THE EFFECT OF SOCIAL CAPITAL ON THE INNOVATION PERFORMENCE OF FOREIGN TRADE MICRO-, SMALL AND MEDIUM-SIZED ENRERPRISES (MSMES) IN HUNAN, CHINA

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ABSTRACT
Small- and medium-sized enterprises (SMEs) and mid-sized companies are the backbone of economies. They account for 90% of all companies and are responsible or almost 70% of global employment and GDP. The data shows that private enterprises dominated by foreign trade micro, small and medium-sized enterprises maintain the status of China's largest foreign trade operators, and foreign trade micro, small and medium-sized enterprises play a vital role in promoting economic growth and innovation. This research aims to investigate how social capital influences the innovation performance of foreign trade MSMEs in Hunan, China. It specifically examines the mediating role of knowledge creation and dynamic capabilities in this relationship. According to the literature review, we develop a research model showing a positive relationship between social capital and innovation performance. Using data from 300 enterprises within Hunan Province. Based on the Structural Equation Model (SEM) results by Partial Least Square (PLS) method, research hypotheses were supported. Results show that social capital impact innovation performance directly. It is found that social capital, knowledge creation and dynamic capabilities facilitate innovation performance. Findings presented in this paper may help academics and managers in making full use of social capital to improve the innovation performance of micro-, small, medium and enterprises in foreign trade.
Keywords: Social Capital, Knowledge Creation, Dynamic Capabilities, Innovation Performance

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INTRODUCTION

In 2022, there will be 598,000 foreign trade enterprises in China with import and export performance, an increase of 5.6%. Among them, there were 510,000 private enterprises, an increase of 7%, and the import and export of 21.4 trillion yuan, an increase of 12.9%, accounting for 50.9% of the total import and export value, an increase of 2.3 percentage points. The data shows that private enterprises dominated by foreign trade micro, small and medium-sized enterprises maintain the status of China's largest foreign trade operators, and foreign trade micro, small and medium-sized enterprises play a vital role in promoting economic growth and innovation. Despite their enormous collective impact, these firms are often challenged by economic shocks and turbulence in an environment that is not conducive to their survival and expansion, for example, facing industrial structure upgrading, inadequate access to financing, and insufficient corporate innovation (Van & Storey, 2004; Al-Mahrouq, 2006, 2010; Haas & Franco, 2011; Haas & Franco, 2016; Ceptureanu, 2017; Mbatha & Ngibe, 2017; Wendapo, 2018).

Decades of academic research on social capital have shown that the role of social capital in fostering innovation has received widespread attention. Social capital has clear benefits for individuals and organizations, including foreign trade micro, small and medium-sized enterprises. These include reducing turnover, improving team and individual performance, increasing knowledge transfer, enhancing innovation and increasing career mobility. (Global Social Mobility Index 2020, n.d.). In China'sforeign trade micro,small and medium-sized enterprises, giving full play to the role of social capital is the key to maintaining sustained growth and success. How social capital affects the innovation performance of foreign trade MSMEs is a key issue that has a significant impact on their competitive advantage and growth prospects.

MSME foreign trade enterprises also face many challenges in the process of achieving effective knowledge creation. First, limited resources and lack of talent may limit the creation, access, and application of knowledge. At the same time, the international nature of foreign trade enterprises also brings complexity such as cultural, linguistic and market differences to knowledge creation (Zhang et al., 2020). In addition, knowledge creation requires a certain organizational culture and environment to promote innovative thinking and cooperation among employees (Liu et al., 2019). The outcomes of knowledge creation often require effective knowledge transfer and application to have a substantial impact on innovation performance. The integration of knowledge accumulation and application ability requires the support of dynamic capabilities, including the ability to absorb, integrate and apply new knowledge, as well as sensitivity to market and technological changes (Sun et al., 2019).

In summary, the question of the innovation performance of SMEs by social capital revolves around their ability to effectively harness and translate social networks, relationships, and trust into tangible innovation outcomes. While recognizing the potential benefits of social capital, the challenges associated with its development, 8utilization and integration of dynamic capabilities constitute significant barriers that need to be addressed for SMEs to take full advantage of their innovative potential. Knowledge creation has an important impact on the innovation performance of China's foreign trade micro, small and medium-size enterprises. Despite these challenges, an effective knowledge creation process can lead to better new perspectives, products, knowledge, and technologies for businesses, improve competitiveness, and adapt to changing business environments. Dynamic capabilities are of great significance in the innovation performance of small and medium-sized foreign trade enterprises in China. Therefore, how to build and apply dynamic capabilities to adapt to the challenges of rapid market changes and technological progress in the context of limited resources is a problem that requires in-depth research and practice.

