



# Research on Strategic Transformation Path Adjustment of Small and Medium-Sized Food Enterprises

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## Abstract

Nowadays, we are in a new era of the digital economy, and all enterprises are facing the challenges of new industries, new business models and other endless problems. Facing the changing environment and the wide application of information technology, small and medium-sized food enterprises have more diverse choices when facing strategic adjustment, and how to make strategic adjustment paths will become the key issue in their transformations and developments. However, by reading a large amount of relevant literature, we can see that although there are sufficient theoretical bases and various research perspectives on enterprise strategic adjustment, there are a variety of theories and a lack of a practical enterprise strategic adjustment system, which undoubtedly makes the choice of strategic adjustment more difficult. Therefore, through the case study of Zhejiang Shanshanjia Foodstuffs, the possible factors involved in the strategic adjustment choice of small and medium-sized foodstuffs enterprises are listed according to their characteristics, and the factors involved are studied by using the explanatory structural model analysis, and a process of strategic adjustment path selection is summarized, aiming to provide a direction for small and medium-sized foodstuffs enterprises to think about strategic adjustment.

## Subject Areas

Behavioral Economics

## Keywords

Small and Medium-Sized Food Enterprises, Corporate Strategic Adjustment Path

## 1. Introduction

Nowadays, we are in a new era of the digital economy, and all enterprises are

facing the challenges of new industries, new business models and other endless problems. At the same time, the highly uncertain characteristics of the times brought about by the post-epidemic situation have intensified the pressure awareness of each enterprise in terms of self-awareness. The impact of this uncertainty on small and medium-sized food enterprises is particularly obvious, traditional food enterprises originated earlier, and most small and medium-sized food enterprises still retain the traditional production mode and management mode [1], the competitive advantage mainly lies in low-cost manufacturing and superiority in manufacturing techniques and other issues. Traditional small and medium-sized production enterprises in the process of social development are mainly through the introduction of machinery and technology and process innovation to enhance their competitive. In the process of social development, the traditional small and medium-sized production enterprises mainly enhance their competitive advantages through the introduction of machines and technologies and process innovation [2]. Facing the changing environment and the wide application of information technology, small and medium-sized food enterprises have more diversified choices when facing strategic adjustment, and how to make strategic adjustment paths will become the key issue in their transformations and developments.

## 2. Theory of Enterprise Strategy Adjustment

Corporate strategy is a collective term for various strategies of enterprises. At the moment of high uncertainty of the external environmental system after the downgrading of the epidemic prevention and control measures, the pressure awareness of enterprises in terms of self-perception has been strengthened. Based on the performance feedback theory, the absolute decline of the previous business performance and the relative fall in organizational expectations is also one of the important motives leading to the strategic adjustment of enterprises [3]. The significant decline in the performance of small and medium-sized food enterprises during the epidemic, coupled with the adjustment of the epidemic prevention and control policy makes the macroeconomic environment change and drives the strategic adjustment of enterprises. The essence of strategic adjustment is to re-integrate, allocate and utilize resources to adapt to the internal and external environment. In this process, enterprises optimize the allocation of resources and improve the management system to continuously improve the operational efficiency of the enterprise [4]. Therefore, whether it is a strategic change in the radical direction or a cost-saving in the conservative direction, enterprise strategic adjustment requires changes in backward organizational forms to enhance the ability of the enterprise to adapt to the environment and to improve business development to a certain extent. Under the conditions of changing internal and external environment, complex internal relationships and limited resource options, how to choose the path of strategic adjustment becomes the core issue in this case study.

### 3. Case Selection

This study uses the exploratory case study method and adheres to the principle of problem-oriented sample selection, selecting Zhejiang Shanshanjia Food as the research sample. Zhejiang Shanshanjia Food Industry Development Co., Ltd. was founded on December 18, 2003, which mainly deals with all kinds of bread, fashion boutique cakes, special snacks, moon cakes and green and healthy series of food, and combines with market demand to fully launch products such as cake DIY art experience, cold dinner reception, etc., providing baking chain stores, sightseeing experience, study, birthday party, 360° transparent bread factory distribution and many other We provide customers with safe and healthy baked goods and services. With the corporate vision of creating a 100-year baking enterprise in China (103 years), we maintain the corporate spirit of “openness, harmony, pragmatism, tolerance, innovation and gratitude” and the corporate core values of “customer-oriented, integrity-based, virtuous and altruistic”. The enterprise culture is “filial piety, goodness and gratitude”. At the present stage, Shanshanjia Food takes Jinhua’s “Regional King” as the strategic goal of the company, taking the urban store group of Jinhua as the core and gradually expanding to the surrounding counties.

