

The Sustainable Development Strategy Research of Small and Medium-Sized Enterprises in the Economic Transition Period

Weilun Lin

Department of Management of Technology, Tokyo University of Science, Tokyo, Japan

Keywords: Economic Transition Period; Small and Medium-Sized Enterprises; Sustainable Development

Abstract: In the critical period of economic transformation, small and medium-sized enterprises, as an important part of the national economy, are facing unprecedented opportunities and challenges. In the face of the rapid changes in the market environment, the acceleration of technological innovation and the reshaping of the global competition pattern, how to formulate and implement the effective sustainable development strategy has become the key for them to stand out in the fierce competition. This paper aims to explore the economic transition sustainable development of small and medium-sized enterprises, from the policy environment analysis, internal ability building, innovation driven development, market development and brand construction, green low carbon transformation and risk management of multiple dimensions, put forward specific strategies and Suggestions, in order to provide reference for small and medium-sized enterprises to achieve long-term steady development.

1. Introduction

With the deepening development of global economic integration and the continuous optimization and upgrading of domestic economic structure, small and medium-sized enterprises, as the "capillaries" of economic growth, play an irreplaceable role in promoting employment, promoting innovation and enhancing economic vitality. However, in the process of economic transformation, there are often accompanied by multiple complex elements, such as increasing market demand volatility, rapid technological iteration, and strengthened resource and environmental constraints, which add many unknown challenges to the development of small and medium-sized enterprises. Therefore, small and medium-sized enterprises must actively adapt to the changes in the external environment, adjust the development strategy, strengthen the internal management, enhance the core competitiveness, in order to achieve sustainable development.

2. Challenges for smes in the economic transition period

2.1 The background and characteristics of economic transformation

Economic transformation is an important trend of the current global economic development, and

its background lies in the acceleration of globalization, informatization and scientific and technological progress. This transformation process presents many remarkable features: first, the optimization and upgrading of industrial structure, the traditional manufacturing industry to high-end manufacturing and intelligent manufacturing, the service industry, especially modern service industry is booming; second, innovation drive becomes the core driving force, technology innovation, management innovation and business model innovation; third, green and low carbon become the development consensus, countries have increased investment in environmental protection to promote the economy to low carbon, green and sustainable development; fourth, openness and cooperation become an important way, the level of international trade and investment liberalization and facilitation has been continuously improved, and the transnational cooperation and regional integration process are accelerated. Together, these features constitute a complex and diverse context of economic transformation.

2.2 Challenges facing small and medium-sized enterprises

2.2.1 Increased market competition

With the lowering of market access threshold and the acceleration of globalization process, smes are facing the dual pressure of competition from domestic and foreign markets. The competition in the domestic market is increasingly fierce, the flood of homogenized products, and price war has become the norm, leading to the profit margin of enterprises. The expansion of international market access has attracted the influx of many foreign companies, which rely on their cutting-edge technology, mature management experience and significant brand effect, and have established a dominant position in the high-end market. This situation undoubtedly deepens the competitive pressure faced by domestic small and medium-sized enterprises.

2.3 Increasing pressure on technological innovation

Technological innovation is the core driving force for the sustainable development of enterprises, but in the economic transition period, small and medium-sized enterprises are facing great pressure in technological innovation. New technologies and new processes emerge in an endless stream. Enterprises need to continuously invest in research and development funds and introduce high-end talents to maintain their leading advantage in technology. However, small and medium-sized enterprises often face the lack of key resources such as capital and talent, which is difficult to support high R & D investment. Therefore, small and medium-sized enterprises often hesitate in the face of technological innovation decisions, and it is difficult to achieve a real sense of breakthrough progress[1].

2.4 Financing is difficult and expensive

Capital is the blood of enterprise development, but the difficulty and expensive financing of small and medium-sized enterprises has always been the bottleneck restricting their development. Due to the small scale, low credit rating and insufficient collateral of small and medium-sized enterprises, it is difficult to obtain the support of traditional financing channels such as bank loans. The capital market also has a relatively high threshold for small and medium-sized enterprises, and it is difficult for them to raise funds through listing and issuing bonds. As a result, smes are often troubled in raising funds, affecting their normal operation and expanding reproduction[2].

