

Research on the Path of Realizing Transformation and Upgrading of Chinese Small and Medium-sized Enterprises from the Perspective of Management Innovation

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Abstract: Chinese small and medium-sized enterprises (SMEs) are an important force in the development of the national economy and society. Therefore, adjusting the management concept and improving the management level through innovative management mode has become an important task for the survival and development of contemporary Chinese SMEs. This paper is divided into three parts; the first part introduces the theory related to management innovation, the role of management innovation and the driving factors of management innovation. The second part introduces the concepts and theories related to the transformation and upgrading of SMEs. The third part combines the content of the first two parts and summarizes three paths for Chinese SMEs to realize transformation and upgrading under the perspective of management innovation, which are the transformation and upgrading of processing trade to independent research and development, the transformation and upgrading of providing products to providing services, and the transformation and upgrading of product sales to brand marketing, which are the three specific directions. This study explores management innovation in SMEs, aiming to address their transformation and growth challenges by providing practical solutions. The research intends to contribute significantly to the development and success of SMEs within the national context.

Keywords: Chinese small and medium-sized enterprises, management innovation, transformation and upgrading

1. Introduction

With the development of the Internet economy, the market gradually improved, the competition between enterprises is becoming more and more obvious, the traditional management mode of Chinese enterprises cannot adapt to the requirements of the modern market competition environment, transformation and upgrading have become a necessary road for the development of Chinese enterprises, how to adjust the management concepts and improve the level of management through the innovation of the management mode in a timely manner, is an important task for the survival and development of contemporary enterprises. Chinese small and medium-sized enterprises (SMEs) are an important force in the development of the national economy and society, and the current situation

of backward management level and technology level of Chinese SMEs requires them to take a road of transformation and upgrading.

Regarding the early domestic studies on enterprise transformation and upgrading in China, He Yun[1] pointed out that the key to industrial restructuring and upgrading includes the following two points: on the one hand, to promote the innovation of traditional old industries through the introduction of new technologies; on the other hand, to stimulate the development of a dynamic and creative emerging technology market through the popularization and dissemination of new products and technologies, and then to promote the development of new industries. Li Ye[2] concluded that business transformation is an intrinsic need for the growth of enterprise order through the study of the business transformation of Grandstar. He also summarized that in order to reduce the risk of transformation, enterprises should grasp the timing of transformation, take the initiative, implement transformation prospectively and promote the completion of transformation progressively.

In recent years, China's domestic research on the path of transformation and upgrading, some scholars through large-scale surveys have produced relevant data on the overall trend and characteristics. Cheng Hong et al.[3] made an analysis of the basic situation and path choice of transformation and upgrading of Chinese enterprises based on the data from 4,794 employees' entry survey of 570 enterprises. The survey analysis shows that the overall situation of transformation and upgrading of Chinese enterprises is: the overall performance is stabilized, and the structural differentiation is obvious. It is highlighted in seven characteristic facts, such as transformation and upgrading performance, total factor productivity, entrepreneurship, and growth mode. Some scholars also focus on analyzing the aspects of technological innovation and value innovation. Liu & Xu[4] analyzed the different paths of enterprise transformation and upgrading on the basis of analyzing the influence mechanism of technological innovation and value innovation on enterprise transformation and upgrading, and the coupling relationship between technological innovation and value innovation. Their findings not only open up a new research perspective for the study of enterprise transformation and upgrading, provide a novel analytical guideline for enterprises to establish transformation and upgrading paths, but also provide important insights for enterprises to carry out transformation and upgrading path management.

From the relevant literature, it is easy to see that scholars studying the transformation and upgrading path of SMEs mostly focus their attention on technological innovation, and seldom take management innovation as an entry point. Secondly, the research on enterprise transformation and upgrading also focuses on the digital transformation of enterprises, and the research on other types of transformation in the industry is often neglected. This paper aims to combine management innovation with the transformation and upgrading of small and medium-sized enterprises, and analyze management innovation by splitting it into three aspects: management concept, management system and management method. At the same time, the path of transformation and upgrading is refined, and the three specific directions of transformation and upgrading from processing trade to independent research and development, from providing products to providing services, and from product sales to brand marketing are proposed.

This paper mainly answers the following two questions: one is, "How do SMEs realize transformation and upgrading through management innovation?". The second is, "How to realize the innovation of management concept, management system and management method in the management innovation of small and medium-sized enterprises". It is hoped that the research of this paper can enrich the theoretical knowledge on the path of realization of transformation and upgrading of SMEs and the process of management innovation as well as the content of management innovation. At the same time, it is hoped that by analyzing and researching the management innovation of SMEs and exploring the problems and countermeasures in the development of transformation and upgrading

of SMEs, it will be of great practical significance in solving the new situations and problems faced by SMEs in the country at present.

