

ANALYSIS OF STRATEGIC FACTORS OF SMEs: TAKE GUANGDONG PROVINCE AS AN EXAMPLE

ABSTRACT: The growth of small and medium-sized enterprises (SMEs) has been a significant factor in expanding the national economy. The study's primary objective was to examine the impact of internal influencing factors, social relationship influencing factors, and external environment influencing factors on the business growth of small and medium-sized enterprises (SMEs). Entrepreneurs, administrators, and employees were surveyed for the study because they are the primary stakeholders of SMEs. The questionnaire was sent to 150 respondents. The respondents provided viable responses at a rate of 98.7%. Using SPSS, the gathered data was analyzed. The research findings supported the proposed hypothesis. This study employed statistical methods to examine the influence of internal, social, and external environments on the development of small and medium-sized enterprises (SMEs), using five influencers as independent variables and the business growth rate as the dependent variable. Using regression analysis, this study also developed an index system of strategic management influencing factors for SMEs. Provide a beneficial resource for small and medium-sized enterprises in implementing a strategy.

Keywords: SME; development; influencing factor; strategy implementation; index system;

1. Introduction

In many nations, small and medium-sized businesses play a crucial role in developing regional and national organizations. Numerous studies demonstrate its influence on the nation's economy. These economic and social functions demonstrate the importance of the SME sector to the national economy (Manzoor, Wei, & Sahito, 2021). Globally, economic policies are essential for all types of organizations, including SMBs. Consequently, several nations have begun to support their SME sector through various policies and programs. Globally, small and medium-sized enterprises (SMEs) are crucial in promoting investment and trade. They also play a crucial role in enhancing productivity and fostering innovation (Hernita et al., 2021).

The SME sector is recognized as a crucial growth sector. It contributes significantly to achieving socioeconomic goals such as encouraging entrepreneurship, boosting exports, increasing output, and creating employment opportunities. The SME sector accounts for over 85 percent of all businesses (Bayraktar & Algan, 2019). In addition, it contributes more than 55% to the GDP of established nations and around 70% to employment generation. The contribution of small and medium-sized enterprises (SMEs) to the accomplishment of the nation's economic objectives is substantial. The sector of small and medium-sized enterprises has acclimated to global changes in the form of innovation and competition. Therefore, small and medium-sized enterprises (SMEs) are considered significant factors

in developing innovation systems and enhancing the country's innovative capacity Adam and Alarifi (2021).

As global-level risks, globalization processes, and the entrepreneurial environment have undergone dynamic changes, the interest of various organizations, including SMEs, in strategic management has increased. Rapidly expanding organizations can modify their business models and adapt to a rapidly changing environment. Different factors, such as the competitive environment, demographic shifts, and new technologies, significantly impact these models (Omar et al., 2020).

Various conceptions of strategic analysis exist within the models of strategic management. The process of researching an organization and its external/internal environment to develop a strategy is known as strategic analysis. The strategy is the managers' action plan to attain organizational objectives (Fuertes et al., 2020). The majority of the time, an organization's prosperity depends on its strategy. In an unstable environment, organizations should devise a strategy based on their internal factors, as external factors, such as the preferences of customers and competitors, are subject to change over time (Kitsios & Kamariotou, 2016). Straková and Talíř (2020) Organizations confronted with intense competition rely primarily on their capabilities and resources with a strategic focus.

The strategic lens focuses on achieving long-term objectives through short-term feasibility analysis. The

MING LI¹, RAJAH A/L RASIAH², RAN LI³

¹Institute for Advanced Studies, University of Malaya, Kuala Lumpur, Malaysia
ORCID: 0000-0001-7094-8225
Email: 17221275@siswa.um.edu.my

²Asia-Europe Institute, University of Malaya, Kuala Lumpur, Malaysia
ORCID: 0000-0002-6654-3011
Email: rajah@um.edu.my

³Faculty of Arts & Social Sciences, University of Malaya, Kuala Lumpur, Malaysia
ORCID: 0000-0003-1720-0917
Email: liran@um.edu.my

venture's success depends on the organization's initial achievement and capacity to take off. In contrast, the organizational ability to regularly sustain long-term success (Kitsios & Kamariotou, 2016). The determinants of an organization's success include processes, competitive advantage, and sustainability. These factors ensure the organization's compatible external and internal environments (Berry & Shabana, 2020).

Regarding developing strategic management, applying decision-making and strategic management to SME practices has limitations. The origins of strategic management can be traced back to the advanced economies of the globe in the early 1970s and late 1960s. Adamade and Gunu (2017) The current state of strategic management is characterized by the increasing demand for advanced management techniques in small and medium-sized enterprises.

Strategic scenarios and strategic management constitute the foundation of SME existence and management, just as they do for large corporations. As the global market becomes more complex, small and medium-sized enterprises (SMEs) must be innovative and adaptable to survive. Innovation is more difficult to implement in SMEs than flexibility (Mura et al., 2017). Strategic management is linked to risks

that may affect organizational strategy or enhance organizational performance. Internal organizational processes enhance strategic management.

Additionally, strategic management processes enhance customer relationships, supplier relations, and financial operations. Organizations must know processes such as significant changes, information acquisition, monitoring, and identification that can influence the competitive advantage of small and medium-sized enterprises (SMEs). Thus, the organization's long-term performance is improved (Gavurova et al., 2020).

Since the reform and opening up, China's small and medium-sized enterprises (SMEs) have flourished and become a significant factor in the national economy's development. As revealed at a State Council meeting, SME contributions to China's tax contributions, GDP, technology innovation, urban employment, and number of enterprises exceeded 50%, 60%, 70%, 80%, and 90%, respectively. The National Bureau of Statistics of China's fourth national economic census (No.7) bulletin revealed that among corporate organizations in the secondary and tertiary industries, Guangdong Province had the most: 3.127 million, accounting for 14.3% of the total. The diagram below illustrates specifics:

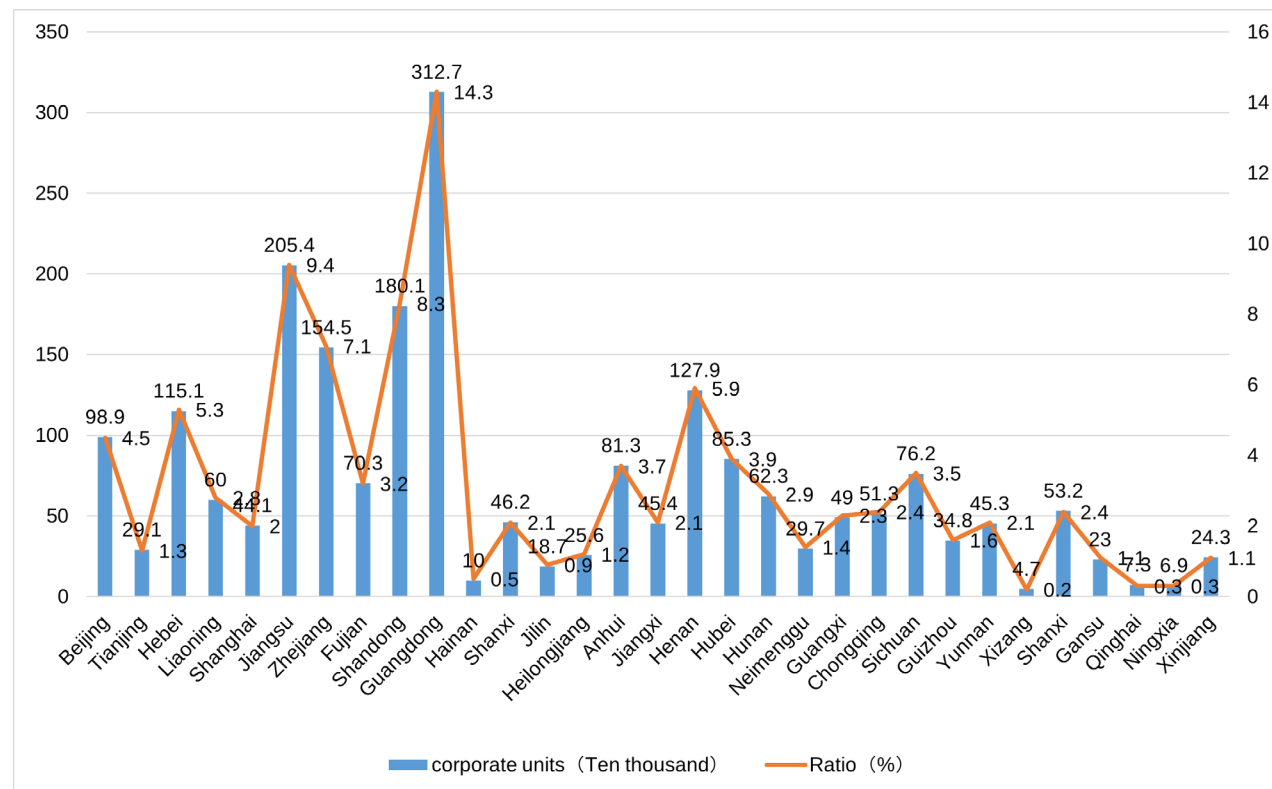


Figure 1 Distribution of the number of SMEs in China

Why choose Guangdong as the region for research? The figure below depicts the employment situation in each province of China, and it can be seen that

Guangdong Province has the highest number of employed individuals, at 46,109 million.

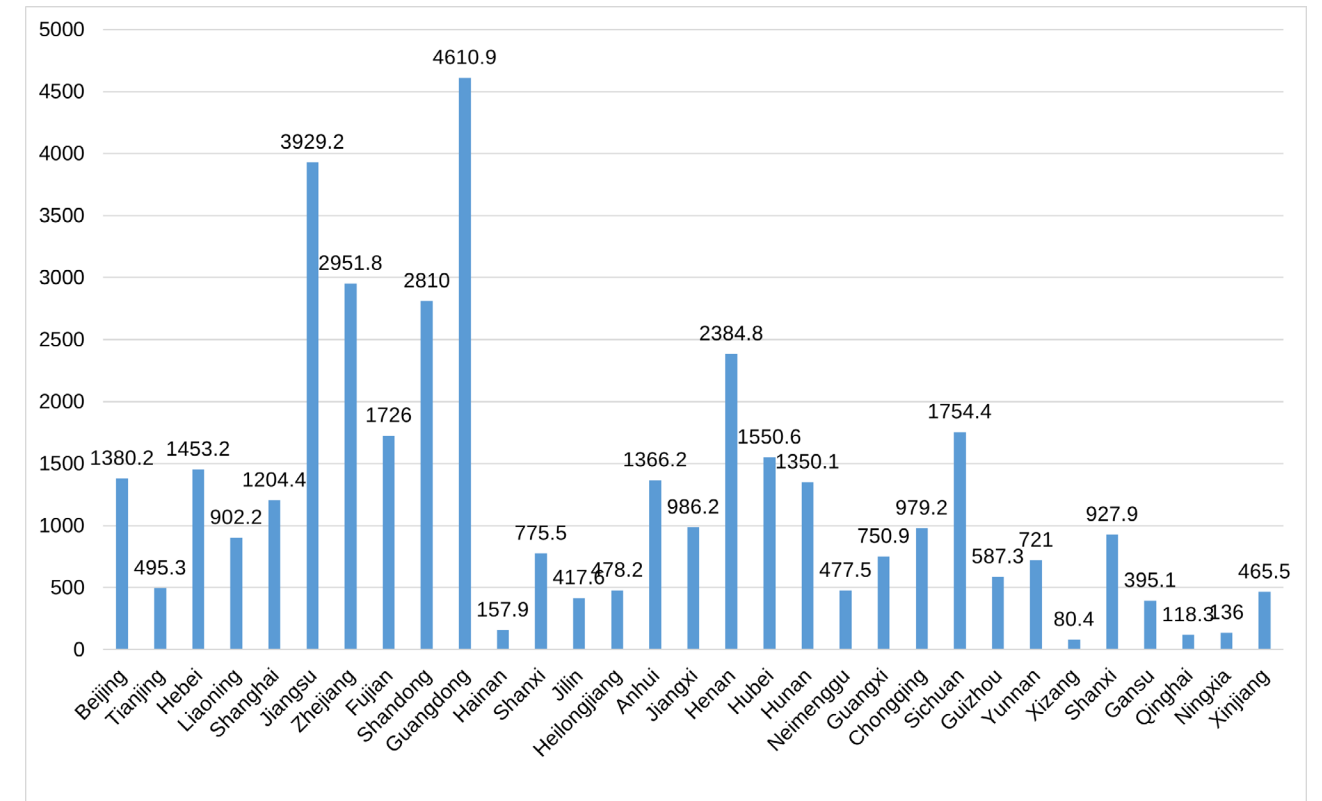


Figure 2 Employees of corporate organizations in China (Ten thousand)