3. Strategic framework for the sustainable development of smes

3.1 Strategic positioning and vision planning

In the construction of sustainable development strategic planning, smes first face the establishment of their market positioning and future orientation. This process covers targeting the target consumer groups, defining the scope of the main business, and defining its own unique advantages over its competitors. Through SWOT analysis (advantages, disadvantages, opportunities, threats), small and medium-sized enterprises can clearly understand their own internal and external environment, so as to develop strategic positioning that meet their own conditions. For example, SMEs can focus on a certain market segment and build a competitive advantage by providing differentiated products or services.

Vision is the blueprint and goal of the future development of SMEs. It should be forward-looking, motivating, and achievable. Small and medium-sized enterprises must clarify their long-term development blueprint, including key indicators such as market share increase, brand influence expansion, and technological innovation ability enhancement, and formulate detailed implementation strategies [3]. The vision construction should be closely connected with the core values and operation philosophy of the enterprise to ensure that the enterprise is always correct in the growth journey. The data table of the vision planning and goal achievement of an enterprise is shown in Table 1.

Table 1: Data sheet of vision planning and goal achievement

target domain	tactical goals	Target setting year	Estimated year of completion	Current progress is (%)
market share	To the top 10% of the industry	In 2024,	In 2029,	45%
brand awareness	Become a well-known brand in the industry	In 2024,	In 2028,	60% (visibility index)
Technology innovation ability	Annual r & D investment accounts for 5% of revenue	In 2024,	Continued	52%

3.2 Internal capability construction

3.2.1 Organizational structure and management system

Ses should establish an efficient and flexible organizational structure to ensure rapid decisions and effective implementation. The organizational structure should clarify the responsibilities and authority of all levels to promote the effective transmission of information and the rational allocation of resources. Small and medium-sized enterprises should build a set of comprehensive management system, covering human resources, finance, procurement and sales and other management dimensions, aiming to strengthen the standardization and efficiency of enterprise operation.

3.2.2 Talent training and team building

Small and medium-sized enterprises should pay attention to the introduction and training of talents, establish learning organizations, and encourage employees to continuously learn and innovate. By implementing the development of scientific performance appraisal and incentive

mechanism, we can stimulate the enthusiasm and creativity of employees.

Small and medium-sized enterprises should also strive to enhance team cohesion, enhance cooperation and communication among employees, and create a positive cultural atmosphere with corporate characteristics.

3.2.3 Financial management and risk control

Financial management is the key to the sustainable development of smes. In order to ensure the financial security of enterprises and the efficient use of funds, small and medium-sized enterprises need to build a comprehensive financial management framework, covering budgeting, cost supervision and capital operation management. In addition, it is equally important to strengthen risk prevention and control mechanisms. Enterprises should establish a set of risk identification, assessment and supervision procedures to deal with various risks and challenges that may encounter in the future. The financial management and risk control data sheet of an enterprise is shown in Table 2.

Table 2: Financial Management and Risk Control Data Sheet

financial index	The 2023 numerical values	The 2024 target value	Actual Achievement Value (2024)
net profit rate	8%	10%	95%
asset-liability ratio	50%	45%	47%
Cash flow stability indicator	80 (full score of 100)	90	85

3.3 Innovation-driven development

3.3.1 Technological innovation and product upgrading

Smes should increase their investment in research and development and promote technological innovation and product upgrading. With the help of advanced science and technology introduction, research and development of new products and production process improvement and other means, enhance the quality of products and improve production efficiency, to meet the market demand. Small and medium-sized enterprises should also pay close attention to the industry trends and changes in consumer demand, and timely adjust their product portfolio and marketing strategies to maintain competitiveness. The data table of technology innovation and product upgrading of an enterprise is shown in Table 3.

Table 3: Data sheet of technology innovation and product upgrade

Research and development projects	Investment amount (ten thousand yuan)	R & D cycle (months)	Product launch time	Market response (user rating)
A new generation of smart products	200	18	Q4,2024	4.6/5
Production process optimization project	80	6	In Q3,2024	Increase production efficiency by 20%

3.3.2 Operation mode innovation

Small and medium-sized enterprises should actively explore new business models and operation

modes, such as e-commerce, sharing economy, customized services, etc., so as to reduce costs, improve efficiency and expand the market. By optimizing supply chain management, strengthening channel construction and other ways, we can improve the overall operation level of enterprises. The operation mode innovation data table of an enterprise is shown in Table 4.

