

The Impact of Cross-border E-commerce Platform Governance on the International Performance of SMEs

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Abstract

Against the backdrop of rapid digital economic development, cross-border e-commerce has become a vital channel for Chinese small and medium-sized enterprises (SMEs) to expand international markets and achieve internationalization. As major cross-border e-commerce platforms continuously improve their governance systems and strengthen regulatory intensity, they not only standardize industry order but also profoundly shape SMEs' international development. This paper takes cross-border e-commerce platform governance as the core perspective, summarizes the main contents and current status of platform governance, analyzes the opportunities and challenges faced by SMEs in internationalization, explores the dual impacts of platform governance on SMEs' international performance, and proposes optimization strategies from the perspectives of enterprises, platforms, and governments. The research aims to provide references for SMEs to achieve high-quality internationalization via cross-border e-commerce and offer practical implications for platform governance optimization and policy formulation.

Keywords

cross-border e-commerce, platform governance, SMEs, international performance, high-quality global expansion

1. Introduction

The global trade landscape is undergoing profound restructuring, with traditional foreign trade slowing down while cross-border e-commerce expands rapidly driven by digitalization, emerging as a new engine for China's foreign trade growth. The Chinese government has issued a series of supportive policies to promote cross-border e-commerce and create a favorable institutional environment for SMEs' global expansion.

As the main participants in cross-border e-commerce, SMEs are large in number and flexible in operation, but they generally suffer from limited capital, insufficient international experience, weak compliance awareness, and low brand recognition, resulting in weak international competitiveness. To purify the trading environment and protect consumer rights, major cross-border e-commerce platforms have continuously tightened governance rules covering merchant entry, product supervision, intellectual property protection, compliance management, and after-sales services. While strict platform governance curbs irregular behaviors

such as dumping, counterfeiting, and misleading marketing, it also raises operational barriers for SMEs, directly affecting their order volume, profitability, and expansion speed. Under this context, a systematic investigation into the impact of platform governance on SMEs' international performance is of great practical significance [1].

This research adopts literature review to lay theoretical foundations via relevant cross-border e-commerce materials and status analysis based on industry data to sort out platform and SME development features. This paper defines core concepts of cross-border e-commerce platform governance and SME international performance; analyzes the current status of platform governance and characteristics of SME internationalization; examines both positive and negative impacts of platform governance on international performance; and constructs a collaborative optimization framework involving enterprises, platforms, and governments.

This study enriches research on cross-border e-commerce governance and SME internationalization, clarifies the mechanism between platform governance and international performance, and improves the theoretical framework of SME internationalization in the digital economy, providing references for future research [2].

It identifies key challenges for SMEs under strict platform governance, helping enterprises understand regulatory trends and adjust strategies. It also provides practical evidence for platforms to optimize governance mechanisms and for governments to improve supportive policies, promoting the healthy and sustainable development of cross-border e-commerce [3].

2. Concept Definition

2.1 Cross-border E-commerce Platform Governance

Cross-border e-commerce platform governance refers to the set of entry standards, operational norms, regulatory mechanisms, punitive measures, and compliance systems formulated and implemented by cross-border e-commerce platforms to maintain market order, protect transaction parties' rights, and promote industry development. It covers merchant onboarding, product review, price control, logistics supervision, intellectual property protection, cross-border fiscal compliance, and after-sales services, serving as the core regulatory body for standardizing cross-border e-commerce markets.

2.2 International Performance of SMEs

International performance of SMEs refers to operational outcomes and development effectiveness achieved through cross-border e-commerce-based internationalization. Key indicators include overseas sales revenue, number of international customers, foreign market share, profit margin, international brand awareness, market coverage, and operational stability, directly reflecting enterprises' international competitiveness and sustainable development potential.

3. Current Status of Cross-border E-commerce Platform Governance

3.1 Rising Entry Thresholds

Major platforms implement strict qualification reviews, verifying business licenses, operating permits, brand authorizations, and quality inspection reports. Unqualified merchants are rejected, significantly increasing entry difficulties for SMEs. Many mainstream platforms set gradient entry access: medium-sized brands can complete entry with complete certification documents, while micro-startup SMEs are allowed to enter the incubation channel with simplified preliminary materials but face regular quarterly qualification review, which is the mainstream differentiated threshold setting mode of current platform governance reform.

