

The Cohesion of Small and Medium-sized Foreign Trade Enterprises and their Growth in China

Ma Ji Qiang

Abstract

Enterprises are the cells of the economic system and society, the majority of workers and the government have close ties with enterprises, the occurrence of the financial crisis is, on the surface, an economic problem, but also a social problem. After more than 40 years of reform and opening up, Chinese companies have accumulated richer growth experience. However, realizing the sustainable growth of enterprises is still a major issue that enterprises are actively exploring. That is to say, what forces should the growth of enterprises rely on and what is the fundamental driving force to promote the growth of enterprises. This paper discusses these issues from the perspective of enterprise cohesion. This paper takes a foreign trade conference as an opportunity, where the participating enterprises came from all over the country and the distribution is representative. The paper uses questionnaire surveys to measure corporate cohesion from two dimensions: interpersonal cohesion and task cohesion. The influencing factors of cohesion in the growth of small and medium-sized foreign trade enterprises are analyzed. This paper provides a brief introduction to the cohesion components of small and medium-sized foreign trade enterprises, and focuses on four aspects of the enterprise: attractiveness cohesion, structural cohesion, maintenance cohesion, and external environment. It analyzes the influencing factors of cohesion from different levels, and puts forward the paths and measures to cultivate and protect the cohesion of small and medium-sized foreign trade enterprises in China.



IJSB

Accepted 5 November 2021
Published 6 November 2021
DOI: 10.5281/zenodo.5650583

Keywords: Cohesion, Foreign trade enterprises, Growth, Survey

About Author (s)

Ma Ji Qiang, Asia Metropolitan University, Malaysia.

1. Introduction

The growth of an enterprise is the continuous development and strengthening of a company. The growth of enterprises is a particularly important economic phenomenon in the process of economic development (Ilyash et al, 2021). The survival of enterprises is the basis and premise of the growth of enterprises, and the growth of enterprises is also a process from quantitative change to qualitative change, which is manifested in the positive development of enterprise scale, business field and wealth. The reason why the growth of enterprises is regarded as a common economic phenomenon is mainly because almost everyone has the ability to observe the growth process of enterprises, and also has the experience to observe the shrinkage and disappearance of enterprises. Enterprise growth is an important economic phenomenon, which is reflected in the fact that enterprise growth can coordinate the economic activities of enterprises and reasonably allocate the economic resources of enterprises. In a broader sense, enterprise growth is an important influencing factor to promote the economic prosperity and enhance the competitiveness of a country and region.(Szarzec et al. 2021) Therefore, in recent years, the research on the problem of enterprise growth is the focus of people's attention both in the field of economic theory and in the process of enterprise management practice. At present, under the macroeconomic background of economic globalization and the continuous improvement of domestic economic system, small and medium-sized foreign trade enterprises are always facing competition, and such a competitive environment is also in a continuous cruel trend, and the difficulties faced by enterprise growth will be more complicated. In the face of fierce competition, small and medium-sized foreign trade enterprises should keep their enterprises in a state of sustained and healthy growth. If the enterprise has difficulty to continue to grow, it will face a survival crisis and eventually be eliminated. Under such a background, the problem of enterprise growth is more urgent and realistic (Shan et al. 2017).

2. Research instrument and methods

2.1 Questionnaires used in this study

China's small and medium-sized foreign trade enterprises mainly come from two parts: The first is the state-owned and collective small and medium foreign trade enterprises before the 1980s. Most of these small and medium foreign trade enterprises have now been restructured into private small and medium foreign trade enterprises; the second is the township small and medium foreign trade enterprises, individual and private enterprises that developed rapidly after the 1980s and foreign-funded small and medium-sized foreign trade enterprises, which account for the main part of China's small and medium-sized foreign trade enterprises. The unique background makes Chinese small and medium-sized foreign trade enterprises have not only the common characteristics of the same kind of small and medium-sized foreign trade enterprises in the world, but also the obvious characteristics of the initial stage of industrialization and the process of economic transition. Therefore, it is of great significance to study the social network of small and medium-sized foreign trade enterprises in China.

In early November 2019, a Grand "EU investment and trade cooperation fair" was held in Chengdu, Sichuan Province. 500 small and medium-sized foreign trade enterprises from various regions of China and 400 small and medium-sized foreign trade enterprises from the EU held a two-day one-to-one closed trade and investment cooperation negotiation. The participating small and medium-sized foreign trade enterprises involved eight major industries including agricultural product processing industry (agricultural industry), tourism, medical and health, environmental protection, mechanical processing and manufacturing, engineering support, information industry, and electronic components. The participating enterprises in this fair came from all over the country and the basic enterprise types and scales are representative of the research. However, due to the timing of the fair and the high turnover

of personnel, only 100 questionnaires were distributed for this research. Through coordination with the meeting affairs group, the list and contact information of participating enterprises were obtained, and 210 questionnaires were distributed through telephone questionnaires and interviews. At the same time, 20 questionnaires were distributed through the channels of classmates and friends.