Table 4: Data sheet of operation mode innovation

Innovation mode	Implementation time	New customers volume (quarterly)	Revenue growth rate (quarterly)
e-commerce platform	Q4,2023	5000	0.15
Custom service	In Q1,2024	+ 300 (High-end customer)	+ 20% (high-end market)

3.3.3 Cultural innovation and Brand building:

Small and medium-sized enterprises should pay attention to the construction of corporate culture, establish a positive and enterprising corporate image and value system. To strengthen brand communication and marketing strategies, companies can enhance brand recognition and build a good reputation, thereby deepening consumers' sense of identity and loyalty to the brand.

In addition, small and medium-sized enterprises should take the initiative to participate in public welfare activities and environmental protection practices, and earnestly fulfill their corporate social responsibility to enhance their social image and public recognition [4]. The data table of an enterprise culture innovation and brand building is shown in Table 5.

Table 5: Data Table of Cultural Innovation and Brand Building

Brand activities	Investment amount (ten thousand yuan)	Coverage of the population (ten thousand)	Brand awareness enhancement of (%)
Social responsibility projects	50	200	+ 3 (visibility index)
Online brand promotion campaign	100	500 (Social media)	+ 5 (exposure growth rate)

4. Market expansion and brand building

4.1 Market segmentation and target customer positioning

In the challenging market environment, small and medium-sized enterprises want to implement efficient market penetration strategy, the first is to carry out market segmentation and determine the target customer base. The process of market segmentation involves dividing the broad market into multiple market segments with significant common features according to the standards of consumer demand, purchase behavior pattern and geographical distribution. Through a detailed analysis of the characteristics of each market segment, smes can more accurately target potential customer groups. Then, the target customer positioning step is based on the results of market segmentation, selecting the customer base with the highest matching degree with the internal resources and competitiveness of the enterprise as the core service audience. Enterprises need to clearly define the specific needs, consumption preferences and payment ability of their target customers, so as to provide highly

personalized and targeted products and service solutions. This strategy is not only conducive to enhance customer satisfaction and loyalty, but also can effectively reduce marketing expenses and improve the effectiveness of market operation.

4.2 Marketing channel and strategy innovation

On the basis of traditional marketing channels, smes should actively explore and innovate new marketing channels, such as online e-commerce platforms, social media marketing, content marketing, etc. These newly emerging communication channels show the characteristics of rapid diffusion, extensive touch and highly interaction, enabling small and medium-sized enterprises to more effectively contact their target consumer groups, and enhance their brand recognition and good reputation. In view of the changes of market dynamics and target group needs, small and medium-sized enterprises should flexibly adjust their marketing strategies. Specific measures can include implementing differentiation strategies to highlight the unique value proposition of a product or service, using price leverage to attract consumer attention through discounts and other promotions, and strengthening customer relationship management to enhance customer experience and loyalty. Through continuous innovation and optimization of marketing strategies, smes can gain a significant advantage in the fierce market competition environment.

4.3 Brand building and communication

Small and medium-sized enterprises should establish brand awareness and pay attention to the shaping and maintenance of brand image. To clarify the brand positioning, that is, to determine the unique position and image of the brand in the hearts of consumers. Through an in-depth understanding of the needs and expectations of target customers, SMEs can build a brand image that meets their psychological expectations. Brand communication should also be strengthened. Small and medium-sized enterprises should make full use of various communication channels and media resources, such as advertising, public relations, social media, etc., to deliver the brand information to the target customer groups. In the process of communication, attention should be paid to the creativity and value of the content of communication to attract the attention and interest of consumers.

5. Green and low-carbon transformation and sustainable development

5.1 Construction of a green production system

Small and medium-sized enterprises should focus on building a set of comprehensive green production system, the concept of environmental protection through every link of production. Specific measures include the use of clean energy and energy efficient facilities to reduce energy consumption and carbon footprint; improve the production process to reduce waste output and pollutant discharge; strengthen the recycling mechanism of resources and improve the efficiency of resource use. Enterprises need to establish a sound environmental protection management system, clarify environmental responsibilities at all levels, strengthen environmental education and publicity for employees, and comprehensively enhance the environmental awareness within the organization. Through the construction of green production system, small and medium-sized enterprises can not only reduce production costs, improve economic benefits, but also establish a good corporate image and enhance market competitiveness.

5.2 Environmental protection standards and compliance management

Ses should actively respond to national and regional environmental protection laws and standards, and strengthen their environmental compliance management system. Enterprises should closely follow the new trend of environmental protection policies and timely adjust their production and operation strategies to ensure that the survival activities are in line with the national environmental protection standards. It is urgent to construct and improve the internal environmental protection management system. It is necessary to clearly define the responsibility of environmental protection, increase the investment in the operation and maintenance management of environmental protection facilities, ensure the sustainable and stable operation of these facilities and fully realize the design efficiency.