Based on the data presented, it is clear that Guangdong Province leads the nation in the development and number of small and medium-sized enterprises (SMEs). Moreover, Guangdong has had the strongest economy in China for 33 years, and its GDP ranks among the top nine globally (12.4 trillion yuan by January 2022). Guangdong is at the vanguard of China's reform and opening up, and its exemplary role influences other provinces.

that influence the strategy of small and medium-sized enterprises (SMEs), assessing the reasonableness and feasibility of strategic objectives in advance, preventing potential risks, and responding to various situations promptly. By averting their drawbacks, the "arrow" of strategic management will be able to strike the target with greater precision and force. Therefore, studying strategic management influencing factors has significant theoretical and practical implications.

Nonetheless, China's small and medium-sized enterprises (SMEs) have encountered significant obstacles in their development. By analyzing the current development status of strategic management of SMEs and the factors affecting their strategic management implementation, this research provides a useful reference for SMEs in the strategy implementation process Yuik, Perumal, and Feng (2020). This article examines small and medium-sized enterprises (SMEs) by constructing an index system of SMEs' development strategy influencing factors and employing this index system to objectively evaluate the implementation status of SMEs development strategy and offer suggestions. This paper examines the factors

2. Literature Review

Due to disparities in economic development between regions and countries, the definition of SMEs varies from country to country. Yoshino and Taghizadeh Hesary (2016) The lack of a distinct contemporary definition for SMEs causes excessive variation in the normative side of SME public policies. In qualitative terms, the definition is based on the enterprise's character of development and standing. The quantitative definition method is based on three criteria: the number of employees, the value of the enterprise's assets, and its annual revenue (Gherghina et al., 2020).

The law enacted in the United States for its SMEs defines enterprises that operate independently and do not hold a monopoly position as SMEs; however, the classification criteria for enterprises in various industries vary. SMEs are typically businesses with fewer than 500 employees. The classification of small and medium-sized enterprises in Japan is based on industry and incorporates composite criteria (Majoni, Matunhu, & Chaderopa, 2016). The criteria for defining industries such as manufacturing, wholesale, retail, and service are specified, and both personnel and capital criteria are set for each industry; if one of these criteria is met, the business is considered an SME. EU countries classify a company as an SME if it has fewer than 250 employees, its output value does not exceed 40 million Euros, and its liabilities do not exceed 27 million Euros, and if it is not owned by one or more large corporations with more than 25 percent of its shares (Sava, Mârza, & Eşanu, 2013).

With the development of China's economy and the changing economic environment, the classification criteria for Chinese SMEs are also evolving. In 2003, the definition criteria for small and medium-sized enterprises (SMEs) in China were overly broad compared to those in other countries and regions, which hindered the implementation of various public policies for SMEs and produced unsatisfactory results. Therefore, scholars re-customized the definition criteria of Chinese SMEs in 2008 based on the development needs of Chinese SMEs and issued the Notice on the Issuance of the Regulations on SME Classification Criteria in 2019 Xiangfeng (2007), which redefined the classification criteria for various industries.

Personnel, revenue, and total assets are still the defined indicators, but the volume's scope has been significantly reduced. The SME promotion law determines whether or not businesses are SMEs. This law classifies businesses based on their assets, sales, industry, and number of employees. In the retail industry, a company is considered modest if it has fewer than 100 employees and less than RMB 10 million in annual revenue. A retail business will be considered a "medium-sized enterprise" once it employs more than 100 people and generates more than RMB 10 million in annual revenue.

There are several characteristics that SMEs possess. Small and medium-sized businesses are typically responsive. Small and medium-sized businesses (SMEs) are diminutive and have limited resources compared to large corporations. Once there are

significant changes in the business environment, large enterprises can maintain their original development trajectory for some time due to their strength, whereas SMEs must make changes and adjustments rapidly, or they are likely to become victims of the changes (Budden, Murray, & Ukuku, 2021). The need for survival and growth enables SMEs to develop a strong capacity for rapid response; they can frequently make changes rapidly to meet market demand, and the mechanism is more flexible.

Small and medium-sized enterprises must have robust innovation capabilities. Unlike large businesses, small and medium-sized enterprises (SMEs) must engage in technological and product innovation to survive and grow. Input constraints limit large enterprises and are frequently only willing to innovate in certain processes or gradually improve previous technologies and products (Lee, 2019). In contrast, SMEs can frequently start from scratch and accomplish technological and product innovations by leapfrogging.

Small and medium-sized enterprises typically exhibit low Costs of Internal Management due to their diminutive size. Compared to large corporations, the internal organizational structure of SMEs is relatively straightforward, which can significantly reduce the cost of departmental relationship coordination. The managers of small and medium-sized enterprises (SMEs) are frequently the business's proprietors, which can reduce agency costs in the principal-agent relationship (Klein & Todesco, 2021). Consequently, SMEs have relatively low internal management costs, a straightforward internal structure, and certain operational efficiency advantages.

The development of SMEs is the result of the combined action of numerous influencing factors, and these factors have intertwined, constraining, and influencing interrelationships that, in turn, constitute the organic development of SMEs as a whole. External environmental influencing factors and internal enterprise influencing factors comprise the majority of influential factors (Kraus et al., 2017). Following is a list of the factors that significantly impact small and medium-sized enterprises (SMEs).

In the current market economy, Chinese SMEs are subject to intense competitive pressure, and their development is influenced by their products, corresponding consumer resources, business environment, and survival technology. To achieve long-term growth, SMEs must produce products

with greater market demand to boost businesses' economic efficiency (Qalati et al., 2021). As a result of their small size, SMEs have low creditworthiness; SMEs also have a single property right structure and an absence of financing collateral, which makes it difficult for SMEs to obtain financing.

The development of SMEs must be combined with the regional environment, the political environment, and the changing needs of customers in order to adjust the direction of enterprise development promptly, develop innovative business products and services, and then promote the development of SMEs (Amoah et al., 2022). In addition, the government's laws and regulations are obligatory in regulating businesses' market and business conduct.