2.2 Selection and content of analysis scale

The questionnaire used in this paper is the scale proposed by Bobbins and Zaccaro (1986). The scale contains 8 items, of which 2 items are reverse items, including social cohesion and task cohesion. This scale is the most commonly used in the study of enterprise cohesion at present, and the research objectives of this paper are the same as those of this paper. The scale was scored by 7-point Likert scale, "1" means Strongly disagree, "2" means Disagree, "3" means Somewhat disagree, "4" means Neither agree or disagree, "5" means Somewhat agree, "6" means Agree, "7" means Strongly agree. The higher the score, the higher the cohesion. The measurement questions in the content of this scale include maintenance of employee relationships, employee sense of belonging, and achievement of department goals.

The purpose of this study using questionnaire survey method is to determine the weight of various factors that affect the cohesion of small and medium foreign trade enterprises. The questionnaire was designed according to the structure of Analytic Hierarchy Process (AHP). Analytic Hierarchy Process (AHP) is to compare the importance of each influencing factor in pairs at the same layer. The scale is divided into five grades of absolute important, very important, relatively important, slightly important and equally important, corresponding to values of 9,7,5,3 and 1 respectively.

2.3 Data analysis method

For the data collected from the questionnaire survey, this study mainly uses quantitative analysis method to study the cohesion problem in the growth of small and medium-sized foreign trade enterprises. In the process of research, the obtained data processing is realized by SPSS, Excel and other data analysis software, and the analysis of various influencing factors is carried out by AHP, to carry out empirical analysis on the growth of enterprises.

3. Analysis of questionnaire results

3.1 Index layer establishment

In this study, the impact indicators of corporate growth cohesion are divided into four influencing factors, and the indicator layers under the target layer are four types of elements such as attractiveness, structural control, maintenance layer, and external environment.

2.2 Analysis steps

The fuzzy evaluation based on AHP is carried out according to the following basic steps:

- (1) Analyzing the relationship among the factors in the evaluation system and establish a hierarchical structure. The general hierarchical structure consists of three layers, namely, target layer, criterion layer and index layer;
- (2) Establishing a pairwise comparison matrix, also called a judgment matrix, and comparing the importance of each factor at the same layer with respect to a certain criterion (target) at the upper layer, and constructing a pairwise comparison judgment matrix; If there are many indicators (greater than 10), it is difficult for experts to compare scores, and the calculation process is cumbersome, which affects the accuracy of the evaluation. The experts grading averaging method can be used to determine the weight of the indicators;
- (3) Calculating the relative weights of the compared factors in the layer by adopting a comparison matrix, and checking the consistency of the judgment matrix;

- (4) Calculating the level value of the index according to the expert grading and the index weight;
- (5) Determining index factor set and appraisal set;
- (6) Determining the membership degree of each index and constructing a judgment matrix;
- (7) Combining the judgment matrix, carrying out fuzzy comprehensive judgment.

3.2. Result analysis

According to the evaluation results of the questionnaire survey above, the final evaluation of the cohesion of small and medium-sized foreign trade enterprises by AHP is good, and the membership degree calculated is 0.3519. The calculation results of the target layer and criterion layer 1 are shown in Table 1 below:

Table 1: Appraisal sets for target layer and criterion layer 1

Target layer				Criterion Layer 1			
Name	Appraisal set	Members hip Degree	Class mid-value	Name	Appraisal set	Membersh ip Degree	Class mid-value
Cohesion of small and medium foreign trade enterprises	(0.2264 0.3519 0.3444 0.0962)	Good 0.3519	70	Attractive ness	(0.2411 0.3512 0.2968 0.1126)	Good 0.3512	70
				Structural control	(0.1262 0.296 0.4775 0.1004)	Average 0.4775	50
				Maintena nce layer	(0.2588 0.3966 0.3478 0.0878)	Good 0.3966	70
				External environm ent layer	(0.3135 0.3887 0.2371 0.0607)	Good 0.3887	50

From the above evaluation results, it can be seen that the final evaluation of cohesion of small and medium-sized foreign trade enterprises in China is good, and the membership degree is 0.3519. The scores of attractiveness layer, maintenance layer and environment layer are good, and their membership degrees are 0.3512 respectively. In the evaluation results, the appraisal grade of indicators at all levels tends to be above the middle level, and the overall cohesion level still has room to strengthen.

