

Study on Dilemmas and Breakthrough Paths of SMEs in Poverty-Alleviated Areas from the Perspective of Social Integration

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Abstract. Small and medium-sized enterprises (SMEs) are a key force in promoting the development of poverty-stricken areas. However, their growth often faces multiple challenges such as resource constraints and an unfavorable external environment. Based on the theory of social integration, this paper constructs an integrated framework for analyzing the development of SMEs in poverty-stricken areas, aiming to explore how they can break through resource constraints through social integration strategies and achieve the unification of economic and social benefits. The research finds that these enterprises are confronted with internal difficulties such as lagging management methods, unbalanced capital allocation, and unreasonable talent structures, and also need to deal with external challenges like marginalization in the market and weak risk resistance capabilities. Through the analysis of typical cases such as Hunan Shunxiang Electronics, this paper reveals that enterprises can effectively enhance social recognition and market competitiveness, and transform social value creation into sustainable development momentum by following three paths: management integration (building participatory governance), resource integration (leveraging policy and community capital), and value integration (responding to social concerns). This study provides a new theoretical perspective and practical path for pursue "self-sustaining" development, which has reference value for deepening the strategies of rural revitalization and common prosperity.

Keywords: SMEs, Poverty-stricken Areas, Development Strategies, Rural Revitalization, Social Integration

1. Introduction

Against the backdrop of rapid social changes in the current context, an enterprise's ability to adapt to social demands has become the key for it to gain a sustainable competitive advantage. Existing literature widely emphasizes the significance of enterprises adapting to social demands for their survival and development. However, many studies have shown that a considerable number of enterprises, especially small and medium-sized ones, find it difficult to keep up with the pace of social change. They often encounter problems in management systems, fund allocation and talent development, which hinders their ability to meet the constantly changing market demands. This

research gap highlights the urgency of exploring how SMEs can achieve innovation by aligning with social trends, demands, and development trajectories.

Academic research on the development of SMEs has been quite extensive. Some focus on their common challenges in financing, talent and management, some pay attention to the unique industrial chain and policy environment in poverty-stricken areas, and some explore the strategies of large enterprises to enhance their brand image by fulfilling social responsibilities (CSR). However, there is a significant theoretical disconnection in existing research: the above dimensions are often discussed in isolation, failing to effectively explain how SMEs in poverty-stricken areas can transform social integration (such as absorbing special employment and participating in community public welfare) from an external pressure or cost burden into a core strategy for breaking through resource bottlenecks and obtaining development momentum. This research gap has led to a lack of a systematic framework for studies on how this group can enhance economic benefits through active social value creation.

The significance of this research lies in providing insights and potential solutions for SMEs to overcome management obstacles and achieve sustainable innovation. This article takes SMEs as the research object and adopts the methods of literature review and analysis. Firstly, it reviews the relevant research on enterprise innovation and the management of SMEs, summarizes the existing research results, and critiques the limitations in existing research regarding the coordination between SMEs and social development. Then, it delves into the specific mechanisms by which SMEs can promote innovation in management, capital utilization and talent cultivation by integrating with social trends. The ultimate goal is to propose effective strategies to enable SMEs to better adapt to social changes and enhance their innovation capabilities.

2. The predicament of integration and the introduction of social integration

2.1. The current status and common challenges of SME development

Existing research generally indicates that financing constraints, talent shortages and insufficient management capabilities are the three core bottlenecks restricting the development of SMEs, jointly constituting the fundamental obstacles on their growth paths.

In terms of financing, enterprises generally face the dual constraints of insufficient internal funds and weak external support [1]. For SMEs with already weak risk resistance capabilities, their fixed asset investment is vulnerable to economic fluctuations. Although research and development investment is relatively stable, the overall funding gap poses a severe challenge to the sustainability of their innovation activities. This study points out that SMEs in underdeveloped regions of China can achieve social integration by embedding themselves in local industrial networks, thereby enhancing their innovation performance. The mechanism lies in the sharing and collaboration of network resources.

