

# **Study on the Idea of the Innovation of the Organizational Structure of Small and Medium-Sized Enterprises in the New Economic Period**

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**Abstract.** In the new economic period, organizational structure innovation has become an important driving force for small and medium-sized enterprises to build new competitive advantages. This paper briefly describes the background of the era of innovation of the organizational structure of small and medium-sized enterprises, and puts forward innovative ideas on the basis of analyzing the advantages and disadvantages of the organizational structure of small and medium-sized enterprises, which provides reference for the small and medium-sized enterprises to improve their competitiveness and develop and develop in the fierce environment.

## **Times Background of the Innovation of the Organizational Structure of Small and Medium-Sized Enterprises**

### **Economic Globalization Accelerates Development**

Economic globalization means the development of high-tech, especially information technology and its industries, leads to a significant reduction in transportation and communication costs, which directly promotes the rapid development of international trade, transnational investment and international finance and the widespread diffusion and radiation of high-tech, bringing the entire world economy together and gradually moving towards integration. Guide by the rapid development of high-tech and great achievements, the rapid development of the world economy has been promoted; the ties between the countries of the world have been greatly deepened and enhanced.

### **The Concept of Implicit Knowledge Diffusion**

The diffusion of implicit knowledge includes the spread of implicit knowledge and the spillover of implicit knowledge. The spread of implicit knowledge is the reproduction of knowledge, while the spillover of implicit knowledge is the reconstruction of knowledge. Among them, knowledge spillover process has chain effect, imitation effect, communication effect, competition effect, driving effect and incentive effect.

### **Increased Competition for Comprehensive National Strength**

The comprehensive national strength is the sum of all forces and conditions of survival, development and external influence that a country possesses. The strength of the comprehensive national strength reflects the level of development of the country, determines its ability to meet national needs and solve domestic problems, and at the same time, it fundamentally determines its international position and role. main feature performs in the following respects: The innovation and breakthrough in science and technology is the commanding point of comprehensive national strength competition. Economic competition has become the central element of the comprehensive national strength competition. The competition of culture has become an aspect of the competition of comprehensive national strength. The competition of talents and human qualities becomes the basic content of the competition of comprehensive national strength.

## **The World is Moving towards the Era of Knowledge Economy**

Around the 21st century, there have been major new changes in the world economy. After thousands of years of agricultural society and centuries of industrial society, human society is about to enter a new economic form. It is manifested in the fact that the knowledge-based industry plays a leading role in the economic structure and plays a key role in the composition of the productive forces.

## **The Role of Transnational Corporations is Becoming Increasingly Significant**

As the main vehicle of the globalization the multinational corporations organize the global production, trade and investment by abundant strength. The turnover of world's top 20 multinational companies has outperformed the gross national product of the poorest 80 countries. Multinational corporations are providers and dispatchers of foreign direct investment (FDI) funds. Transnational corporations in developing countries rise constantly. The technological and economic alliance between transnational corporations, the transnational strategic alliance in technology research and development and economy, has been strengthened as a development model of transnational corporations under the economic globalization.

## **Advantages of Innovation in the Organizational Structure of Small and Medium-Sized Enterprises**

### **Advantages of National Policy Support**

"Guidelines on promoting the healthy development of small and medium-sized enterprises" point out that: led by Xi Jin ping's new era of socialism with Chinese characteristics, with supply-side structural reform as the main line, focusing on improving the quality and effectiveness of development, in accordance with the principle of competitiveness, to create a fair and convenient business environment, further stimulate the vitality and development of small and medium-sized enterprises, and further liberalize market access. Take the active service for small and medium-sized enterprises, implement a fair and unified market supervision system, and improve the financing policy of small and medium-sized enterprises.

### **The Advantages of Small and Medium-Sized Enterprises**

Small and medium-sized enterprises have flexible management methods, strong market adaptability and vitality. The organization approach to professional management, and collaborative production; The operating mechanism change over to company system ; Products begin to change to independent innovation. The market orientation is positioning for domestic and international . A number of small and medium-sized scientific and technological enterprises, new industrial parks and leading enterprises of agricultural and sideline products processing . The small and medium sized enterprises are the new growth point of China's economy, the important promotion force of ownership reform, the main force to increase employment, the main force of China's development of export-oriented economy as well as the important cradle of the incubation and transformation of technological achievements.