4. Cultivation and protection of cohesion of small and medium-sized foreign trade enterprises

The internal cohesion is one of the most important foundations and preconditions for the sustainable development of small and medium-sized foreign trade enterprises. Small and medium-sized foreign trade enterprises need to take a realistic view of their own cohesion enhancement and take the necessary measures to cultivate and protect it.

4.1 Cultivation of attractiveness cohesion

The establishment of scientific goals is critical to the cultivation of cohesion. The scientific goal should be an organic combination of corporate goals and corporate employees' personal goals. While achieving the goals of small and medium-sized foreign trade enterprises, the employees' personal goals can be realized at the same time, thus promoting the personal goals of

employees and the goals of the company tend to be consistent and helping unite the thoughts and behaviors of all employees. The formulation of scientific and reasonable corporate goals by small and medium-sized foreign trade enterprises can help them transcend their current limited business horizons and establish the concept of seeking the welfare of customers, society and employees of the enterprise. Small and medium-sized foreign trade enterprises can clearly make reasonable choices in terms of long-term corporate interests, social responsibilities and economic goals. At the same time, the ambitious goals established by the small and medium-sized foreign trade enterprises can make the employees feel a sense of mission and pride of dedication to their work, and can meet the needs of employees in the pursuit of their own values and material interests, building a community of destiny between small and medium-sized foreign trade enterprises and their employees in a more practical way.

4.2 Cultivation of structural cohesion

The establishment of standardized rules and regulations can coordinate the interests of the company's managers, the board of directors and shareholders. These rules and regulations include the shareholders' meeting system of the enterprise, the Board of Directors, the Board of Supervisors, the manager and other relevant company rules at all levels. The shareholders' meeting starts from the overall interests of the enterprise and then produces strong cohesion. If there is no general meeting of shareholders, then the rights and interests of small shareholders will be threatened and it will be difficult to effectively protect them, and it will become impractical to talk about the cohesion of the enterprise. In other words, the shareholders' meeting has played a certain role in improving the cohesion of enterprises.

4.3 Cultivation of maintenance cohesion

The role of the system in cultivating the cohesion of small and medium-sized foreign trade enterprises is reflected in the fact that the members of small and medium-sized foreign trade enterprises will unify their own values and codes of conduct under a set of perfect system. Such a system can also make the personnel of enterprises' corporate identity and sense of existence from compulsory restraint to conscious cultivation, and the cohesion of enterprise employees is gradually cultivated in the process of consciously nurturing their sense of identity and existence. The famous experts of Institutional Economics define institution as the control of collective action over individual action. In the case of a large time span and a wide range, an effective system can make the Code of Conduct of enterprise coordinated and unified, and small and medium-sized foreign trade enterprises can jointly shape the cohesion of enterprises under the same set of Code of Conduct and order.

Under the current trend of market competition changing into talent competition, it is necessary to pay more attention to the management of small and medium-sized foreign trade enterprises. More scientific enterprise management, striving to achieve management innovation and maximizing corporate cohesion, especially in the cultivation of cohesion of high-quality talents, has become a key factor influencing the survival of small and medium-sized foreign trade enterprises(Liao 1999).

4.4 Cultivation of cohesion of external environment

Nowadays, the product market is unpredictable, and the capital and technology in the market are changing at any time (Liu 2016). This development trend poses a certain threat to the survival and development of small and medium-sized foreign trade enterprises. Small and medium-sized foreign trade enterprises need to constantly enhance their competitive strength to face challenges, at the same time, enterprises need to skillfully transform these external pressures and crises into the driving force of enterprise development, thus promoting the

continuous progress of their own cohesion. The competitive pressure of the external market in promoting the internal cohesion of small and medium-sized foreign trade enterprises is mainly manifested in two aspects: First, if small and medium foreign trade enterprises fail in the competition, they will face the collapse of the enterprise organization. This result will lead to huge losses in the actual interests of the employees. This result is obviously a situation that the employees of enterprises are unwilling to face. Therefore, the pressure of competition can actively promote the employees of enterprises to unite due to the common interests, actively face difficulties, strive to perform their own duties, and form a strong sense of identity and belonging in small and medium-sized foreign trade enterprises. Second, in the fierce competition and turbulent market, how to let the enterprise continue to survive, and continue to develop and grow, has become an urgent problem for the managers of small and medium-sized foreign trade enterprises to solve. When the external market competition pressure increases, the managers of small and medium-sized foreign trade enterprises with rich experience will often take active measures to integrate various favorable resources within the enterprise and try to improve the internal cohesion of the enterprise. Therefore, in the face of difficulties, small and medium-sized foreign trade enterprises need to reasonably transform external pressure into internal motivation, eliminate internal conflicts, unite employees in a concerted effort, so that employees can consciously strengthen their own sense of corporate identity and sense of belonging, and significantly improve the internal cohesion of the enterprise.