In terms of talent, the limitations of the traditional human resource management model have been sharply magnified in the digital age. American scholars have found that rural SMEs can effectively alleviate resource constraints and enhance market competitiveness through the integration of community social capital (such as participating in local chambers of commerce and public welfare activities). SMEs are currently confronted with a structural contradiction characterized by a "gap in talent capabilities" and a "lack of training mechanisms". On the one hand, traditional management skills dominate within enterprises, while digital and intelligent capabilities such as data analysis and algorithm application are generally lacking, making it difficult to achieve technological empowerment in high-value scenarios such as recruitment and performance evaluation. On the other

hand, there are significant flaws in the internal training mechanism: the training mostly remains at the level of tool operation and lacks systematic shaping of core capabilities such as data thinking and agile management. Meanwhile, the design flaws of the incentive mechanism, such as the failure to incorporate digital capabilities into performance evaluations, have also weakened the intrinsic motivation of employees to upgrade their skills, ultimately restricting the enterprise's transformation towards a data-driven decision-making model.

At the management level, "short-sightedness of managers" is a key internal factor that hinders technological innovation in enterprises. Technological innovation is a long-term and highly uncertain investment. However, the short-sighted behavior of managers can lead enterprises to underestimate the long-term value of innovation opportunities, thus prioritizing projects with short-term results in strategic allocation and resulting in insufficient investment in exploratory innovation. According to the theory of ownership structure, such short-sighted behavior often stems from catering to shareholders who adopt short-term investment strategies. The holdings of long-term investors help to mitigate this effect, while speculative shareholders and frequent trading tend to intensify the short-sighted tendencies of management. In addition, when cooperating with large enterprises, SMEs often encounter cooperation difficulties due to insufficient trust between both sides, weak bargaining power and the lack of an authoritative third-party platform to facilitate cooperation. These further limits their opportunities to obtain resources through open innovation.

In conclusion, the three common challenges of financing, talent and management are interrelated and mutually reinforcing [2], jointly shaping the fragile foundation of the development of SMEs. For SMEs in poverty-stricken areas, these common predicaments are more intertwined with regional particularities, presenting a more complex form.

2.2. The particularity of enterprise development in poverty-stricken areas: the intensification of common challenges

The above-mentioned common challenges are not only widespread among SMEs in poverty-stricken areas, but also further magnified and complicated due to their specific regional social and economic conditions [3]. Although small and micro enterprises are an important foundation for the national economy and social development, due to their small scale, weak risk resistance and other reasons, their financing capacity is relatively weak and their technological level is also relatively backward in the start-up stage, resulting in their low survival ability and a large number of them dying in infancy. Compared with large enterprises, traditional small and micro enterprises have obvious disadvantages in terms of market audience and product recognition. This is mainly due to the market's lack of understanding of the enterprises' products, resulting in significant information asymmetry and the inability of the enterprises to produce and sell according to demand. At the same time, due to their small scale, traditional small and micro enterprises have a relatively high opportunity cost in searching for suitable upstream enterprises. They are limited to familiar suppliers in the surrounding areas, and the information asymmetry in the procurement process increases their operational burden. With the digital transformation of economic development in recent years, the survival model of small and micro enterprises has undergone a drastic change.

Establish a cross-regional innovation collaboration network by integrating enterprises along the upstream and downstream of the industrial chain with various innovation entities [4], achieving the integration of the technological innovation chain and the industrial chain. This is to reduce the innovation difficulty for technology-based SMEs, lower their innovation costs, share innovation risks, and optimize the innovation environment for such enterprises. During the operation process, it is necessary to maintain the dynamics and openness of the platform. When the platform is initially

built, the cooperation models and connections among various entities are in a dynamic development state along with changes in the external environment, and it has the ability to update and upgrade to adapt to market changes.

