Frontiers in Business, Economics and Management
ISSN: 2766-824X | Vol. 17, No. 1, 2024

Analysis of Business Economic Innovation in the Context of the New Economic Normal

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Abstract: In recent years, China has made significant strides in economic development, with the national economy steadily improving, propelling the country into a new phase of economic growth. The new economic normal presents entirely new requirements for the development of China's business economy. Observing the traditional business economic model, it is evident that there are issues such as outdated operational models, high operating costs, and a lack of innovation in development. In response, the new economic normal has been positioned as the target for innovation in business economic development, gradually shaping an enhanced system of economic development, both in content and form. Therefore, in future practice, strategies for innovative development of the business economy should be analyzed and explored from multiple perspectives to enable it to fully function as a bridge within the economic market, thus better promoting China's overall economic construction.

Keywords: New Economic Normal, Business Economy, Innovative Development.

1. Overview of the New Economic Normal

The accelerating pace of social and economic development prompted the country's leaders to propose the critical concept of the "New Normal" during in-depth regional inspections (see Figure 1). This idea starkly contrasts with previous material development models, representing a more advanced and dynamic development process that can effectively stimulate the productivity and innovation potential of society [1-2]. The New Normal integrates multiple principles to form a pattern of reform. As economic development enters a sensitive period, it is necessary to consider not only economic growth but also economic policies to adapt to changes in economic structure. Therefore, economic development faces numerous conflicts, and to ensure a stable development environment, it is essential to accelerate the process of the new economic normal, optimize development routes and structures, and address existing shortcomings in the economic development process. By doing so, the concept of sustainable development can be effectively implemented, ultimately achieving innovative development in the business economy.

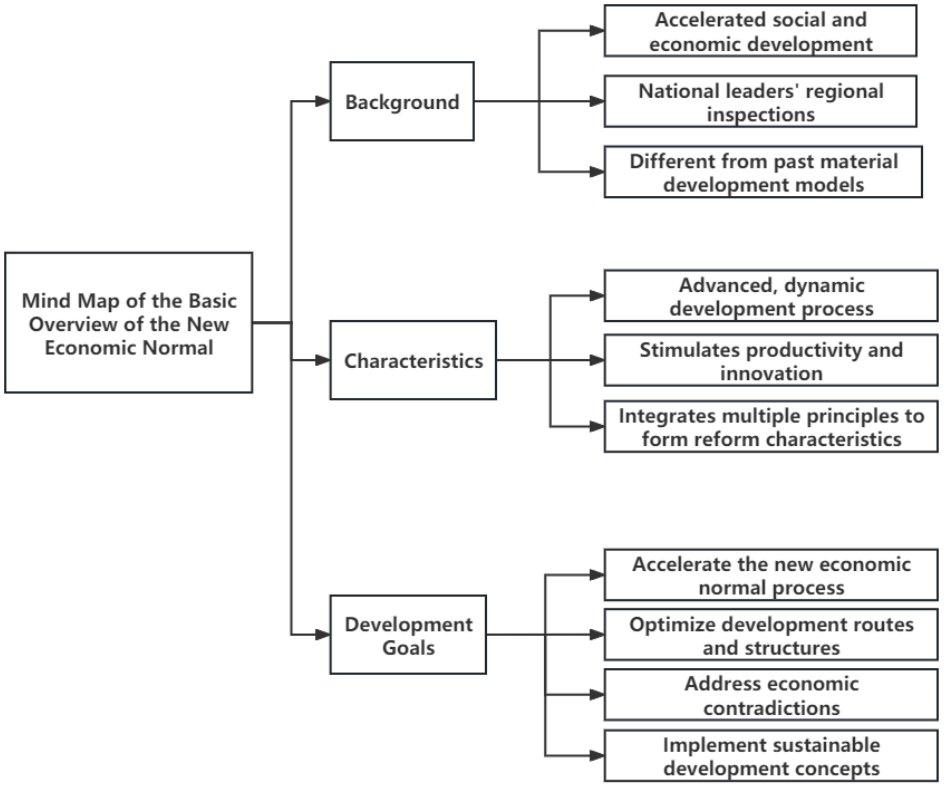


Figure 1. Mind Map of the Basic Overview of the New Economic Normal

2. Characteristics of the New Economic Normal

2.1. Comprehensive Promotion of the Belt and Road Initiative

The global economic landscape is continuously being reshaped. The proposal and full implementation of the Belt and Road Initiative (BRI) have brought new development opportunities to China and the countries along the route [3]. Since the proposal of this initiative, it has presented fresh opportunities for the development of China's business economy and accelerated the economic growth of surrounding regions, optimizing and upgrading the industrial structure, in line with the trend of global economic integration [4]. The BRI not only promotes national economic development but also facilitates the simultaneous development of politics, culture, and commerce, enhancing cooperation among nations. Under the guidance of the BRI, China has actively established cooperative relationships with countries along the route, strengthening its economic power and elevating its international standing.