5. Conclusion

The promotion of enterprise cohesion can eliminate the loose and negative relationship among the members of the enterprise, enhance the trust and work enthusiasm among the members, reduce the business risk of the enterprise, and actively support the construction of strategic alliance and the development of small and medium-sized foreign trade enterprises (Eton et al. 2021). On the whole, there are four main factors that affect the cohesion of small and medium-sized foreign trade enterprises, namely, attractiveness factors, structural factors, maintenance factors and environmental factors, etc. These four factors influence and interact with each other, and are an organic whole. Therefore, in the process of cultivating enterprise cohesion, small and medium-sized foreign trade enterprises need to start from various aspects and fully understand the supporting and guiding role played by various influencing factors, so that the cohesion in the growth of the enterprise can be effectively enhanced, thus enabling the enterprise to obtain a more long-term positive and healthy development (Yu et al. 2017). It is worth mentioning that the core competitiveness of small and medium-sized foreign trade enterprises needs to rely on the cohesion of enterprises to obtain inexhaustible power and support, so that small and medium-sized foreign trade enterprises can continue to develop and grow (Szarzecet al. 2021).

REFERENCES

- Eton, M., Mwosi, F., Okello-Obura, C., Turyehebwa, A., & Uwonda, G. (2021). Financial inclusion and the growth of small medium enterprises in Uganda: empirical evidence from selected districts in Lango sub-region. *Journal of Innovation and Entrepreneurship*, 10(1), 1-23.
- Guo, J. (1992). The Four Elements of Forming Enterprise Cohesion. *Enterprise Economics*, (10): 46-47.
- Ilyash, O., Vasylytsiv, T., Lupak, R., & Get'manskiy, V. (2021). Models of efficiency of functioning in trading enterprises under conditions of economic growth. *Bulletin of Geography. Socio-economic Series*, 51(51), 7-24.
- Li, Y.N. (1991). Corporate Culture and Corporate Cohesion. *Dushu*, 1991.

- Liao, Q.W. (1999). Human Resource Management and Enterprise Cohesion. *World Economics Collection*, 01:63-68.
- Liu, Y.L. (2016). Research on the Relationship between Financing Structure and the Growth of Small and Medium-sized Enterprises——Based on the Empirical Test of Midwestern Enterprises. *Enterprise Economics*, 425(1):90-95.
- Research group. (2010). The scientific connotation of enterprise cohesion and its evaluation index system. *Hubei Social Sciences*.
- Shan, C.X, Zhong, W.Z., Zhang. L.X. (2017). An Empirical Study on the Impact of Small and Medium-sized Listed Companies' Technological Innovation on Corporate Performance: Taking Corporate Growth and Employees' Educational Levels as Moderating Variables. *Economic Issues*, (10): 66-73.
- Szarzec, K., Dombi, Á., & Matuszak, P. (2021). State-owned enterprises and economic growth: Evidence from the post-Lehman period. *Economic Modelling*, 99, 105490.
- Wu, J.X. (2015). Research on the Factors Influencing the Growth of Small and Medium-sized Enterprises——Taking Zhejiang as an Example. *Zhejiang Social Sciences*, 231(11):145-151.
- Yang, Y. (2015). Research on the relationship between SME innovation, cultural environment, venture capital and value creation. *Enterprise Economics*, (3): 36-40.
- Yu, C.P., Lin, C.P., Yao, C. (2017). Research on the mechanism of SME management innovation under the integration of system and rational perspective. *Science of Science and Management of S.& T*, 38(008): 74-84.
- Zhou, M.D., Li, W.X. (2009). On the production and composition of enterprise cohesion. *Railway Transport and Economy*, (06):53-55.
- Zhu, Y.M., Sun Y.Y. (2017). The influence of internal control on the growth of small and medium-sized enterprises——Based on the perspective of technological innovation. *Enterprise Economy*, (10).

Cite this article:

Ma Ji Qiang (2021). The Cohesion of Small and Medium-sized Foreign Trade Enterprises and their Growth in China. *International Journal of Science and Business*, 5(11), 12-18. doi: <https://doi.org/10.5281/zenodo.5650583>

Retrieved from <http://ijsab.com/wp-content/uploads/842.pdf>

Published by