### 4. Analysis of the Explanatory Structure Model

#### 4.1. Build the Adjacency Matrix

According to the derived binary relationship analysis of the influencing factors, the adjacency matrix  $A = (a_{ij})_{m \times n}$  is established to directly represent the influence relationship between the factors to determine whether there is a direct influence factor between the factors in the influence set. We stipulate: if  $S_i$  has an influence on  $S_j$ , the element  $a_{ij}$  is assigned as 1; if  $S_i$  has no influence on  $S_j$ , the element  $a_{ij}$  is assigned as 0.

By representing the influence relationship between the factors in the above way, the results are shown in **Table 1**.

The final adjacency matrix is derived from the results of the above table, as shown in the adjacency matrix diagram in **Figure 1**.

#### 4.2. Calculating the Reachability Matrix

After establishing the adjacency matrix based on the study of the individual effects of the strategic adjustment of Shanshanjia, the computational reachable matrix is obtained by summing the adjacency matrix  $A$  and the unit matrix  $I$ . The operation stops when the power operation of  $A + I$  satisfies the following conditions. The reachable matrix is calculated by using the properties of Boolean matrix operations, whereby a positive integer  $n$  is obtained, and the reachable matrix can be expressed as  $M = (A + I)^n$ . The results of the reachable matrix calculation are shown in the reachable matrix diagram in **Figure 2** as follows.

### 4.3. Hierarchical Analysis of Influencing Factors

To build the ISM model of factors, it is necessary to divide the factors in the reachability matrix into hierarchical levels, and then divide the factors into different regions and levels to judge the relationship and connectivity between factors. The hierarchy of the reachable matrix, through the list, summarizes the influence relationship between each factor and the influenced relationship, to

**Table 1.** Binary relation matrix of model factors.

	A1	A2	A3	A4	A5	A6	A7	A8	A9	A10
A1	0	1	0	0	1	0	1	0	1	1
A2	0	0	0	0	0	0	0	0	0	0
A3	0	1	0	0	0	0	0	0	0	0
A4	0	1	1	0	1	1	1	1	1	1
A5	0	1	0	0	0	0	0	0	1	0
A6	0	0	1	0	0	0	0	0	0	0
A7	0	0	0	0	1	0	0	1	1	1
A8	0	1	1	0	0	1	0	0	1	0
A9	0	1	0	0	0	0	0	0	0	0
A10	0	1	0	0	1	0	0	0	1	0

$$A = \begin{bmatrix} 0 & 1 & 0 & 0 & 1 & 0 & 1 & 0 & 1 & 1 \\ 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 1 & 1 & 0 & 1 & 1 & 1 & 1 & 1 & 1 \\ 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 \\ 0 & 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 1 & 0 & 0 & 1 & 1 & 1 \\ 0 & 1 & 1 & 0 & 0 & 1 & 0 & 0 & 1 & 0 \\ 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 1 & 0 & 0 & 1 & 0 & 0 & 0 & 1 & 0 \end{bmatrix}$$

**Figure 1.** Adjacency matrix.

$$A = \begin{bmatrix} 1 & 1 & 0 & 0 & 1 & 0 & 1 & 0 & 1 & 1 \\ 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 1 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 0 \\ 0 & 1 & 1 & 1 & 1 & 1 & 1 & 1 & 1 & 1 \\ 0 & 1 & 0 & 0 & 1 & 0 & 0 & 0 & 1 & 0 \\ 0 & 0 & 1 & 0 & 0 & 1 & 0 & 0 & 0 & 0 \\ 0 & 0 & 0 & 0 & 1 & 0 & 1 & 1 & 1 & 1 \\ 0 & 1 & 1 & 0 & 0 & 1 & 0 & 1 & 1 & 0 \\ 0 & 1 & 0 & 0 & 0 & 0 & 0 & 0 & 1 & 0 \\ 0 & 1 & 0 & 0 & 1 & 0 & 0 & 0 & 1 & 1 \end{bmatrix}$$