Related Research on Strategic Management

Recent studies investigate the significance of the fundamental elements of strategic management for the competitiveness and sustainability of small and medium-sized enterprises. Strategic management is essential for businesses to develop long-term competitiveness, and it will be even more crucial if the business is experiencing a decline. Managers who practice strategic management are better equipped to handle challenging situations, maintain their positions, and anticipate future opportunities that will be more fruitful. According to another study, strategic planning in SMEs influences business competitiveness (Bugarová et al., 2023). Therefore, businesses need to engage in strategic planning, which increases their ability to compete, expands their competitive advantage, and converts that advantage into a long-term strategic advantage over their competitors (Ibidunni et al., 2020).

Knowledge, the process of risk identification, the process of designing an action plan for mitigating risk, and the process of monitoring and controlling the risk can enable businesses, particularly SMEs, to endure and thrive. Due to a lack of resources and limited means, SMEs face greater obstacles than large organizations, highlighting how crucial strategic management execution is for the survival and development of SMEs. Utilizing strategic planning tools, monitoring the environment, and thinking strategically can increase the frequency with which SMEs succeed. The underutilization of strategic management in SMEs is primarily attributable to a lack of awareness of crucial strategic management instruments rather than managers' perceptions (Dvorský et al., 2020). To conclude, it is safe to state that a great deal depends on the SMEs, their managers' perspectives on strategic management, and the importance they place on it.

Strategy is an essential concept in business strategy and strategic management. "Strategy is a collection of guiding decisions; it is the foundation of the evolution of theory to win high-stakes challenges by utilizing opportunities and resources in an uncertain environment." A strategy is a compilation of an organization's fundamental long-term goals and objectives and the process and allocation of resources necessary to achieve these goals. A well-defined strategy integrates a business's plans, policies, commitments, objectives, and programs. As a result of the rapid rate of change in today's business environment, most executives employ flexible process techniques to ensure their organizations' adaptability.

Strategic management is a dynamic process (Warner & Wäger, 2019). It is a continuous, iterative, and evolving process. It cannot be a fixed, methodological compilation of a few activities in a fixed order but rather a dynamic mosaic of relevant activities. Depending on the circumstances, managers may complete these duties in any order, and as the circumstance dictates, this must be repeated numerous times. The strategic management procedure consists of the four phases listed below. A) To determine the strategic intent B) To develop the strategies C) To put the strategies into effect D) Strategic evaluation

Strategic management endeavors to answer how organizations generate a sustainable competitive advantage. The profitability of an industry and the significance of differentiating a business in order to remain competitive are determined by market forces. Recent dimensions of strategic management are learning, innovation-based perspective, resource-based perspective, and learning. Strategic management entails understanding the strategic position, making long-term strategic decisions, and translating strategy into action (Köseoglu et al., 2020). A company's strategic position is influenced by its internal resources, external environment, expectations, competencies, and stakeholders' influence. Strategic decisions encompass the fundamentals of business and corporate-level decisions and the development's directions and strategies.

Foreign research on strategic management is divided into three phases: strategic enterprise management based on confrontational competition, strategic enterprise management based on limited cooperation, and strategic enterprise management based on mutual coexistence.

Ansoff and Leontiades (1976) noted that strategic management is the overall planning of enterprises for long-term survival and continuous development in the face of severe changes and challenges in the

business environment and is the centralized expression of enterprise strategic thinking. According to studies, strategic management is the answer to various enterprise strategic dilemmas and the formulation and execution of enterprise development strategies. Strategic capabilities are valuable, superior, and difficult to imitate, according to MESHTET (2022). This phase of the theory concentrates on competition among firms and has the advantage of recognizing the use of strategy to compete as a potent weapon to gain an advantage, but it has the disadvantage of overlooking the significance of win-win cooperation.

Mohiuddin et al. (2022) examine the relationship between the environment and the organization and conclude that strategic management is a systematic concept based on comprehending the competitive environment, organizational resources, potential, organizational goals, etc. Emami et al. (2022) noted that only environmental analysis-based strategic management could outperform competitors and maintain a sustainable competitive advantage. However, the instability of strategic alliances necessitates further development of this theory.

The third stage of theoretical research began in 1996 with the publication of the book "The Decline of Competition" by American scholar Moore, in which he proposed the concept of "business ecosystem," breaking the limitations of traditional strategic management theory based on the premise of industry division and striving for "co-evolution." Strategic planning is the only method to integrate into the business ecosystem, according to Mahdi and Nassar (2021), and strategic management is an intangible asset in the business ecosystem formed by the business, the business, and the environment, according to studies. Cozzolino, Corbo, and Aversa (2021) and other scholars examine the business ecosystem, arguing that the essence of strategic management is to create a network effect by designing a good business model or product portfolio, thereby granting the company a competitive advantage. Bejarano Auqui et al. (2023) defined "business ecosystem" from a vertical perspective, incorporating the sustainable development of enterprises, and argued that the purpose of strategic management of businesses should be to promote their sustainable development, thereby constructing a business ecosystem and fostering a healthy general environment.

Compared to foreign countries, domestic research on strategic management theory is relatively late, and there is a paucity of national-specific strategic practice. (1) For instance, in his book "Strategic Management of Enterprises," Studies has analyzed the process of

strategic management from four perspectives: strategy analysis, strategy formulation, strategy implementation, and strategy control. (2) Secondly, they presented some of their understanding of the specific aspects of strategy formulation, implementation, and control, such as Tao, Zhanming, and Xiaoguang (2013), from the perspective of the relationship between strategic management and economics. His study concluded that corporate strategic management has a close relationship with economics, and the strategic management of a company should be combined with the knowledge of economics to ensure that the company's strategic objectives are achieved.

Researchers have integrated risk management into strategic management and argued that successful corporate risk management is the primary objective of strategic enterprise management. From the perspective of the enterprise's complex and changing environment, studies have proposed the theory of harmonious strategic management, arguing that strategic management is fundamentally a combination of "stability (theme) and adaptability (a harmonious mechanism)." (3) Thirdly, we analyze the overall status of strategic management in Chinese businesses by examining the strategic management of specific businesses. Scholars have analyzed the current state of strategic management in Chinese petroleum and petrochemical firms and proposed appropriate corrective actions. Rahmattullah, Suman, and Witjaksone (2021) conducted an empirical analysis of the current state of strategic management in Chinese private enterprises and offered corresponding recommendations. However, relatively little research has been conducted on the theory of strategic management and even less on the practice of strategic management in SMEs.