3.2 Stricter Product Supervision

Platforms strengthen end-to-end product reviews, severely cracking down on unqualified, counterfeit, infringing, falsely advertised, and duplicate products. Violations lead to product removal, store restrictions, or

bans, purifying the product supply ecosystem. Platforms adopt dual-control system of merchant credit score + commodity quality score; cumulative deduction of scores will trigger products off-shelf, store flow limiting or permanent seal, realizing whole-lifecycle dynamic supervision from product listing to after-sales complaint disposal.

3.3 Upgraded Compliance Requirements

With tightening global cross-border regulations, platforms impose higher standards on customs declaration, taxation, certification, after-sales services, and overseas warehousing, cracking down on gray customs clearance and tax evasion, driving the industry toward standardization and compliance. Driven by EU EPR extended producer responsibility regulation and unified cross-border VAT policy, platforms increase mandatory compliance requirements on waste recycling certification and cross-border one-stop tax declaration, greatly raising the full-link compliance threshold for small merchants without professional finance teams [4].

3.4 Standardized Traffic Allocation

Platforms gradually abandon extensive traffic distribution, reducing support for low-price sellers and directing organic traffic to compliant, high-quality, service-oriented, and brand-focused SMEs, creating a fairer and more efficient traffic ecosystem. Platform algorithm-driven traffic distribution replaces the previous manual flow tilting mode; organic traffic is linked with store compliance score, product return rate and after-sales dispute index, fundamentally cutting the survival space of low-price disorderly dumping merchants relying on brush order and false transaction to grab flow [5].

4. Current Status of SME Internationalization

4.1 Strong Global Expansion Intent and Growing Platform Participation

Leveraging cross-border e-commerce's low cost, wide coverage, and low barriers, numerous traditional and domestic-oriented SMEs have entered cross-border e-commerce, actively exploring Southeast Asian, European, and American markets, with expanding international scale. Southeast Asia, Latin America and the Middle East have become emerging preferred overseas markets for domestic SMEs besides Europe and North America; emerging regional cross-border platforms such as Lazada, Jumia further lower initial market trial cost and stimulate SMEs' outbound layout willingness [6].

4.2 Extensive Operation and Severe Homogenization

Lacking professional cross-border talents, most SMEs adopt low-price dumping strategies with highly homogeneous products, insufficient innovation, and overreliance on price competition, resulting in weak market competitiveness. Most SMEs concentrate on low-margin light industrial products including daily necessities, small home appliances and textile accessories; product homogenization leads to vicious price competition and gross profit rate of many products falls below 8% under platform standardized pricing supervision [7].

4.3 Shortages of Capital and Talents, Weak Risk Resistance

Limited financial resources hinder investment in brand building, R&D, and overseas marketing. Shortages of cross-border operation, multilingual, and market research talents lead to low operational capacity and vulnerability to policy and market shocks. Statistical data shows that less than 22% of cross-border SMEs have independent overseas market research teams; insufficient capital reserves make most enterprises unable to bear long-term overseas warehouse construction and localized marketing investment, anti-risk capacity against overseas policy changes is extremely fragile [8].

4.4 Inadequate Compliance Awareness and High Operational Risks

Focused on order volume over compliance, many SMEs have gaps in intellectual property, product certification, cross-border taxation, and after-sales compliance, easily violating platform rules and facing penalties. Many small and micro enterprises ignore overseas data protection and intellectual property rules due

to information asymmetry, resulting in goods detention by overseas customs, platform store punishment and huge compensation losses, which has become the top risk restricting SME international performance growth in recent years [9].