2.2. Slower Economic Growth

With the deepening of reform and opening up, China's economy has achieved continuous growth, with its total economic volume ranking among the world's top, showcasing its immense development potential. However, as the economy enters the new normal, the growth rate has gradually slowed, which is an inevitable result of economic development reaching a certain stage and is closely related to reforms in corporate and labor relations. For a long time, the economy relied heavily on manufacturing and construction industries. However, under the new normal, the economic growth pattern has shifted, with the tertiary sector emerging as the dominant industry. The slowdown in economic growth facilitates the achievement of sustainable development goals, promotes internal industry optimization, and allows the economy to enter a steady growth phase, accelerating industrial upgrading and enhancing risk prevention capabilities to ensure safe economic development.

2.3. Increase in Total Economic Volume

Despite the slowing economic growth rate, China's total economic volume continues to show a steady upward trend in the changing global economic landscape, reflecting the strong resilience of China's economy and further solidifying its international influence. Business economy plays a critical role in the sustainable development of the national economy. If the development of the business economy slows down, it will inevitably affect the development of the market economy, with backward industries facing elimination. In this development wave, businesses must keep pace with the times, focusing on upgrading and optimizing industrial structures to contribute to the growth of the total economic volume.

2.4. The Push of Internet Technology

As China's technological advancements progress, internet technology has been widely applied in various fields. Its application in business economic development addresses the shortcomings of traditional development models [5]. Coupled with the upgrading of e-commerce platforms, online and electronic consumption has gradually become mainstream, presenting significant challenges to traditional business models while providing strong motivation for transformation and upgrading. The integration of "Internet + Business Economy" has ushered in new opportunities for the logistics industry, creating numerous jobs and promoting social harmony. In the context of the new economic normal, the transformation of the business economic market no longer heavily relies on traditional market access conditions. As transaction volumes increase, the internet business model has also stimulated the development of related industries.

3. Problems in the Traditional Business Economic Model

3.1. Outdated Economic Operational Model

In the traditional economic system, a major drawback of the business economy's operational model is its outdated structure (see Table 1). The model mainly involves merchants conducting goods transactions, and besides manufacturers and customers, it involves multiple agents and retailers, leading to a higher final price and cumbersome processes that consume significant manpower, material resources, and time. This inefficient, high-cost operational model can no longer meet the rapidly changing market demands under the new normal and even hinders the rapid development of China's business economy.

Table 1. Drawbacks of the Traditional Operational Model

Performance	Description
Inefficiency	Due to the numerous intermediate links, the transaction process is cumbersome, and the goods need to pass through multi-level agents and retailers from the manufacturer to the customer, which greatly prolongs the transaction time and reduces the overall operation efficiency.
High cost	Multi-level agency and retail systems add additional costs, such as transportation fees, storage fees, agency fees, etc., which are eventually passed on to consumers, resulting in higher transaction prices.
Slow market response	Too many intermediate links make the transmission of market information not smooth, manufacturers are difficult to timely understand consumer demand and market changes, resulting in product development and production cycle extension, market response speed slow.
Competitiveness decline	The inefficient and high-cost operation mode makes it difficult for enterprises to compete with competitors in terms of price, quality and service, resulting in a decline in market competitiveness.

3.2. High Labor Costs

In the traditional business economic model, goods and people are the core elements, with goods as the object of transactions and people as the key drivers of transactions [6]. However, this model involves numerous complex steps, from production to final consumption, requiring significant human and time resources at every stage. The labor costs involved, particularly in the sales phase, where cashiers and salespeople are needed, are quite high. In the new economic normal, many of the traditional labor-intensive processes can be replaced by machines, saving a significant portion of labor costs for the

business economy.

3.3. Lack of Environmental Awareness

China's traditional business economic model mainly focused on rapid economic growth and maximizing economic benefits, often neglecting environmental protection. However, with the implementation of the sustainable development strategy, people are increasingly realizing that only the harmonious coexistence of the economy and the environment can ensure long-term economic growth. In the new development stage, environmentally damaging business models will be phased out, and efforts should be made to promote green and environmentally friendly development, achieving a win-win situation for both the economy and the environment.

3.4. Weak Innovation Capabilities

To promote sustained development across various fields, innovation must be prioritized as the driving force behind economic vitality. However, under the traditional business economic model, there is a lack of innovation, with too much reliance on traditional business philosophies and methods. When faced with market changes, businesses struggle to adapt, which limits their development potential and ultimately impacts economic benefits [7-8]. This conservative attitude not only restricts the growth of the business economy but also hinders the overall improvement of China's economic level. Therefore, in the context of the new era, it is crucial to enhance innovation in business operation models, management styles, and business concepts to inject new vitality into the business economy and ensure its continuous, stable development under the new economic normal.