China is transforming from a major manufacturing country to an innovative power, and policy-driven development is an important feature of China's innovative growth [5]. However, some departments and regions regard policy resources as the decisive factor for the rise and fall of industrial development, which deviates from the original intention of industrial policy support. To this end, the Central Economic Work Conference proposed to strengthen the fundamental position of competition policy and create a fair competitive institutional environment. This clarifies the development direction of enhancing core competitiveness and overcoming policy dependence. An innovative industrial cluster refers to the aggregation of enterprises, research and development institutions, and service institutions related to the industrial chain in a specific area. Through division of labor, cooperation, and collaborative innovation, it forms an industrial organization form with cross-industry and cross-regional driving effects and international competitiveness. Innovative industrial clusters are manufacturing clusters mainly composed of SMEs, mainly existing in high-tech industries or strategic emerging industries. The pilot work of cluster management by the government generally focuses on national high-tech industrial development zones. Through government organization and guidance, scientific planning of clusters and coordinated development of industrial chains, it promotes the transformation and upgrading of traditional industries and the cultivation and development of emerging industries, and enhances industrial competitiveness.

2.3. The introduction of a social integration perspective: from isolated response to integrated breakthrough

In the face of such a complex predicament, traditional solutions that only focus on the internal situation of enterprises or single policy support often seem inadequate. This urgently requires a new perspective that can integrate internal and external resources and transform social pressure into development momentum [6]. For instance, enterprises enhance brand trust through eco-friendly products (responding to consumer demands), while stakeholder management provides strategic tools for CSR (such as identifying priority issues through stakeholder maps). Corporate social responsibility (CSR) relevance: Enterprises fulfill CSR by focusing on the demands of stakeholders (such as employee benefits and community environmental protection). For instance, the B Corporation legislation in the United States requires enterprises to take into account the impact of stakeholders in their decision-making. Current research gaps: "Most existing studies focus on how large enterprises can enhance their brand image through social integration (such as public welfare activities and environmental protection investment), but lack research on how SMEs, especially those in poverty-stricken areas, can take social integration as the core strategy for survival and development." The practice of SMEs in poverty-stricken areas: They can transform social integration into survival and development strategies through the "company + cooperative + farmer" model (such as enterprises in Jiangxi driving poor households to participate in production) and e-commerce platforms to expand the market (such as enterprises in Hezhou relying on e-commerce to help people out of poverty). Research has found that in less developed countries, SMEs can enhance organizational efficiency through government cooperation, export business or female leadership, thereby increasing employee wages and achieving poverty reduction goals [7]. This provides a reference for SMEs in poverty-stricken areas to achieve development through social integration (such as participating in local government poverty alleviation projects). German scholars [8], taking SMEs in industrial heritage areas as the research object, have proposed that through the "integration

of historical and social resources" strategy (such as conducting community interaction based on industrial heritage ips), it can help enterprises break through resource limitations and achieve a dual improvement in economic and social value, Enhance brand influence and resource acquisition capabilities.

2.4. Literature review and research gap

Existing research has made significant discoveries in common problems of SMEs (such as financing, talent, management, etc.), regional particularities (such as the location, industrial chain, policy dependence, etc. of poverty-stricken areas), and social values (social contributions from theoretical perspectives such as corporate social responsibility and shared value), laying a foundation for subsequent research. Existing research has failed to effectively integrate the three dimensions of "common challenges", "regional particularity" and "social integration", lacking a theoretical framework to explain how SMEs in poverty-stricken areas can break through their own development predicaments and achieve a win-win situation of economic and social benefits through proactive social integration strategies (such as cases of absorbing special groups for employment).