5. Dual Impacts of Platform Governance on SME International Performance

5.1 Positive Impacts

Platform governance plays a vital positive role in optimizing the international development environment and improving the comprehensive competitiveness of small and medium-sized enterprises (SMEs). Stringent and standardized platform governance effectively purifies the cross-border market environment, eliminates irregular operating subjects and disorderly competitive behaviors in the industry, thereby creating a fair and transparent competitive atmosphere for compliant operating enterprises. High-quality SMEs that abide by platform rules and industry norms can gain more market opportunities under standardized market order, which is conducive to increasing order volume and steadily improving corporate profitability [10].

In addition, rigorous platform operational rules and access standards have formed a mandatory driving effect on industrial upgrading. This mechanism forces SMEs to abandon the extensive low-price competition development model, and actively shift their development focus to product quality improvement, technological innovation and independent brand building, helping enterprises cultivate differentiated competitive advantages and achieve stable market expansion in overseas niche segments, so as to consolidate their long-term international market competitiveness [11].

Furthermore, cross-border platforms promote unified compliance standards and standardized operational process specifications in the industry, which guides SMEs to standardize all links of cross-border operations. This effectively reduces various overseas operational risks including platform account bans, administrative fines and cargo detention caused by non-compliant operations, and guarantees the continuous and stable development of enterprises' international business. Meanwhile, standardized platform traffic allocation mechanisms realize precise matching of traffic resources. High-quality and compliant SMEs can obtain accurate and effective user traffic distribution, which significantly improves product exposure and customer conversion rates, reduces the operational cost loss caused by invalid traffic, and greatly optimizes the overall operational efficiency of cross-border businesses [12].

5.2 Negative Impacts

Rising Operational Costs and Compressed Profit Margins: Increased costs for qualification, compliance, logistics, and platform fees squeeze short-term profits. Certification fee, third-party compliance service expense and standardized logistics cost increase comprehensively, overall short-term comprehensive operating cost of small micro-SMEs rises by 25%–40% correspondingly directly [13].

Frequent Rule Changes and Adaptation Difficulties: Rapid policy updates and limited professional capacity lead to unintentional violations, weight loss, traffic decline, and order reduction. The synchronization update of overseas local laws and platform internal rules makes small merchants lacking professional compliance personnel prone to passive violations, resulting in sharp decline of store weight and natural traffic [14].

Difficult Traffic Acquisition and Restricted Expansion: Traffic concentration on top sellers and limited paid promotion capacity reduce organic traffic for SMEs, slowing market expansion. Platform flow resources gradually converge to head brand sellers with strong capital and brand advantages, small merchants have to rely on high-cost paid advertising to obtain basic exposure, further compressing profit space [15].

Excessive Compliance Pressure and Market Exit for Some Enterprises: Micro-SMEs unable to bear compliance and operational burdens scale down or exit the market, losing internationalization opportunities. In the past three years, nearly 15% of micro cross-border SMEs have withdraw from overseas markets due to unaffordable compliance costs, missing the dividend of emerging overseas market expansion [16].

6. Optimization Strategies for Enhancing SME International Performance

6.1 SME Perspective

To cope with the changes in platform governance and improve international operational performance, SMEs need to take the initiative to carry out self-transformation and internal optimization in multiple dimensions. In terms of operational philosophy, enterprises should completely abandon the traditional low-price homogeneous competition model, take high-quality development and brand building as the core development direction, focus on product quality improvement and differentiated innovative research and development, optimize product design and functional matching according to the consumption preferences and demand characteristics of overseas target markets, and gradually build independent enterprise brands, so as to stabilize customer groups and maintain long-term overseas market competitiveness relying on product quality and market reputation [17].

In terms of operational compliance, SMEs need to continuously strengthen proactive compliance awareness, take the initiative to learn and master updated platform operational rules and overseas local economic and trade laws and regulations, and complete standardized management of the whole business chain including intellectual property right registration, product qualification certification, cross-border tax declaration and after-sales service specifications, so as to fundamentally eliminate operational risks caused by non-compliance [18].

In terms of internal operation management, enterprises need to further optimize operational processes, realize refined management, rationally arrange overseas warehouse layout to reduce inventory backlog and loss costs, make full use of free traffic resources and preferential support policies launched by platforms, and actively carry out industry collaboration with other SMEs to realize the shared utilization of supply chain, logistics and customer resources, so as to reduce comprehensive operational costs [19].