**Figure 2.** Reachable matrix.

$A(S_i) = R(S_i) \cap Q(S_i)$  as the condition to determine the uppermost level elements, the upper-level elements, and then eliminate it from the table, and then use the same way to seek the next level of the elements, and so on, the elements can be divided in accordance with the level of the first, first level [5]. The factors can be divided into levels until the bottom factor set is found, and the main influencing factors can be rearranged based on this matrix to list the hierarchical decomposition table. Influencing factors can reach the set, with  $R(S_i)$ , which is generally composed of the elements in the reachable matrix  $S_i$  corresponding to the elements in the rows assigned to the value of 1 corresponding to the elements of the column; influenced factors that is the set of antecedents, with  $Q(S_i)$ , which is usually composed of the elements in the reachable matrix  $S_i$  corresponding to the elements in the columns assigned to the value of 1 corresponding to the elements of the row together.

The final hierarchical decomposition table is obtained as **Table 2** follows.

## 5. Model Analysis Results

In summary, the Shanshanjia Food “Strategic Adjustment Path for SMEs” model is divided into three levels and two paths. In the first half of 2022, in the face of the severe epidemic, Shanshanjia was able to maintain continuous sales growth, which became an example of strategic adjustment for small and medium-sized manufacturing enterprises, based on the changes in the actual development environment and its corporate situation, and actively adjusting its business strategy, while maintaining its corporate culture and core principles, and integrating strategic adjustment into technology, branding and management.

Shanshanjia Food’s “strategic adjustment path for SMEs” model is divided into three levels of driving factors, which are summarized into two paths. After analyzing the external development environment and the internal enterprise reality, the company plans to use all the elements that are favorable to its development to make strategic adjustments, summarizes and summarizes the specific measures and indicators that contain the development strategy of the company, and puts the strategy into practice.

SMEs are limited by their own scale and relatively small market share; insufficient capital and relatively difficulty to raise funds; low brand awareness, relatively

**Table 2.** Hierarchy breakdown table.

Levels	Factors
1	A2
2	A3, A9
3	A5, A6
4	A8, A10
5	A7
6	A1, A4

few product lines and industries involved, and therefore less able to withstand risks. Changes in the development environment often play a key role in the development of SMEs. In times of economic recession, people's purchasing power decreases, and SME sales will be significantly affected. At the same time, SMEs are small in size and have a relatively simple staff structure and product production. Most of them adopt a vertical management model to reduce management costs and improve controllability, so the entrepreneurs themselves play a decisive role in the development direction and decision-making of the enterprise, in other words, their characteristics will determine the direction of the enterprise development. In other words, the personal characteristics of the entrepreneur will determine the direction of the enterprise development. Resource integration is directly influenced by two factors: development environment and entrepreneurial characteristics, which are the most basic objective factors in the process of strategic adjustment and will intuitively affect the success or failure of further adjustment.

The above three factors as the basis of the strategic adjustment of small and medium-sized enterprises will be the first factors that will have an impact on the adjustment process and will be the first factors that need to be considered in the strategic adjustment of small and medium-sized manufacturing enterprises as the basic element layer [6]. Customer relationship, performance management and corporate image, as the direct elements of Shanshanjia's strategic adjustment, are the most intuitively influential factors in the process of strategic adjustment. Shanshanjia strengthened customer relationship management after the strategic adjustment, collected information in the form of market surveys and customer management to discover the changing needs of customer groups and strengthen the role of demand orientation. Performance management is based on a combination of performance indicators and customer satisfaction-based non-financial indicators, allowing for a more comprehensive evaluation of employee productivity. At the same time, in addition to maintaining its corporate image as an active socially responsible company, Shanshanjia is highlighting the brand's youthful trend and shaping its image among the new generation of young people through the cross-border integration of the "White Forest Town" and mainstream self-media platforms. The target group was changed from an all-age group with no focus and no segmentation to a target group for young women. At the same time, under the severe background of the epidemic, the company took the initiative to assume social responsibility by sending food and bread to the residents and employees who were enclosed at home and unable to go out to purchase food, further strengthening the advantages of corporate image. Through the above series of ways to make Shanshanjia in corporate management, technical support, corporate image and other aspects of the strategic adjustment, and in the first half of the severe Jinhua to achieve the performance of counter-current improvement.