3. Multidimensional analysis of the development predicaments of SMEs in poverty-stricken areas

3.1. Internal governance dilemma: short-sighted management and disconnection from decision-making

Short-sighted management behavior and its serious disconnection from the needs of front-line employees and the community are the primary internal obstacles restricting the innovation vitality and decision-making effectiveness of SMEs in poverty-stricken areas. The management practice of SMEs in poverty-stricken areas shows that the separation of perspectives between managers and front-line employees often leads to enterprise decisions being divorced from reality, seriously restricting the organizational innovation ability. On the one hand, senior managers of enterprises generally lack a deep understanding of the actual operation. Although physically close to the employees, there is a significant cognitive gap. Decisions are often made based on short-term performance or subjective experience, without fully considering the changes in social needs and the actual situation of the employees. For instance, a certain agricultural product enterprise in Xiushui, Jiangxi Province, blindly introduced high-end equipment while neglecting the production capacity of farmers, resulting in a decline in production efficiency. This fully exposed the drawbacks of the one-way decision-making model.

On the other hand, decisions that are divorced from reality directly suppress the vitality of innovation. When management policies do not match the needs of employees, employees tend to implement them passively rather than innovate proactively. The successful experience of Shunxiang Electronics in Yongzhou, Hunan Province, shows that only by the management deeply listening to the needs of employees and the community, and combining the development of the enterprise with helping disadvantaged groups, can the dual improvement of economic benefits and social reputation be achieved.

3.2. Resource acquisition predicament: fragile funds and policy estrangement

The single and fragile financing channels and the passive isolation from the utilization of policy resources jointly constitute the core bottleneck that SMEs in poverty-stricken areas face in obtaining

resources, making their development extremely difficult. Funds are of vital importance to any enterprise, but when it comes to managing wages, bonuses and project funds, the allocation of funds often becomes a bottleneck. On the one hand, they are confronted with diverse capital demands. Some projects require priority investment opportunities, while those without growth potential should be strategically put on hold when financial incentives can enhance employees' enthusiasm and productivity, thereby generating greater profits. On the other hand, SMEs often lack the foresight of large companies, which sometimes leads to management corruption. For instance, Yihua Group is a nationally renowned fertilizer manufacturer and the largest polyol production base in Asia.

3.3. Human resource predicament: talent gap and generational gap

The capability gap between digital skills and traditional experience, as well as the generational gap in management decisions, have profoundly restricted the release of human resource potential in SMEs in poverty-stricken areas, becoming an implicit shackle for their transformation and upgrading. Many companies choose to lay off staff when expanding their business - this stereotype wrongly holds that due to outdated social concepts, the older generation is out of date, thus leading to a crisis for the company. The Hangzhou-based e-commerce enterprise "U Purchase Network" once experienced a failure due to the belief that the older generation was less innovative than the younger one. Zhao Gang, as an older manager, did not pay attention to the innovative ideas of the new generation's operation director Lin Wei. Instead, he forcibly implemented traditional strategies based on his own experience and authority, which ultimately led to poor activity results and losses for the enterprise. Therefore, experienced professionals not only possess innovative ideas but also often have more experience than their younger colleagues in dealing with risks. Especially for those SMEs that are already in an unstable financial situation. Experienced professionals not only bring professional knowledge but also possess a keen sense of risk management, enabling companies to leverage innovation while reducing potential risks.

The above analysis indicates that the deep-seated reasons for the internal management, financial and talent predicaments of SMEs in poverty-stricken areas lie in the broken connections with key stakeholders (employees, communities, governments and markets). Therefore, the key to breaking through the predicament lies in building a new development paradigm - that is, social integration.

4. Social integration as a breakthrough path: mechanism analysis of typical cases

The aforementioned theoretical analysis indicates that the root cause of the predicament of SMEs in poverty-stricken areas lies in the vicious cycle of resource scarcity and external environmental pressure. This leads to the question of how to break this cycle. The case of Hunan Yongzhou Shunxiang Electronic Technology Co., Ltd. vividly reveals that placing the concept of social integration at the strategic core can effectively transform external social capital into internal development resources, thereby achieving breakthroughs. The following will analyze its integration path from three dimensions.

