

Strategic Development of Sustainable and Value Creation of Small and Medium Sized Enterprises

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Abstract: The strategies of creating sustainable development for small and medium enterprises are very important. They are not just useful for the enterprises but also for the sustainable of the society. This paper discusses several differences for small and medium-sized enterprises to optimize the sustainable development of the incentive mechanism: (1) becoming valuable sustainable investment targets for larger firms; (2) creating highly competitive networks of sustainable SMEs in market spaces where large enterprises are less successful; (3) becoming highly efficient suppliers in global supply chains through sustainable practices.

However, some successful mode of the sustainable development of small and medium enterprises rapidly, network of small and medium-sized enterprises will be essential to solve system problems, including industrial ecology, enterprise global supply chain resilience and sustainability. Small and medium enterprises represent most of the enterprises; the rapid development of communication technology allows the formation of different route network.

Keywords: Sustainability; Small and medium sized enterprise (SMEs); Sustainable supply chain management; Resilience; Industrial ecology.

1. INTRODUCTION

Since the 1990s, environmental and social factors have become more and more important strategic considerations for any size of the enterprises. With the development of global economy, the relationship between sustainable development of small and medium-sized enterprises is becoming more and more complex, and inseparable. Of course the paradox is that when the company's resources become more efficient, the global economy is developing more rapidly.

Strategies of Sustainability create many synergistic effects for SMEs working collaboratively, as well as systemic benefits. By describing the business development stories of sustainable SMEs, comparing sustainability advantages between SMEs and MNEs , this paper discusses several different scenarios for SMEs to optimize and use sustainability to create competitive advantages rather than simply focusing on reducing unsustainability. Small & Medium enterprises and multinational enterprises should be more harmonious, it should not be worse, just like "Great trees keep down the little ones".

2. PURPOSE AND SIGNIFICANCE OF THE STUDY

(1) We can see from today that the development of the enterprise is from the information resources integration and utilization, the enterprise information construction and development to improve the enterprise market competition ability. The core of the sustainable development of the enterprise is to make the enterprise continuously innovate; improve its controllability and flexibility, in order to realize the sustainable development of the enterprise. As the cell of society, it is the power of economic development, and the economy is the key to promote social development in the process of social development in the future, especially after the financial crisis after the baptism will require companies to adhere to the road of sustainable development. In the pursuit of the value realization process, through continuous learning and creative

activities, the survival capability and development potential with the body's healthy growth continued. Whether to take the road of sustainable development, is related to the future of the enterprise can be the key to an invincible position.

(2) The unique position of Small and medium-sized enterprises in the economy determines its survival and development in the cracks of the difficult, especially the restriction of the external environment to the central enterprises. However, the government provides a wide range of support to help them eliminate these obstacles, so that the financing of small and medium enterprises can be resolved. We have reasons to believe that, through specific research and analysis, in the policy of adjustment and the small and medium-sized enterprise themselves; it will also make the financing problem of small and medium-sized enterprises to obtain a very good solution, so as to promote the rapid and stable development of national economy.

(3) Small and medium enterprises play a key role in the management of limited global environment and social resources. In many ways, small and medium-sized enterprises should not only take their social responsibility, responsible for the development of social responsibility, but also need to ensure their long-term survival and healthy development. Sustainable development isn't only to meet the needs of the contemporary people, but also not to future generations to meet their own needs of the development of the ability to pose a hazard.

On one hand, we can strengthen the tax means; on the other hand, the relevant government departments can also strengthen legislation, using legal means to promote small and medium enterprises as much as possible to bear the social responsibility. Small and medium-sized enterprises to actively fulfill their social responsibilities, is conducive to their pursuit of long-term profit maximization. Social welfare activities or welfare activities participation can be for small and medium-sized enterprises establish a good image, these are the intangible assets of small and medium-sized enterprises, for the small and medium-sized enterprise long-term, sustainable development is invisible but very important role.

(4) Differences between large and small firms that result in sustainability advantages to SMEs. At present, more and more enterprises through the operation of enterprises, and mainly attributed to its success or failure of the strategy and implement the strategy of efficiency. As business and the world economy become increasingly competitive, more and more companies have to strengthen their operations to remain profitable. So the rationality and feasibility play an important role in the continual development of enterprise. Enterprise sustainable development is determined by the sustainable development ability, therefore, building the sustainable development of enterprises is an important subject that is worth further investigating.

(5) Small enterprises are difficult to finance for their internal and external reasons. For SMEs, to obtain financial supports from outside is very difficult; the problem has become a constraining bottleneck for rapid and healthy development of SMEs. Whether from themselves or their external reasons, the traditional ways of financing can not effectively solve the liquidity problems of themselves in their development. In the end, all the small companies with good ideas will be bought by the big companies, and the other ones left will not be the really good companies.

(6) The size and market position of SMEs determines it must be the main part in innovation networks which has solved the small size of SMEs, and established a reasonable mechanism and incentive mechanism, and thus the competitiveness of SME has been improved. With Internet, small and middle enterprises can fleetly get information, make decisions, and develop market to compete with big enterprises on the same scratch line.