Based on the above discussion, we hypothesize that

- H1: Internal influencing factors have a positive effect on business growth.
- H2: Social relationship influencing factors has a positive effect on business growth.
- H3: External environment influencing factors of SMEs positively affects business growth.

3. Method

Using Guangdong Province SMEs as a sample, this paper conducted an in-depth analysis of the factors influencing the implementation of strategic management in Chinese SMEs. The research is conducted using the literature research method, the questionnaire survey method, and the statistical analysis method.

The research route of this article is shown in the following figure:

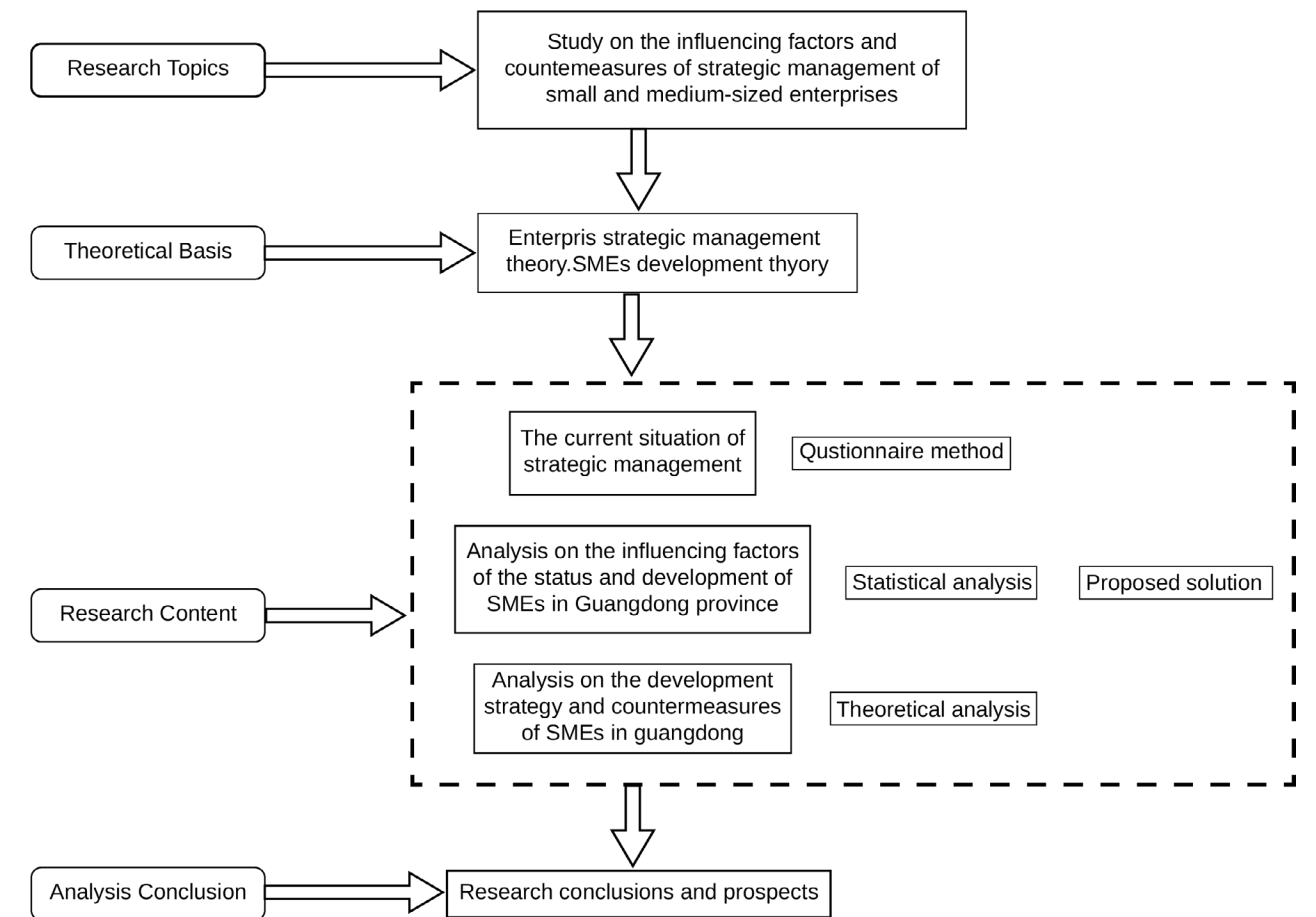


Figure 3 Research Route

This study is based on prior research combined with the current situation of strategic management of SMEs in the Guangdong region to determine the corresponding measurement indicators of the questionnaire conducted on the factors influencing the development strategies of SMEs. The questionnaire was devised in three dimensions: internal influencing factors, social relationship influencing factors, and external environment influencing factors of SMEs. It comprised 46 questions, divided into two sections: basic information and main questions. The primary questions were measured using a comprehensive 5-point Likert scale, with 1 representing unimportant and 5 representing essential. To obtain first-hand information on the factors influencing the development strategies of SMEs, the questionnaire was disseminated primarily via an online survey to Guangdong SME stakeholders (entrepreneurs, managers, and employees). Seven indicators of internal influence factors, three indicators of social relationship influence factors, and five indicators of external environment influence factors are required for this study.

This study selects the revenue growth rate of the core business as the indicator of the factors influencing the development strategy of small and medium-sized enterprises (SMEs) by referring to the relevant research findings of other scholars and then making a thorough evaluation. As a result, the growth rate of business revenue is selected as a measure of the development strategy of SMEs in order to examine the development of the principal business operations of SMEs over the most recent period, which can, to some extent, reflects the development situation of SMEs and the corresponding business outcomes.

Table 1 Development strategy impact factor measures

	Evaluation index	Metrics
Influencing factors	(Y) Main operating income growth rate	1. Very unimportant; 2. Less important; 3. Generally important; 4. More important; 5. Particularly important

Data collection

This time, 150 web-based survey queries were received through a questionnaire survey of SMEs

in the Guangdong region. Finally, 148 legitimate questionnaires were collected, with 98.7% valid questionnaires. The statistical characteristics of the sample were as follows.