4.1. Management integration: building participatory governance and activating internal driving forces

Social integration first requires that enterprise management decisions be integrated with the needs of key stakeholders such as employees and communities. Shunxiang Electronics' practice has

transcended the traditional model of regarding disadvantaged groups as mere labor force and achieved a deep integration in management.

Case analysis combined with theory: The company's management took the initiative to go to the front line and listen to the demands of employees, mainly rural elderly people, women and those who have been lifted out of poverty. This is not merely about "listening to opinions", but rather directly transforming their genuine demands (such as "difficulty in leaving home") into enterprise layout decisions (such as setting up nine processing points in four towns). This participatory governance model has broken down the cognitive gap between managers and front-line employees, internalizing social care into management efficiency. It not only stabilizes employment but also stimulates employees' sense of belonging and innovative vitality, effectively solving the problem of low management efficiency in the start-up stage of "workshop-style" management.

This practice profoundly embodies the "structural integration" and "relational integration" in the theory of social integration. By incorporating marginalized groups (such as those who have been lifted out of poverty and the elderly) into decision-making considerations and facilitating their work, enterprises have established deep connections with local communities. This not only reduces the decision-making cost caused by information asymmetry, but also stimulates the innovation willingness of the grassroots level by enhancing employees' sense of belonging and identity, effectively converting social capital into organizational efficiency.

4.2. Resource integration: leverage policy and industrial networks to expand resource boundaries

The social integration strategy helps enterprises build good relationships between government and enterprises as well as between society and enterprises, thereby more effectively leveraging external resources. Shunxiang Electronics has been actively absorbing poverty alleviation labor force (accounting for 32% of its employees) and proactively setting up "Disabled Care Posts" to precisely align with the government's policy orientation of "employment assistance" and "rural revitalization". This proactive value alignment has enabled it to successfully obtain multiple policy funds and loans. More importantly, its social image as a "model employment assistance workshop" has strengthened its credit endorsement, enabling it to gain stronger bargaining power in the process of becoming a first-tier supplier of Midea Group.

This is precisely the perfect combination of the resource dependence theory and the perspective of social integration. By proactively undertaking social responsibilities (such as providing employment), enterprises have shaped a positive "social image". This intangible asset conveys a reliable signal to the government, financial institutions and core enterprises in the industrial chain, thereby successfully transforming "social reputation" into key "policy resources" and "market resources", effectively breaking through the inherent resource constraints of SMEs in poverty-stricken areas.

4.3. Value integration: shaping a responsible brand and enhancing market resilience

The integration of an enterprise's values with the mainstream values of society can significantly enhance its brand reputation and market resilience. Shunxiang Electronics has established an image of a responsible "conscientious enterprise" in the local community through measures such as sponsoring the children of poor employees to go to school and caring for special groups. This kind of value resonance based on local sentiment has accumulated profound local social capital for the enterprise.

From the perspective of social integration theory, this has achieved a deep level of "cultural integration" and "identity integration". The enterprise's actions are in line with the community's shared values such as "mutual assistance" and "emphasis on education", earning emotional recognition and social trust. This kind of trust constitutes the most stable "social license" for enterprises, greatly enhancing their brand resilience and recovery ability in the face of market fluctuations or public opinion crises. Conversely, the founder of Hong Kong Daban Bread made remarks in support of the chaos in Hong Kong, and its values seriously clashed with the mainstream of society, which triggered strong public resistance and led to the complete shutdown of its business. This case profoundly confirms from the opposite side the extreme importance of value integration for the survival of enterprises.

5. Conclusions and suggestions

5.1. Research conclusion

Through the construction of the theoretical framework and the analysis of typical cases, this study ultimately verified the core argument: for SMEs in poverty-stricken areas, social integration is not an additional burden, but a core strategy that can break through the resource predicament and achieve sustainable development.