(7) In traditional business management theory, people improve core competence in different ways, such as production or technique innovation, setting up study organization, adjusting organization structure and so on. But it's out of date, and the business wants to have a sustainable development, only with innovation to shape the organizations of enterprises to follow changes, formulate intrinsic mechanics and improve the innovational capability of enterprises overall, could enterprises realize the sustainable development. In addition, the technical innovation is the important factor to promote enterprise development, in the process of enterprise development, technology innovation can improve enterprise overall strength and competitive advantage. Technology innovation can help enterprise seizes the market.

The enterprise should improve agility competitiveness, quickly responding to changing market demand, and constantly develop to meet customer demands, exploiting all kinds of products in order to keep advantage position in the market competition. With rapidly changing technologies, heightened competition, and various customer demands, enterprises have to shorten the products 'life cycles. Development new product quickly and improve products constantly based customers' demand is the key that companies to keep innovative and win customers.

The basic problem of modern enterprise is the formation, development, maintenance, and the development of the core competence. Only adhere to innovation, to form the core competence of the enterprise; only to adhere to continuous innovation, to ensure the sustainable and long-term development of enterprise core ability.

3. SWOT ANALYSIS

3.1 Weaknesses:

Comparing with large enterprises, the SMEs in our country are still relatively less competitive because of smaller scales, backward equipment, deficient finances and lacking of human resources, leading themselves into a disadvantaged status in the market competition. In virtue of small scale, little capital, less fame and low-quality entrepreneurs, lots of science-based S& M enterprises are hard to attract high-quality talents and have high mobility of talents, because the scale of investment in small and medium-sized enterprises and market competition ability is insufficient, the development has not paid attention to the governments of all countries for a long time.

3.2 Opportunities:

1. Small and medium enterprises can use various preferential policies to promote their development.
2. Make full use of the international market development fund for small and medium sized enterprises.
3. Enhance the comprehensive power of enterprise; improve the level of management; using SME development fund, to help small and medium enterprises, financing of small and medium enterprises to participate in international famous exhibition, Expo.
4. Market opening and export environment
5. Small and medium sized enterprises financial distress mitigation measures, 1) Strengthen enterprise's own management. 2) Improving the financing environment of small and medium sized enterprises; Enhancing the consciousness and ability of commercial banks to the service of small and medium sized enterprises. 3) Implementation and establishment of informal finance. 4) Strengthen and improve the government's support policies for small and medium sized enterprises.

3.3 Threats:

1. The special protection of the government the impact of foreign enterprises.
2. The management of the chaos of small and medium-sized enterprises.
3. The shortage of funds.

Analysis on the reasons of financing difficulty for small and medium sized enterprises: 1) Narrow financing channels. 2) The development of the financing guarantee institutions is not mature, most of the small and medium-sized enterprises can mortgage assets is limited, their own guarantee ability is insufficient, and the benefit is good, the good quality of big enterprise in order to avoid the risk and do not want to guarantee. 3) Internal management level needs to be improved, the management of small and medium enterprises is low, and the internal management level is poor, which affects the collection and use of enterprise funds. 4) National policy system is not perfect the government to support the small and medium-sized enterprises is not enough is also an important reason for the financing difficulties of small and medium enterprises.

4. ANALYSIS OF THE STATUS OF THE WORLD'S LEADING SMALL

The status of small and medium enterprises in the national economy of the world's major international and regional

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(%)	Enterprises	Employment	Added value
America	99.2	60	45
Canada	99.5	69.7	56.1
Britain	99.1	46	42
France	99.3	66	66
Germany	99.5	68	52.4
Italy	99.8	78.2	68
Japan	99.1	73	51.3
Korea	99.3	74.3	64.8
China	99.7	75	57

5. THE PRESENT SITUATION

5.1 The present situation, problems and Countermeasures of small and medium sized enterprises financing:

- 1) Direct financing of small and medium sized enterprises.
- 2) Credit discrimination.
- 3) The lack of credit system for small and medium enterprises loan guarantee.
- 4) Discrimination against non-state owned enterprises' financing.
- 5) Some regional development of small and medium-sized financial institutions are not standardized, the strength of support for small and medium enterprises is not enough.
- 6) The lack of financial institutions for the development of small and medium enterprises.
- 7) Small and medium enterprises loan difficulties, banks also feel that the loan is difficult.
- 8) Lack of corresponding laws and regulations guarantee system in our country.

5.2 Countermeasures or suggestions:

- 1) Constructing perfect legal guarantee system.
- 2) Vigorously develop local financial institutions.
- 3) Gradually open up the private lending market, to broaden the channels of direct financing of SMEs.
- 4) Establish and perfect the credit guarantee system for the financing of small and medium sized enterprises.
- 5) Encourage small and medium enterprises to take refuge in the advantages of enterprises.
- 6) All localities to accelerate the building process of the social service system of small and medium-sized enterprises, to fully solve a series of major issues of the development of small and medium-sized enterprises, let the small and medium-sized enterprises have become a new bright spot in the economic development.
- 7) Establishment of small and medium enterprises association or alliance.
- 8) Increase the intensity of mergers and joint ventures, joint ventures.

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