5.3 Green supply chain and sustainable development

While promoting their own green and low-carbon transformation, smes should also pay attention to the green construction of the supply chain. Enterprises should actively choose green suppliers, establish long-term and stable cooperative relations with suppliers, and jointly promote the development of green supply chain. In the procurement process, enterprises should give priority to green materials and commodities in order to reduce the burden on the ecological environment. Enterprises also need to strengthen the environmental protection management mechanism of the supply chain to ensure that suppliers comply with environmental protection laws, regulations and standards, and supply goods and services that meet environmental requirements. Through the construction of a green supply chain, smes can drive the green and low-carbon transformation of the whole industrial chain, and realize the common development of upstream and downstream enterprises in the supply chain.

6. Risk management and response

6.1 Risk assessment and identification

Small and medium-sized enterprises should establish a comprehensive risk assessment system, conduct regular and irregular scanning in the internal and external environment, and find and identify potential risk factors in time. This includes considerations of market trends, competitive trends, policies and regulations, supply chain stability, and financial conditions. Through data collection, analysis and prediction, expert consultation and other means, enterprises can conduct quantitative assessment of various risks, and clarify the possible loss and impact degree, so as to provide a basis for subsequent risk response.

6.2 Risk response strategies

For different types and degrees of risks, small and medium-sized enterprises should adopt different coping strategies. Risk coping strategies include four types: risk avoidance, risk mitigation, risk transfer and risk acceptance. Risk avoidance involves adjusting the enterprise strategy or operation plan to avoid or reduce the impact of potential risks; risk mitigation weakens the occurrence probability and the risk consequences by implementing preventive or coping measures; and risk transfer transfers the risk liability of the risk maker to directly face and bear the risk after fully assessing the interests. Small and medium-sized enterprises should flexibly choose the appropriate coping strategies according to the actual situation and risk preference, so as to achieve the maximum security guarantee at the minimum cost.

6.3 Construction of risk management culture

Small and medium-sized enterprises should establish a scientific concept of risk management, and integrate the practice of risk prevention and control into their daily operation and strategic decision-making. This involves strengthening the education guidance and professional training of risk management, improving the risk cognition level and problem prediction ability of all members; constructing the incentive system and responsibility traceability mechanism of risk control, encouraging employees to actively participate in the practice of risk management, and assume the corresponding responsibilities; shaping the positive risk management ecology and enterprise culture, making the risk management into an indispensable element and competitive advantage of the enterprise. With the cultivation of risk management culture, small and medium-sized enterprises can form a unified risk management cognition and implementation chain from the top level to the grass-roots level to ensure the steady implementation and continuous optimization and upgrading of risk management work.

7. Conclusion

In the critical period of economic transformation, as the source of vitality of the market economy, the implementation of their sustainable development strategy is not only related to the fate of enterprises themselves, but also an important force to promote the transformation and upgrading of the entire economic system. In the face of the complex and volatile domestic and foreign environment, small and medium-sized enterprises need to continue to deepen the internal management reform, strengthen technological innovation and talent training, actively embrace the digital transformation, and respond to the market challenges with a flexible attitude. In the future, small and medium-sized enterprises should adhere to the concept of green development, promote industrial upgrading, build a green and low-carbon production mode, and achieve a win-win situation of economic benefits and environmental protection. By strengthening industrial cooperation and regional coordination, we can form a joint force to jointly resist risks and promote the efficient allocation of resources.

References

- [1] Tao Shu. *On the sustainable development of small and medium-sized enterprises during the economic transition period* [J]. *Contemporary county economy*, 2023 (05): 85-87.
- [2] Zhu Kai. *Research on the logic and path of development management accounting for small and medium-sized enterprises during the economic transition period* [J]. *Value Engineering*, 2020, 39 (15): 62-63.
- [3] Peng Lin. *Research on the sustainable development of small and medium-sized enterprises during the economic transition period* [J]. *Journal of Guizhou Radio and Television University*, 2013, 21 (04): 36-41.
- [4] Weilun Lin. *Impact of Resource Planning and Information Management Services Based on Sustainable Development Goals (SDGs)-The Eco-environmental and Economic Behavior for the Chemical Industries in China*[J]. *Journal of Information Systems Engineering and Management*, 2023, 8(3), 22554.