2. Theories of management innovation

Management innovation means that through continuous improvement, managers can adapt to the needs of the market and realize the company's development goals by improving the company's business strategies, operational processes, and decision-making mechanisms. In this way, the company is able to achieve sustainable development by improving business strategies and optimizing operational processes. Management innovation requires organizers to adopt a proactive, flexible, and actionable approach to achieve optimal performance based on specific visions, requirements, and environmental changes. It aims to improve the efficiency of organizational operations and increase the motivation of all employees to maximize economic profits.

With the development of society and economy, enterprises must constantly adjust their business strategies in order to better adapt to the complex market competition and effectively achieve their development goals. This requires enterprises to continuously carry out management innovation in order to better meet the needs of the market. Management innovation is not a spontaneous random activity, but a dynamic and purposeful practical activity, which is carried out by managers according to certain purposes and combined with internal and external reality. The driving force of management innovation comes from the pursuit of high efficiency and effectiveness, which is the purpose of management innovation in enterprises. At the same time, enterprises survive in a certain environment, and changes in the environment put forward the requirements of management innovation to enterprises, therefore, management innovation is a kind of dynamic measure for enterprises to adapt and respond to changes in the environment.

2.1. The role of management innovation

Management innovation can improve the business model of a company and can help the company achieve better operations. Business success depends on how a company operates and stays ahead of the competition in a competitive market. Operational success depends on how a company takes appropriate measures to meet challenges and how it stays ahead of the competition.

With the development of society, the significance of technological innovation in business management is becoming more and more prominent. It not only helps companies to establish a more modern management model, but also motivates them to continuously explore more comprehensive business opportunities so that they can better adapt to market demands and achieve more sustainable growth. A business model that relies only on the pursuit of profit cannot meet the needs of today's society, but can only rely on continuous technological innovation in enterprise management to achieve this goal.

Management innovation enables enterprises to effectively adapt to the dynamic economic and social environment and enhance their internal management systems. By implementing innovations in various aspects, such as salary, finance, and personnel management, enterprises can achieve their objectives more efficiently, driving overall organizational growth and development. Furthermore, management innovation fosters a culture of continuous improvement within the organization, ultimately leading to a more robust and agile management system.

2.2. Managing innovation drivers

Internal drivers of management innovation

Entrepreneurial literacy and technical skills are crucial for the growth of a company. Many studies have shown that company leaders with better academic backgrounds have better judgment, analytical

skills, leadership styles, and leadership skills, which can help them make the right choices and be more resilient in the face of challenges, further enhancing the company's competitive advantage. Entrepreneurs with creativity not only inspire them, but also help them embrace change, thus enhancing their company's competitive advantage. Their strategic design, grasp of market trends and pulse of technological development will provide strong support for the company's development, thus making it more robust. Therefore, the expertise and leadership talent of entrepreneurs are crucial in advancing the management revolution in technology companies.

The needs and abilities of the employees in the company are the key factors of the management innovation of the company. The stronger their sense of self-transcendence and originality, the more capable they are of finding the gaps in reality, which will stimulate the enthusiasm for innovation and take effective measures to promote the development of innovation. When introducing talents, enterprises should not only require them to obtain material incentives, but also pay more attention to spiritual cultivation and provide them with sufficient space for independent development in order to promote the innovation of the organization. In addition, the education level, innovative thinking, innovative consciousness and innovative management ability of employees are also important supports for enterprise management innovation.

Enterprise culture not only reflects the business ideas, management norms, and social opinions of the enterprise, but more importantly, it constitutes a consensus that not only enhances the reputation of the enterprise, but also forms the vigorous strength of the enterprise and creates a strong support for the continuity of the enterprise. Through the establishment of a good internal corporate culture, we are able to effectively align the thinking, emotions and attitudes of our employees closely with our aspirations, thereby stimulating their potential, advancing the vigorous development of SMEs, reaching our development goals and ultimately contributing to our economic growth.

External drivers of management innovation

Market environment factors: enterprise management innovation is affected by both consumer demand and market competition, and is directly proportional to the frequency of changes in user demand and the degree of fierce competition in the market. User demand changes and market competition factors will inevitably promote the upgrading of enterprise management innovation, thus affecting the development and implementation of the entire enterprise innovation strategy. Therefore, the process of management innovation continuously stimulates enterprises to improve their market competitiveness through improving R&D management, controlling cost savings, strengthening production process control and other measures, and ultimately realizing the process of enterprise operating efficiency.