## **Disadvantages of Innovation in the Organizational Structure of Small and Medium-Sized**

### **External Environmental Problems in the Development of Small and Medium-Sized Enterprise**

The external environment lacks a unified and authoritative management organization. The implementation system of policy and regulations promoting the entrepreneurship and development of small and medium-sized enterprises is not sound. There are problems of irregular market order, lacking of necessary policy support, local protectionism. Serious phenomenon such as the social service system is not sound, the overall quality of service institutions is low, the flow of information is not smooth and the burden of small and medium-sized enterprises is heavier still exists.

### **Internal Problems in the Development of Small and Medium-Sized Enterprises**

First of all, the organizational structure of small and medium-sized enterprises is hierarchical system-based linear functional system. According to the China Entrepreneur Survey System Task Force, more than half (54.3 per cent) of enterprises are currently organized in a "straight-line functional system". SMEs are as high as 59.1%. The organizational structure of the linear functional system is not in a strong state in the information economy era of today's economic globalization. It is not conducive to the full communication between employees, reduce the efficiency of the organization, increase the transaction costs of enterprises, restrict the normal development of enterprises. Secondly, the enterprise's understanding of organizational innovation is not in place, the organizers of innovation lack the systematic concept. In the innovation activities, lacking considerations for growth stage. Organizational innovation activities of enterprises focus on "hard" not "soft". Third, objective factors in the internal and external environment hinder organizational innovations. The existing system causes the lack of motivation for organizational innovate on. Cultural factors and organizational inertia restrict the smooth development of innovation.

### **The Idea of the Innovation of the Organizational Structure of Small and Medium-Sized Enterprises in the New Economic Period**

#### **Innovation in the Organizational Structure of Small and Medium-Sized Enterprises**

Companies in different situations can choose the form of organizational innovation that is appropriate for them. However, the direction of organizational innovation should reflect the following points. First, flattening of the organizational structure, Mid-level revolution, expanding the span of management and reducing the level of management. Second, the flexibility of the organizational structure. Flexibility refers to the organization can adapt to different environmental changes and market demands, and respond appropriately to change in a timely manner. The company's internal performance is a flexible employment force, flexible working arrangements and strategic partnerships, etc. Third, the network of the organization. The characteristic of networked organization structure is specialization. This structure allows the organization to outsource other activities to companies that are good at doing so, thus enabling them to concentrate on the activities that the organization is best at. Fourth, the establishment of learning organization and group communication pattern. A learning organization is an organization that develops the ability to learn, adapt, and change. Increase productivity by reducing the distortion of information delivery through group communication.

#### **Innovation in SME Management Processes**

Management process is the core part of enterprise management system, it links the various management links according to the management procedures, forming the management network. Designing and optimizing the management process is to establish and improve a set of management system with business process as the core. Organizational change through business process reengineering, dramatically improving efficiency, shortening cycles, reducing costs, This theory conforms to the direction of economic information and network development in the 21st century.

#### **Innovation in the Management System of Small and Medium-Sized Enterprises**

The innovation of management system of small and medium-sized enterprises refers to the innovation of the system of responsibility-responsibility relationship between the vertical and special levels of enterprises centered on the centralization and decentralization. Under the guidance of the contingency theory of modern organization design, starting from the reality of the enterprise, the relationship between centralization and decentralization is correctly handled according to the different conditions of the enterprise. An enterprise measures the degree of centralization or decentralization of an organization by indicators such as the quantity, scope, importance, degree of control of decisions making.

## **Cultural Innovation of Small and Medium Enterprises Organization**

In an economy society with knowledge as its main resource, whether an enterprise has the ability to create, disseminate and use knowledge has become a decisive factor for its survival and development. Management activities will shift from valuing physical capital to focusing on knowledge and human capital. Boras and Syavis point out that modern organizational innovation is primarily about creating new ones. Create an organization with self-analysis and self-learning mechanisms by changing the perceptions of individual members.

### **Summary**

China's small and medium-sized enterprises continue to grow in the new economic period. Reasonable organizational structure can not only maintain the normal operation of enterprises, it is also an important aspect of motivating employees to improve their centripetal force and cohesion. It is of great strategic for SMEs to improve their competitiveness and develop in a fierce environment.

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