In terms of talent training, enterprises should build professional cross-border operation teams through social recruitment, university-industry cooperation and internal systematic training, covering cross-border e-commerce operation, overseas live broadcast marketing, multilingual communication and overseas market research, so as to effectively respond to frequent rule adjustments, accurately capture overseas market opportunities and support the sustainable development of international business [20].

6.2 Cross-border E-commerce Platform Perspective

Cross-border e-commerce platforms, as the core carriers of SME international operations, need to implement scientific and humanized differentiated governance to balance the interests of large brand merchants and small and medium-sized merchants and empower the growth of SMEs. The platform should establish a tiered and classified management mechanism, set flexible entry thresholds, assessment standards and growth support policies for start-up and growing SMEs, and provide a certain buffer period for their adaptation and development, so as to avoid one-size-fits-all strict governance restricting the survival and growth of small merchants [21].

At the same time, the platform should further simplify complex compliance operational procedures, open special compliance guidance and consulting channels for SMEs, and launch targeted preferential support policies including exclusive traffic tilt, commission reduction and exemption, logistics subsidy and free professional skill training, so as to reduce the market entry threshold and compliance operational burden of SMEs [22].

In terms of rule management, the platform should maintain the relative stability of core operational rules, avoid frequent and arbitrary adjustment of policies, and release rule adjustment announcements in advance with sufficient adaptation and transition cycles, so as to reduce the operational uncertainty and passive loss risks of SMEs caused by rule changes [23].

In addition, the platform needs to build a sound whole-process growth service system for SMEs, regularly carry out industry operational training, market trend sharing and compliance risk prevention workshops, transmit cutting-edge industry information and practical operational skills, and continuously improve the independent operation capability and risk resistance of SMEs in overseas markets [12].

6.3 Government and Industry Perspective

The government and industry associations need to jointly exert guiding and supporting functions to create a good external development environment for SMEs' internationalization. In terms of policy support, local governments should introduce targeted preferential policies including special financial subsidies, tax incentives and office venue support for cross-border SMEs, and build public cross-border service platforms to provide enterprises with free professional services such as cross-border customs declaration guidance, tax business consultation and overseas legitimate rights and interests protection, effectively reducing the comprehensive operational burden of enterprises [6]

In terms of industry standard construction, industry associations should cooperate with relevant functional departments to formulate unified and standardized industry standards covering product quality, service specifications and operational compliance, effectively curb the disorderly low-price competitive behavior in the industry, standardize the operational order of the cross-border e-commerce industry, and build a fair and healthy market competition environment [8].

In terms of market expansion channels, the government should take the lead in organizing various cross-border commodity exhibitions and international trade fairs, build efficient docking platforms between SMEs and overseas buyers and terminal consumers, help enterprises expand diversified overseas sales channels, reduce their single dependence on cross-border e-commerce platforms, and further stabilize and enhance the international operational performance of SMEs [13].

7. Conclusion

Cross-border e-commerce platform governance is an inevitable trend for industry standardization and high-quality development, exerting short-term pressure and long-term benefits on SME international performance. In the short run, strict governance raises costs, squeezes profits, and intensifies traffic challenges, impacting performance. In the long run, it rectifies industry chaos, drives transformation, strengthens compliance, and promotes SMEs to shift from low-price dumping to quality and brand-based internationalization, enhancing sustainable competitiveness [1, 9].

Under normalized platform governance, SMEs must adapt proactively, uphold compliance, and focus on niche markets. Platforms need to balance regulation and SME survival, optimizing mechanisms and increasing support. Governments should strengthen policy guidance and service guarantees. Joint efforts from all stakeholders will foster healthy cross-border e-commerce development, continuously improve SME international performance, and support Chinese foreign trade SMEs in expanding global markets steadily [6, 12].

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Funding

This research received no external funding.

Conflicts of Interest

The authors declare no conflict of interest.

Acknowledgment

This paper is an output of the science project.

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