Policy environment factors: Government policy factors play a pivotal role in the conduct and planning of current and future management innovation activities of enterprises, and relevant government policy guidance directly drives the development and upgrading of enterprise management innovation activities. A series of science and technology financial policies formulated by the government can not only promote the smooth progress of enterprise technology research and development, and give full play to the advantages of technological innovation, but also add a series of financial and tax subsidy policies, which can greatly solve the relevant financial problems for enterprises, and also create a good management innovation environment for enterprises, and guide and motivate the continuous progress of enterprise management innovation activities.

Technological innovation factors: the progress and popularization of science and technology to a large extent to promote the comprehensive upgrading of enterprise management innovation. On the one hand, the enterprise itself is relying on technological innovation in the fierce competition in the market based on the speed of their technological updating faster. At the same time, technological progress caused by the existing management of the enterprise wear and tear is also extremely serious, the enterprise needs to be more efficient and reasonable in the configuration of internal and external

resources. On the other hand, the progress of science and technology requires enterprises to continuously improve the efficiency of R & D. Enterprises must adopt lean R & D management, in order to save R & D costs and increase the efficiency of R & D transformation, so the speed and intensity of scientific and technological innovation is an important factor in driving management innovation.

3. Concepts related to the transformation and upgrading of small and medium-sized enterprises

At present, Chinese enterprises, which are generally embedded in global value chains (GVCs), have a realistic and urgent need for transformation and upgrading, and the study of enterprise transformation and upgrading under the condition of embedding in GVCs is in line with China's situation and is of greater significance as a guide. We find that there is no term "transformation and upgrading" in the English literature, but only two specialized terms, "transformation" and "upgrading", and they are used in different contexts. "Transformation" focuses on organizational restructuring and corporate strategy change; "upgrading" focuses on learning to catch up, technological progress and improved value distribution in latecomer enterprises. In the Chinese literature, there are a number of similar terms, such as enterprise transformation, strategic transformation, enterprise upgrading, technological upgrading, enterprise transformation and upgrading, which are expressed in different ways, but the conceptual connotations explained by scholars are often the same or similar.

Mao Yunshi et al.[5] believe that enterprise transformation and upgrading as a micro embodiment of industrial transformation and upgrading, is a dynamic evolutionary process of finding new profit growth points and business direction; they believe that enterprise transformation and upgrading are inextricably linked, transformation is mainly the innovation of the management level and the business system, and the effect of transformation is the upgrading of the embodiment of the two do not need to be separately elaborated.

Cheng Hong et al.[3], on the other hand, believe that enterprise transformation and upgrading can be understood from two aspects: transformation and upgrading. Transformation is to change the state of operation, including the conversion between different industries and different development modes. The conversion between different industries is known as a change of line, and the transformation between different development modes is known as a change of track. Upgrading is the process of enterprises moving towards more profitable technology-intensive and capital-intensive fields through continuous innovation, which enhances their position in the value chain. They studied the latest situation of enterprise transformation and upgrading after China's economy has entered the new normal, and interpreted enterprise transformation and upgrading as the shift of enterprises to higher technology and higher value-added status.

Based on the above literature review and combined with the research purpose of this paper, enterprise transformation and upgrading are united as one variable, and will not be studied separately. Based on the synthesis of multiple theoretical perspectives, this paper draws on the definition of enterprise transformation and upgrading by Cheng Hong and other scholars, and finally defines enterprise transformation and upgrading as the process by which an enterprise converts its industry, changes its development mode, moves into technology-intensive or capital-intensive fields with a higher level of profitability, and utilizes innovation and resource integration to improve the position of the enterprise in the value chain, and evolves to a state of higher technological level and higher value added, thus ensuring a more sustainable competitive advantage in response to the turbulent changes in the external environment. The evolution of the enterprise to a higher level of technology and higher value-added status will ensure a more sustainable competitive advantage when the enterprise responds to the volatile and changing external environment. The specific ways of enterprise

transformation and upgrading are divided into three aspects: change of business, change of track and upgrading.