Through the statistics of the characteristics of the sample enterprises surveyed, it can be seen from the statistical table that the number of years since their establishment is primarily concentrated in the range of 1 to 5 years, and the number of sample enterprises in this range accounts for 50% of the total sample; the business conducted by the sample enterprises is primarily concentrated in trade and commerce services, other types of industries, and manufacturing industries; and the number of sample enterprises in the range of 1 to 5 years since their establishment accounts for 50% of the total sample. Private enterprises comprise 60.81 percent of the total sample, a substantial proportion and a fair representation of SMEs. The percentage of employees with fewer than 100 employees reached 77.7%. The preceding statistical analysis indicates that the surveyed sample data indicates that the surveyed sample matches well with the SME criteria and meets the survey sample requirements for this study.

KMO and Spherical Bartlett Test

Using the KMO and spherical Bartlett tests, it was determined whether or not the survey data on the factors influencing the development strategies of SMEs met the requirements of factor analysis. Table 2 displays the KMO and spherical Bartlett test results for the factor analysis of the survey data on the factors influencing the development strategies of SMEs, with a KMO value of .954. $KMO > 0.9$ indicates that the original survey variables are suitable for factor analysis. In addition, the probability p-value based on Bartlett's Sphericity test is .000, which is less than 0.05, refuting the hypothesis that the correlation coefficient matrix is a unit array, indicating that there is a correlation between the original variables of the survey data and that the original matrix cannot be a unit array, as well as indicating that factor analysis is appropriate for the collected data.

Table 2 KMO and spherical Bartlett's test

kaiser-meyer-olkin		0.954
bartlett Sphericity test	Approximate chi-square	7716.501
	Degree of freedom	990
	Significance level	0

The Commonality of Factor Analysis

Table 3 Initial solutions for factor analysis

	Initial	Extract		Initial	Extract
Q1	1	0.685	Q23	1.000	0.746
Q2	1	0.786	Q24	1.000	0.741
Q3	1	0.696	Q25	1.000	0.758
Q4	1	0.792	Q26	1.000	0.746
Q5	1	0.777	Q27	1.000	0.706
Q6	1	0.769	Q28	1.000	0.741
Q7	1	0.664	Q29	1.000	0.713
Q8	1	0.584	Q30	1.000	0.824
Q9	1	0.777	Q31	1.000	0.693
Q10	1	0.769	Q32	1.000	0.779
Q11	1	0.822	Q33	1.000	0.793
Q12	1	0.731	Q34	1.000	0.813
Q13	1	0.755	Q35	1.000	0.743
Q14	1	0.732	Q36	1.000	0.753
Q15	1	0.734	Q37	1.000	0.691
Q16	1	0.519	Q38	1.000	0.768
Q17	1	0.790	Q39	1.000	0.782
Q18	1	0.831	Q40	1.000	0.675
Q19	1	0.755	Q41	1.000	0.798
Q20	1	0.788	Q42	1.000	0.874
Q21	1	0.817	Q43	1.000	0.812
Q22	1	0.735	Q44	1.000	0.717

Table 3 displays the initial solution to the factor analysis and data regarding the similarity of the initial variables. In Table 8, the first and fourth columns represent the variable names; the second and fifth columns represent the initial commonality, which is an estimate of the variance of each variable after considering all components and corresponding factors; and the third and sixth columns represent the extraction of the eigen root commonality, which is the extent to which the extracted eigenvalues explain each of the original variables of interest. Using dimensionality reduction, factor analysis seeks to identify common factors that are fewer in number than the number of variables and that better represent the information of the overwhelming majority of variables in the total set of variables. The degree of similarity between all variables with a characteristic root greater than one is depicted in Table 8. The data in Table 3 indicate that, except for a few unique variables, the degree of similarity between 44 variables was at least 70%. Suppose the commonality of the majority of variables is greater than 0.70. In that case, it indicates that the extracted common factors can effectively reflect the primary information of the original variables, indicating that the information of the original variables is well preserved and that the missing common factors can better explain all variables.

Explanation of Total Variance

Table 4 Total variance explained

Ingredients	Initial Eigen value			Extract the sum of squares and load.		
	total	of variance%	accumulation%	total	of variance%	accumulation%
1	27.656	61.457	61.457	27.656	61.457	61.457
2	2.353	5.229	66.686	2.353	5.229	66.686
3	1.345	2.989	69.675	1.345	2.989	69.675
4	1.298	2.885	72.560	1.298	2.885	72.560
5	1.015	2.255	74.815	1.015	2.255	74.815
6	0.933	2.074	76.889			
7	0.812	1.803	78.692			
8	0.689	1.531	80.223			
9	0.645	1.433	81.656			
10	0.602	1.337	82.993			
11	0.570	1.267	84.260			
12	0.511	1.136	85.396			
13	0.471	1.047	86.443			
14	0.441	0.980	87.423			
15	0.429	0.854	88.377			
16	0.420	0.933	89.310			
17	0.378	0.840	90.150			
18	0.360	0.799	90.950			
19	0.320	0.710	91.660			
20	0.306	0.680	92.340			
21	0.268	0.595	92.935			
22	0.264	0.538	93.522			
23	0.250	0.554	94.077			
24	0.235	0.521	94.598			
25	0.205	0.456	95.054			
26	0.200	0.445	95.499			
27	0.191	0.425	95.925			
28	0.186	0.414	96.338			
29	0.166	0.369	96.707			
30	0.161	0.358	97.066			
31	0.146	0.325	97.391			
32	0.143	0.317	97.708			
33	0.120	0.278	97.985			
34	0.111	0.246	98.231			
35	0.109	0.243	98.474			
36	0.102	0.228	98.702			
37	0.093	0.207	98.909			
38	0.082	0.182	99.092			
39	0.072	0.159	99.251			
40	0.070	0.156	99.406			
41	0.063	0.139	99.545			
42	0.059	0.132	99.677			
43	0.055	0.123	99.800			
44	0.048	0.107	99.907			
45	0.042	0.093	100.000			

Table 4 displays the total variables the factor analysis explains, including the 'Initial Eigenvalues' and the 'Extracted Sum of Squares Loaded.' The "Total" column in the initial eigenvalues portion represents the corresponding eigenvalues of the factors, i.e., the variance of the original variables explained by each factor: The "% of variance" column represents the proportion of the total variance of all original variables explained by each factor;

"Cumulative%" represents the cumulative contribution of the first n factors to the total variance of the original variables. The extracted sum of squares loading section explains the total variance resulting from the extracted factors. According to Table 4, after extracting the factors using principal component analysis, a total of 5 common factors were extracted, the first factor, with an eigen root of 27.656, explained 61.457% of the total variance of all

the original total variables, and the 5 common factors explained a total of 74.815% of the total variance of the original variables (all with initial eigenvalues greater than 1), which is an adequate explanation.