## 6. Conclusion

### 6.1. Grasp Environmental Changes

Adopt the network sales model, use the network for a new type of permanent

publicity, actively explore the diversification of sales and publicity, build their own marketing team, understand the needs of consumers, according to the company's products and services in practice, optimize marketing strategies, adjust prices, and actively carry out promotions to achieve a gradual expansion of the market share of products.

Expanding network sales is not the same as giving up offline traditional sales, and making reasonable adjustments based on the environment is the way for Shanshanjia to succeed. In the Internet environment, the convenience of e-commerce and the experience of physical stores are organically combined to ensure the quality of food and experience, while making the purchase more convenient for consumers. Shanshanjia's online store is designed to stimulate consumers' desire to buy by detailing the raw materials and processing characteristics of the food through entertaining and social live streaming; the offline model is based on consumers' needs and designed with a full range of experiential sales scenarios, thus enhancing consumers' experience and satisfaction throughout the shopping process.

## 6.2. Personnel Training

The traditional view is that entrepreneurs are the ones who make new combinations of production factors and establish new production functions, and thus entrepreneurs are necessarily for the innovators who can lead the development of enterprises. In the fast-changing market [7], no enterprise relies entirely on the experience of its predecessors to achieve success. The entrepreneur's correct judgment and decision on the actual environment play a great role in the development of the enterprise, that is, entrepreneurial talent drives the development of the enterprise. The so-called entrepreneurial talent consists of several competencies such as the ability to operate, innovate, take risks, and identify risks. The success of an enterprise cannot be achieved without the right objective conditions and subjective human factors.

If a company wants to get good development, it needs to give full play to entrepreneurial talents. The system design of the state and enterprises should not suppress the opportunity and enthusiasm of entrepreneurs to give full play to their talents. On the contrary, the state and enterprises should find ways to make people with entrepreneurial talents give full play to their entrepreneurial talents and lead the development of the enterprises so that they can gain advantages in the fierce competition.

## 6.3. Update Mwsmanagement Ideas

The level of internal control effectiveness and transparency of internal control information has a significant positive effect on food safety assurance. Since the Tenth Five-Year Plan, the government has been increasing its policy support and financial investment in the food industry, especially in food safety [8]. Although the food industry has become more mature in the capital markets, there are many food safety problems that indicate a lack of internal control systems that

cannot be ignored.

From the perspective of corporate management, an internal control system is an internal mechanism in which all departments and links within an enterprise work together to ensure the development of the enterprise's operations. With the continuous improvement and development of the capital market, the one-sided emphasis on a single governance mechanism is no longer applicable to the sound development of modern companies. The complementary and joint role of internal and external governance mechanisms is an important guarantee to promote the healthy development of enterprises.

Shanshanjia adopts a flat organizational structure. This type of structure allows for timely understanding and adaptation to changes in the environment, with the help of active and diligent learning that works on the structure. This type of structure has a strong academic atmosphere where employees can bring their creativity into full play, and is highly humanized and conducive to sustainable development. In this type of structure, there are no clear boundaries between managers and supervisees, and communication within the company is very smooth. When the external market environment changes, this type of organizational structure is more flexible and mobile and can be well adapted to the changes in the environment.

## **7. Recommendation**

### **7.1. Enhance the Innovation ability of Enterprises**

From the technical level, management innovation, product innovation, and model innovation are inseparable from the absorption of professional talents. The current technology is developing rapidly and the usage rate of high-tech products is high. Small and medium-sized enterprises are in the era of technological diversification, the best way to enhance their competitive advantage is to enhance their own innovation capabilities, so as to obtain excessive profits. Shanshanjia continues to cooperate with enterprises as well as research institutes to develop various products close to market demand and consumer needs. Likewise, the rapid growth of small and medium-sized enterprises needs talents who are familiar with professional knowledge and have the ability to innovate to join [9]. Rational use of talents is the basis of human resource management, and enterprises can take effective measures to attract professionals to join, make good use of them, listen to their suggestions with an open mind, and create a good space for them to play. During the epidemic, there was a wave of professionals from big cities returning home, giving Shanshanjia and other SMEs the opportunity to develop. Small and medium-sized enterprises in each industry should actively introduce high-tech equipment and high technology according to their actual economic situation so that employees can experience high technology firsthand thus triggering innovation.