The main conclusions of this study are as follows: First, the predicament of SMEs in poverty-stricken areas is a systemic problem formed by the interweaving and intensification of internal shortcomings and external challenges. Second, social integration can be achieved through three specific paths: management integration, resource integration, and value integration, helping enterprises transform social demands into management efficiency, policy capital, and market credibility, thereby realizing a virtuous cycle of economic and social benefits.

5.2. Countermeasures and suggestions

Based on the research conclusions of this article, the sustainable development of SMEs in poverty-stricken areas urgently requires the joint efforts of enterprises, the government and society to jointly promote the transformation of social integration from concept to practice. The specific suggestions are as follows.

5.2.1. For enterprises: internalize social integration as a core strategy and build a "symbiotic" organization

Practice management integration and build a participatory governance mechanism. Enterprises should break away from the traditional one-way decision-making model and establish regular communication channels between employees and the community, such as holding regular "Front-line employee consultation meetings" and "community demand hearings", integrating grassroots wisdom into the enterprise strategy to achieve a transformation from "developing for the community" to "developing together with the community".

Deepen the integration of resources and proactively leverage policy and social capital. Enterprises can set up the position of "Policy Resource Matching" specialist, who is specifically responsible for analyzing and applying for policy funds and projects related to employment assistance, rural revitalization, and the resettlement of the disabled. At the same time, actively participate in local industrial alliances and public welfare cooperation, transform the social

contributions of enterprises into reliable credit endorsements, and broaden financing and market channels.

Lead the integration of values and shape a responsible local brand. Enterprises should integrate responses to social concerns (such as caring for the elderly and supporting rural education) into product development and brand narrative. By releasing annual "Community Integration Reports" and other means, they can transparently communicate their process of creating social value, thereby winning social emotional recognition and building a deep brand moat.

5.2.2. For the government: optimize policy supply and create an "inclusive and friendly" institutional environment

Design incentive policies oriented towards social integration. It is suggested that in the review of existing policies such as support funds for SMEs and guaranteed loans for entrepreneurship, indicators of "social integration performance" (such as the proportion of absorbing special groups for employment, local procurement rate, community public welfare investment, etc.) be introduced. Enterprises that actively practice social integration should be given priority support or interest rate discounts to form a positive incentive of "the better the integration, the more support they receive".

Build a platform for resource connection and capacity building. Local governments can take the lead in establishing "Social Integration Service Centers for SMEs" to provide services such as policy interpretation, resource matching, and promotion of typical experiences. Regularly organize training for entrepreneurs to enhance their awareness and ability to break through development bottlenecks by leveraging social integration strategies.

5.2.3. For society: create an atmosphere of supportive public opinion and incentives that are compatible

Advocate the establishment of a "Social Responsibility Certification System for SMEs". Encourage industry associations, media and third-party assessment institutions to cooperate in formulating social responsibility assessment standards applicable to SMEs in poverty-stricken areas, and certify and publicize those with outstanding performance, guiding consumers and partners to vote for responsible enterprises with "orders".

Create an inclusive and supportive social public opinion environment. The media should pay more attention to and report on positive cases of SMEs achieving growth through social integration. The public should be more tolerant of the initial exploration of enterprises, while adhering to the bottom line of law and morality, to jointly form a good ecosystem that supports the sustainable development of SMEs.

5.3. Research deficiencies and prospects

This study still has some limitations. Firstly, although in-depth analysis based on a single typical case is helpful in revealing the mechanism, the universality of the conclusion needs to be verified by more diversified case samples. Secondly, the exploration of the intrinsic connections and synergy effects among the three integration paths of "management, resources, and values" is still insufficient.

Looking ahead, the research can be deepened in two directions: One is to conduct cross-regional and multi-industry comparative case studies or large-scale questionnaire surveys to test the explanatory power and boundary conditions of this analytical framework; Second, it is necessary to

deeply explore the dynamic interactive relationship among the three paths of social integration and construct a more systematic theoretical model.

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