4. Research on the Path of Realizing Transformation and Upgrading of Chinese Small and Medium-sized Enterprises from the Perspective of Management Innovation

4.1. Transformation and upgrading of processing trade to autonomous R&D

In order to cope with the competition in the global value chain, the most fundamental point is to improve the technological innovation ability of enterprises, and the improvement of technological innovation ability cannot be separated from R&D investment. Facing the pressure of global operation and rapid development of multinational corporations and other large enterprises in developed countries, enterprises within the country must continuously increase the strength of R&D investment and improve the ability of industrialization and transformation of technology. Enterprises themselves need to make efforts from the following aspects: First, to increase the capital investment in technological innovation, in some of the greater impact on the enterprise in the industrial field of cutting-edge technology and high-tech platform for intensive investment. Secondly, all technological innovations of enterprises should be centered on the continuous upgrading of products, and the law of rising market demand objectively guides the process of technological innovation of enterprises. Therefore, it is necessary to grasp the latest market opportunities for innovation and enhance the forward-looking prediction of the market to realize the change from a technological imitator to a market leader. Thirdly, the international trade volume of brand products with independent intellectual property rights is an important indicator of enterprise independent technological innovation, and it is necessary to carry out enterprise independent technological innovation and actively explore the mode of enterprise independent technological innovation, so as to continuously develop brand products with more intellectual property rights and international competitiveness.

4.2. Transformation and upgrading of the provision of products to the provision of services

The shift from being a provider of goods to a provider of services refers to the change from relying on the quality or price advantages of manufactured products to gain competitive advantages in the marketplace to relying on the provision of services to gain competitive advantages, so that services after the sale of products have become a new area of concern for China's manufacturing enterprises. The shift from manufacturing to service, from production-centered to service-centered, is an important path for Chinese enterprises to move towards high value-added in the global value chain.

From the perspective of input and output, services for consumers and as products are the continuation output belonging to the manufacturing industry. As far as the service input is concerned, in the future market competition, from the provision of goods to the provision of services will play an increasingly important role in the process of development of the manufacturing industry, which not only affects the market competitiveness of the manufacturing industry, but also determines the production efficiency of the manufacturing industry, the production industry service elements in the provision of all the elements of the proportion of the industry will be constantly increasing. That is to say, the so-called input service, that is to say, the input cost of enterprises will be shifted from the final product-based to post-service-based. For the manufacturing industry, this will be a new competitive perspective, and manufacturing enterprises will become service enterprises selling service products.

4.3. Transformation and upgrading of product sales to brand marketing

With the intensification of competition in the international market, the competition among enterprises is more and more manifested as brand competition, the era of brand marketing has come, and the brand will be the comprehensive embodiment of the strength of enterprises. In the brand marketing is difficult in the reality of the conditions, small and medium-sized enterprises must take effective business strategies to protect themselves, reduce the impact of large brands and influence, and always be ready to promote their products when the conditions are ripe for rapid growth. At the same time, brand marketing is a complete system of dynamic activities, in which brand management is the foundation of corporate brand marketing, but also to maintain, strengthen and enhance the brand equity of the organization and system to ensure. Enterprises should set up a forward-looking vision, brand management as soon as possible to the strategic level of enterprises to develop and implement brand strategy as the focus of the enterprise to carry out brand marketing, brand strategy management to lead all aspects of brand marketing activities. This requires companies to develop a relatively stable and durable brand strategy planning, the establishment of the brand as the core of the marketing management mechanism, the brand asset management institutionalized, standardized. To establish the core value and positioning of the mother brand, and make it adapt to the company's culture and development needs. To position the brand architecture and plan the entire brand system, so that each brand has a clear positioning. To solve strategic issues such as brand extension, expansion and enhancement. To conduct brand checkups, brand equity evaluation, and strategic monitoring of brand integrated marketing communications.

5. Conclusion

All along, in terms of the realization path of transformation and upgrading of SMEs, because the determination of management innovation has certain subjectivity, the accuracy of data is difficult to measure precisely, and researchers mainly focus on technological innovation, market innovation and other aspects, and the research in management innovation is relatively lacking. In the practice of transformation and upgrading of Chinese small and medium-sized enterprises, the main consideration of the scope of upgrading is also technological innovation and market innovation, and the role of management innovation has not been sufficiently emphasized by the enterprises, so this paper summarizes three paths for Chinese SMEs to realize transformation and upgrading under the perspective of management innovation, which are: the transformation and upgrading of processing trade to independent research and development, the transformation and upgrading of providing products to providing services, and the transformation and upgrading of product sales to brand marketing, which are the three specific directions.

It hopes to provide some new ideas and insights for the study of management innovation in the transformation and upgrading of enterprises in this regard.

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