Rotated Factor Loading Matrices

Table 5 Rotated factor loading matrices

	Element				
	1	2	3	4	5
Q1	0.235	0.269	0.128	-0.005	0.742
Q2	0.303	0.155	0.111	0.173	0.792
Q3	0.312	0.242	0.484	0.272	0.481
Q4	0.382	0.185	0.223	0.489	0.569
Q5	0.281	0.209	0.400	0.502	0.492
Q6	0.335	0.106	0.379	0.548	0.479
Q7	0.461	0.357	0.370	0.196	0.385
Q8	0.237	0.222	0.559	0.182	0.363
Q9	0.550	0.087	0.411	0.453	0.304
Q10	0.529	0.195	0.406	0.346	0.407
Q11	0.672	0.132	0.454	0.212	0.319
Q12	0.531	0.252	0.333	0.371	0.370
Q13	0.407	0.270	0.548	0.258	0.386
Q14	0.336	0.456	0.513	0.138	0.358
Q15	0.435	0.450	0.525	0.170	0.195
Q16	0.566	0.099	0.032	0.192	0.213
Q17	0.636	0.248	0.443	0.167	0.314
Q18	0.692	0.178	0.400	0.237	0.322
Q19	0.455	0.248	0.560	0.364	0.202
Q20	0.522	0.356	0.414	0.440	0.119
Q21	0.429	0.400	0.572	0.350	0.152
Q22	0.385	0.339	0.566	0.318	0.084
Q23	0.373	0.395	0.441	0.401	0.136
Q24	0.490	0.319	0.464	0.430	0.063
Q25	0.351	0.392	0.656	0.095	0.159
Q26	0.339	0.441	0.632	0.158	0.156
Q27	0.375	0.407	0.436	0.440	0.236
Q28	0.382	0.483	0.462	0.318	0.114
Q29	0.236	0.561	0.385	0.467	0.065
Q30	0.375	0.428	0.474	0.381	0.137
Q31	0.185	0.617	0.052	0.637	-0.032
Q32	0.234	0.682	0.281	0.289	0.105
Q33	0.605	0.303	0.052	0.545	0.145
Q34	-0.019	0.757	0.333	0.215	0.249
Q35	0.174	0.707	0.418	0.182	0.273
Q36	0.338	0.540	0.491	0.118	0.239
Q37	0.086	0.485	0.395	0.518	0.274
Q38	0.259	0.378	0.313	0.589	0.314
Q39	0.475	0.063	0.156	0.614	0.244
Q40	0.200	0.798	0.088	0.211	0.198
Q41	0.532	0.579	0.347	0.051	0.205
Q42	0.488	0.504	0.143	0.488	0.229
Q43	0.634	0.411	0.336	0.184	0.286
Q44	0.817	0.239	0.274	0.127	0.240
Q45	0.793	0.203	0.152	0.255	0.232

The factor loading matrices that were rotated using the "variance maximization" method are shown in Table

5 as the rotated factor loading matrices. The factor loadings matrix displays how the variables are loaded on the five shared factors. Based on the resulting loadings matrix, it can be seen that Factor 1 is named D1: Talent System because it has higher loadings on Indicators 10, 11, and 12, which represent the influence of employee status and human resource management system factors on the development strategy of SMEs; Factor 2 is named D2 because it has higher loadings on Indicators 40, 41, and 42, which represent the financing status of SMEs. Financing Environment; Factor 3 has significant loadings on Indicators 22, 23, 24, 25, 26, and 27, which reflect the supply and marketing situation of SMEs, and is referred to as D3: Supply and Marketing Relationship; Factor 4 has significant loadings on Indicators 38 and 39, which reflect the policy and legal situation of SMEs, and is referred to as D4: Policy and Legal Environment; Factor 5 has significant loadings on Indicators 1, 2, 3, and 4; Factor 5 is designated as D5: Enterprise Structure and Strategy because it has higher loadings on indicators 1, 2, 3, 4, 5, and 6, which indicate the organizational structure and business strategy of SMEs.

Regression Analysis

Five public elements were extracted from the factor analysis: the talent system, the financial environment, the interaction between supply and marketing, the policy and legal environment, the firm structure, and the strategy. The enterprise's structure, strategy, and talent system are among the internal influencing factors. Supply and marketing relationships are among the social relationship influencing factors. The financing environment, policy, and legal environments are among the external influencing factors. Regression analysis is then applied to each internal dimension, social relationship dimension, and external environment dimension to examine their influence on the development strategy of SMEs. Here, the growth rate of main business income (Y) is taken as the assessment index of the development strategy of SMEs in order to determine further the influence of each factor on the development strategy of SMEs. Y will be the dependent variable in a regression analysis, with the independent variables being the internal influence factor, social relationship influence factor, and external environment influence component.

Descriptive Statistics of Variables

Based on the evaluation levels (1, 2, 3, 4, and 5), statistics were calculated for each level of the public factors, each indicator affecting the development strategy of SMEs, and the overall evaluation of the five public factors (D1-

D5) and the development of SMEs (Y) were calculated using the arithmetic mean method, as shown in Table 6.