4. Specific Business Economic Development Approaches Under the New Normal

4.1. Enterprises Should Shift Business Concepts

In today's rapidly changing market environment, for enterprises to remain competitive, they must constantly reassess themselves and boldly innovate based on traditional business concepts. This means not only creating flexible and adaptable industrial chains to meet the rapidly changing market demands but also broadening financing channels to ensure the stability and security of capital flow. Therefore, it is essential to analyze and master the mixed-economy business formats of the new era, reasonably distinguish them, and continuously enhance corporate competitiveness through various means to establish a more robust ecosystem model [9]. From a long-term development perspective, China's business economy needs to enhance network infrastructure management, manage business economy based on the internet, establish network management concepts, and actively encourage enterprises to innovate in business economic development. Moreover, research on economic subjects should be aligned with national policies, and future development should be considered based on customer demands, allowing businesses to integrate seamlessly into the new normal.

4.2. Enhance Risk Control Capabilities

In the new economic normal, the market environment is constantly evolving, providing businesses with new opportunities. However, the rise of e-commerce has posed significant challenges to traditional brick-and-mortar enterprises, testing their operational resilience and posing challenges to the stable development of the entire business economy. Therefore, businesses must remain vigilant about market changes under the new normal and must develop appropriate risk management and control capabilities (see Figure 2). Many brick-and-mortar enterprises have been negatively affected by the rapid development of e-commerce, which increases the liquidity of risks, affecting production operations and having a certain impact on the business economy. Therefore, companies should enhance their risk management capabilities to avoid losses caused by delayed cash flow recovery. Enterprises should also prepare sufficient reserves while participating in business economic activities to mitigate the negative impacts of commercial risks.

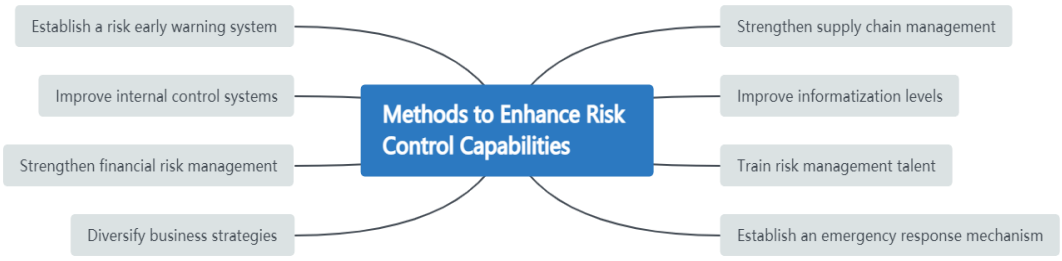


Figure 2. Methods to Enhance Risk Control Capabilities

4.3. Innovate Financial Drivers in Enterprises

In the context of the internet age, China's business economy has transitioned from the era of financial innovation to the era of large asset management. Looking forward, China's business economy should adopt new development concepts, strengthen the development of the network economy, encourage innovation in business economic activities, and base itself on national policies. Enterprises need to proactively explore market preferences, clarify consumers' specific needs, and focus on the new dynamics of the market economy [10-11]. To innovate financial drivers under the new normal, enterprises must focus on talent development, enhancing market competitiveness through improved talent cultivation mechanisms. In addition, companies should explore untapped markets and use their resources to expand, optimize product structures, and strengthen product technology. By doing so, businesses can maximize profits while realizing commercial and business value. Furthermore, enterprises should upgrade their industrial equipment, continuously introduce new technologies, strictly control costs, and drive the development of the business economy through financial innovation, thereby achieving greater economic benefits.

4.4. Break Commercial Monopolies

Commercial monopolies have long been a hindrance to the healthy development of the business economy. Some enterprises, in pursuit of greater profits, have resorted to improper methods such as exploiting workers, harming labor rights, and causing the business economy to stagnate. To foster sustainable growth, it is essential to break these monopolies and encourage innovation to challenge industry dominance. Producers need to eliminate monopolistic practices, establish themselves in the market, and stimulate competition by developing new products and innovative service models. Breaking monopolies benefits the healthy development of the business economy and provides consumers with more affordable prices and better services, contributing positively to the overall business environment.

4.5. Improve Government Support Models

In the context of the new economic normal, the government, as a key guide and manager of the market economy, plays a critical role in influencing market changes and economic growth through shifts in ideas and perceptions. However, there are still inefficiencies and complexities in the current government coordination and integration mechanisms in some economic systems, leading to missed opportunities for economic development. How to enhance government awareness in the new normal is a pressing issue that needs to be addressed. The government must continuously innovate and improve in tandem with market developments, avoiding a singular focus on economic growth while neglecting environmental factors [12-13]. In many regions, unresolved issues have severely hindered business operations. If problems are not addressed promptly and accurately, enterprises may face unprecedented economic crises and difficulties, making it impossible to thrive in the market. Addressing commercial model innovation is another priority, and businesses should work on improving internal structures and promoting logistics innovations and e-commerce development to facilitate the growth of the business economy.

5. Conclusion

The new economic normal has presented new opportunities for the development of China's business economy. In the development process, innovation capabilities should be strengthened, economic structures continuously adjusted, and resource allocation improved to accelerate the pace of business economic development. These measures will ensure that China remains competitive in the fiercely competitive international market. Moreover, enterprises should shift away from traditional management concepts, optimize internal structures, and continuously upgrade their production and service systems to promote steady market development.

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