has changed, and the development prospect is broad. Although there are still many problems, as long as the strategic management of enterprise development is carried out correctly and the virtuous circle of enterprises is realized, China's private enterprises will surely make great achievements. It is believed that the corresponding cultivation and incentive development plan of strategic management of private enterprises will greatly promote the market-oriented development of private enterprises and improve the overall level of private enterprise management.

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