Table 6 Descriptive statistics

	sample	Minimum	maximum	Mean	Standard deviation
D1	148	1.00	5.00	3.8581	1.09427
D2	148	1.00	5.00	3.9775	0.91816
D3	148	1.00	5.00	3.9572	0.92339
D4	148	1.00	5.00	4.0507	0.92918
D5	148	1.50	5.00	3.982	0.90937
Y	148	1.00	5.00	4.01	1.047

Table 7 Model summary table

Model	R	R-squared	Adjustment of R-squared	Error in standard	Durbin-Watson
1	0.753	0.567	0.654	0.691	1.999
2	0.637	0.487	0.484	0.564	1.886
3	0.689	0.57	0.567	0.493	1.859

Table 8 Table of regression coefficients

Model	Non-standardized coefficients		Standardization factor	t	Sig	
	B	Standard error	Trial Version			
1	(Constants)	0.815	0.257		3.177	0.002
	D1	0.459	0.089	0.48	5.14	0
	D5	0.357	0.107	0.31	3.321	0.001
	F-value			95.31		0
2	(Constants)	0.58	0.246		2.359	0.02
	D3	0.866	0.061	0.764	14.312	0
	F-value			204.838		0
3	(Constants)	0.105	0.23		6.885	0.043
	D2	0.763	0.087	0.669	8.798	0
	D4	0.214	0.086	0.19	2.495	0.014
	F-value			157.21		0

The regression analysis results are shown in Tables 7 and 8. The complex correlation coefficient R and the coefficient of determination R² of the regression model with the public factors of the internal dimension, the social relationship dimension, and the external environment dimension of SMEs in the Guangdong region as independent variables and the growth rate of the main business operations as the dependent variable are presented in Table 12. The coefficient of determination R² of the regression model is 0.567 (the closer R² is to 1, the better the regression straight line matches the observed values). The Durbin-Waston residual serial correlation test results are close to the standard value of 2 and less than 2, indicating a positive correlation and the absence of serial autocorrelation in the regression model.

Table 8 displays the regression coefficient table, which integrates the F-values of the ANOVA table

Internal influence factors (enterprise structure and strategic status, talent system), social relationship influence factors (supply and sales relationship), and external environment influence factors (financing environment, policy, and legal environment) were extracted as independent variables for the regression analysis of the influence factors of the development strategies of SME on the growth rate of main business income. The results were compiled and summarized accordingly to produce Table 7's results.

and the p-values of the significance probability. The F-values are 95,312, 204,838, and 157,210, and the probability of significance is 0.000, all at the 0.05 significance level; consequently, the model-independent variables are deemed to have a linear relationship with the dependent variable. Based on the t-statistic corresponding to a probability of compatibility less than 0.05, it can be concluded that the model is overall significant. In particular, the corporate structure and strategic status factor, the talent system factor, the supply and sales relationship factor, the financing environment factor, and the policy and legal environment factor have a significant impact on the revenue growth rate of a business, and all have a positive correlation.

4. Result

This paper employs factor analysis to isolate five public factors, namely enterprise structure and

strategic status, talent system, supply and marketing relationship, financing environment, and policy and legal environment, from three dimensions: internal, social relationship, and external environment, which influence the development strategy of SMEs. The analysis revealed that the enterprise structure and strategy, talent system, supply and sales relationship, financing environment, and policy and legal environment had a significant positive relationship with the SME development strategy. Following the actual situation, a solid strategy and organizational structure have a greater guarantee and promotion effect on the development strategy of SMEs. The talent system is reflected by indicators including staff job alignment and development, talent acquisition and reserve, and human resource management system, which have a greater impact on the SME's development strategy. The most valuable resources for the development of businesses are talent resources, and the construction of a talent gradient is crucial to the development strategy of businesses. A strong supply and sales relationship has a greater bolstering effect on the SME's growth strategy. Indicators such as financing channels and ease of access, the integrity of Guangdong's financial institutions and systems, and the cost of financing and repayment pressure reflect the financing environment factor. The integrity and completeness of the financing environment are crucial to the development strategy of SMEs. Indicators such as the integrity of policies and laws and the supportiveness of fiscal, tax, and industrial policies reflect the policy and legal environment. Under the current market economy, policy and legal factors can profoundly affect the development strategies of small and medium-sized enterprises (SMEs) and play a role in determining and directing the development strategies of SMEs.

5. Discussion

The purpose of this research was to evaluate the strategic factors that can potentially influence the business growth of Chinese SMEs. Social factors, internal and external factors, and environmental factors that have the potential to influence the business growth of Chinese SMEs were the focus of this study. The results indicate that internal factors have a significant impact on the business growth of organizations. This indicates that financial management, innovation capability, managerial skills, and organizational structure are essential for business development. The results indicated that Chinese SMEs should concentrate on developing their organizational capabilities and other factors.

On the other hand, social influencing factors such as the SME's relationships and networking with the local community, suppliers, and consumers are crucial for their growth. The study's findings indicated that SMEs would experience greater business growth if they prioritize establishing mutually beneficial and strong relationships. SMEs must ultimately prioritize their internal and external environments to accomplish substantial growth. External factors such as political, economic, and technological factors must be considered so that small and medium-sized enterprises (SMEs) can adapt to changes in these contexts. Adaptability is the key to the prosperity of small and medium-sized enterprises.

6. Conclusion and Outlook

Conclusion.

This paper examines small and medium-sized enterprises (SMEs) in the Guangdong region and discusses the historical context and significance of the research on the influence factors of SME strategic management. This study summarizes the research findings on small and medium-sized enterprises (SMEs) and their influence factors, theories of strategic management of enterprises, and theories related to SMEs in the United States and abroad, as well as the current state of SMEs. Using factor analysis and regression analysis, the factors influencing the development strategies of SMEs are empirically analyzed. Finally, development strategies for SMEs are proposed from the perspective of their internal dimension, social relationship dimension, and external environment dimension.

Five public factors, including enterprise strategy and structure, talent system, supply and marketing relationship, policy environment, and financing environment, significantly impact the development of small and medium-sized enterprises (SMEs). The results of the factor analysis and regression analysis on the factors influencing SME development strategies were found to be statistically significant.

This paper proposes to optimize the strategic system and enterprise structure, optimize the talent guarantee mechanism for development strategy, build strategic partnerships for common development, establish harmonious customer relationships, improve the policy support system for the development of SMEs, and create a new internal, social, and external environment for the development of SME.

Outlook

The research in this paper leaves much to be desired, but it is an attempt to examine the development strategies of Guangdong's small and medium-sized enterprises (SMEs). Due to the limitations of this paper's research, I hope that in future studies, we can further investigate the development of SMEs, adopt a larger, broader, and more representative sample, more scientific and reasonable indicators and methods, and obtain more objective and realistic conclusions in line with the strategic development of SMEs, to better guide the development strategy of SMEs and promote their rapid growth and expansion. This will help guide the development strategies of small and medium-sized enterprises and promote their accelerated growth and development in the region.

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