### **7.2. Create Competitive Advantages of Enterprises**

From the technical level, the industrial integration of Shanshanjia is gradually



from the integration of technology to the integration of products and business, then to the integration of the market, and finally to the realization of industrial integration, which greatly improves the productivity and competitiveness of Shanshanjia enterprises and proves that industrial integration plays an important role in the development process of SMEs [10]. At the same time, the technological integration triggered by the increasing maturity and perfection of communication and information technology has penetrated various industries, and SMEs need to grasp the opportunity of the era of industrial integration and make good use of electronic information technology to generate new vitality for enterprise development. Moreover, the reasonable use of industrial integration by SMEs can help promote innovation in traditional manufacturing industries and thus promote structural optimization and industrial development of SMEs. The new technologies generated by industrial integration have integrated more traditional industrial sectors, changed the production and service methods of traditional industries, prompted the upgrading of their product and service structures, and become a new driving force for their development.

### **7.3. Improve Corporate Marketing Strategies**

From the corporate culture level, corporate culture influences brand strategy. The role of the Internet in promoting the economy is becoming more and more obvious, and people are increasingly accustomed to taking online shopping to deal with problems in their lives that can only be solved with the help of products and services. SMEs can actively embrace the Internet and use Internet thinking for marketing. SMEs in the retail, trading, and wholesale industries can take advantage of the trend of online consumption and make full use of the Internet platform to sell their products on different shopping platforms, such as Taobao, Jingdong, Jindo and other online shopping platforms. At the same time, such enterprises should also improve their marketing strategies. In terms of price, they can adopt strategies such as psychological discounts, seasonal discounts, functional discounts and quantity discounts; in terms of products, enterprises should strengthen their functions, styles, quality, packaging and other elements to attract more consumers to generate purchasing behavior. A brand is the “ticket” to enter the broad market. If SMEs in retail and trade want to improve customer loyalty, they should make the brand known to the public first and should combine the deeper meaning of the brand, *i.e.* attributes, benefits, values, culture, personality and customers, without ignoring any one factor, and pay attention to the three elements of value, culture and personality, thus creating a brand with deeper meaning and making the product more competitive.

### **7.4. Keeping Up with Customer Demand Changes**

At the level of corporate culture, managing customer relationships, accurately positioning target markets, and responding to market changes in a timely manner are all crucial to the development of SMEs. After the epidemic is basically

under control and the place is unblocked, consumers will make “retaliatory” consumption in such areas as restaurants, tourism, entertainment malls, etc. Within a short period of time, the consumption level of these categories will return to the previous level or even peak, which is an opportunity and a challenge for these industries. During the epidemic, the cost of collecting information on consumer preferences is greatly increased, making it difficult for companies to obtain accurate information on changes in consumer demand, which will certainly have a great impact on the companies in these industries. In recent years, the concept of green and healthy consumption has led to changes in the food market. For this reason, SMEs should do a good job of market research, understand the changes in consumer demand, make products or services closer to consumers, adjust their products and price strategies in advance, and promote products that are suitable for the post-epidemic era with strong purchasing power and consumption characteristics. SMEs in various industries should also clarify their own market positioning, and after facing the impact of the epidemic, they should re-examine the market changes, adjust their marketing strategies according to their market positioning, and adjust their business models appropriately according to the market changes.

### 7.5. Active Promotion of Humanistic Management

From the perspective of corporate culture, Shanshanjia’s original “family” culture is the core of establishing Shanshanjia’s corporate management system. In the enterprise, everything starts from the staff, comes from the staff, and goes to the staff. Shanshanjia has created a unique corporate culture, a new outlook for employees every year, free summer vacation classes for employees’ children, and a reasonable employee promotion assessment and stock ownership system all fully reflect the efforts made by small and medium-sized enterprises to build themselves under the dramatic changes of the epidemic. The construction of corporate culture and the integration of management systems cannot be achieved overnight and requires the joint efforts of all members of the company. In the post-epidemic SMEs’ survival dilemma, it is only by finding their own characteristics that they can lead the enterprises to unite in a difficult situation and find their own foothold.

### Conflicts of Interest

The authors declare no conflicts of interest.

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