Research questions for the study "The Effect of Social Capital on the Innovation Performance of Foreign Trade Micro-, micro, small and medium-sized enterprises (MSMEs) in Hunan, China" with mediation variables Knowledge Creation and Dynamic Capabilities could include:
Q1: What is the direct impact of social capital on the innovation performance of foreign trade micro, small and medium-sized enterprises in Hunan Province?
Q2: What role does knowledge creation play as a mediator between social capital and innovation performance?
Q3: What are the mediating effects of dynamic capabilities between social capital and innovation performance?
Q4: Is there an interplay between knowledge creation and dynamic capabilities?
These research questions provide a framework for investigating the complex relationships between social capital, knowledge creation, dynamic capabilities, and innovation performance among foreign trade MSMEs in Hunan, China. They aim to uncover both direct and mediated effects and explore the contextual factors that shape these relationships within the specific geographic and economic context of Hunan.
The objectives of the study on "The Effect of Social Capital on the Innovation Performance of Foreign Trade Micro-, micro, small and medium-sized enterprises (MSMEs) in Hunan, China," with mediation variables of Knowledge Creation and Dynamic Capabilities, could be outlined as follows: To evaluate the impact of social capital on innovation performance in foreign trade micro, small and medium-sized enterprises in Hunan Province. To explore the mediating role of knowledge creation in the correlation between social capital and innovation performance of Hunan foreign trade enterprises. To discuss the mediating role of dynamic capabilities in the correlation between social capital and innovation performance of Hunan foreign trade micro, small and medium-sized enterprises. To explore the interplay between knowledge creation and dynamic capabilities.
By achieving these goals, this study aims to comprehensively understand how social capital influences the innovation performance of micro, small and medium-sized enterprises in foreign trade in Hunan Province, China, while considering the mediating role of knowledge creation and dynamic capabilities. The study also seeks to provide actionable insights to help SMEs and small businesses strengthen their innovation strategies and overall competitiveness in the region's foreign trade sector.

LITERATURE REVIEWS

Social capital is a social science theory that involves social factors such as social networks, trust, cooperation, and resource sharing, which have important effects on the well-being of individuals and society, economic prosperity, and social development. Social capital theory emphasizes the importance of social relationships and interactions for social and individual behavior, and how they facilitate the flow and sharing of resources. Through the literature review, scholars' research on social capital mainly involves three levels: macro level, meso level and micro level. At the macro level, it mainly studies the influence of external environment on social capital and the embedding mode of social capital in political environment and political system; at the middle level, it mainly explores the flow of network resources and the structured degree of social capital network; at the micro level, it mainly studies the ability of individual behavior to mobilize resources in social network and the results. In a word, social capital exists at different levels and has different types. Moreover, social capital is generally considered to be not the resource with maximum benefit but the resource with optimal benefit. It is different types of social capital at the macro, meso and micro levels that jointly determine the difference in the effect of resource utilization. This is because the differences between different social capital are not only reflected in the resource stock, but also in the social structure. The changes of social capital is affected by the actors (Kannadhasan et

al., 2018). That is to say, "there are both high level of social capital and low level of social capital, and different levels of social capital can be converted from each other". This statement is an affirmation of the extensive research and application of social capital theory in the management field.

The social capital involved in this study is interpreted from the perspective of the resource view. The knowledge or other resources required by enterprises to cope with environmental changes are largely derived from social resources outside the organization, so this paper emphasizes organizational social capital, rather than individual or team social capital, and the argument of Nahapiet & Ghoshal (1998) is particularly appropriate for the analysis of organizational social capital. Comprehensive analysis, this paper thinks: social capital is a specific resource, refers to the independent enterprises and external stakeholders (such as suppliers, distributors and other upstream and downstream enterprises) associated formation, affected by the enterprise common cognitive level, can be used, based on trust and reciprocity behavior, embedded social network of all the implicit and explicit resources.

Foreign scholars Granovetter (1973), Nahapiet & Ghoshal (1998), Martinez-Canas (2012), Bharati et al. (2015), Holsapple et al. (2015), Ortiz et al. (2018), Li et al. (2019) and domestic scholars Liu Shouxian (2014), Jiang Tianying et al. (2010), Xu Hui et al. (2014), Tang Zhiyong et al. (2014), Liu Ligang and Liu Jianji (2017), Xiong Jihe Sun Daoyin (2017), Dai Wanliang et al. (2019), Wang Xiaohong et al. (2020) in their respective studies, They all divide social capital from the perspectives of structural (Structural), cognitive (Cognitive) and relational (Relational), At the same time, these related studies are also basically distributed in the field of enterprise knowledge management or enterprise innovation management research field.

Foreign scholars Coleman (1988), Wu (2008), Yen et al. (2015) and Suseno (2018) also divided social capital into correlation, common understanding and trust, but the essential attributes of the three belong to three aspects: structural social capital, cognitive social capital, and relational social capital.

Relationship between social capital and innovation performance

The relationship between social capital and innovation performance is an important topic in management research. Here are some relevant literatures exploring the relationship between social capital and innovation performance:

(Huggins & Thompson, 2014) explored the impact of social capital on regional innovation performance. The authors highlight the role of social capital in promoting inter-enterprise cooperation, knowledge sharing and innovation. (Borghini & Magnani, 2015 Using spatial measurement analysis, we examined how social capital affects regional innovation performance. Found a significant positive relationship between social capital and innovation. (Uzzi, 1997) Research explores the structure of social networks between companies and how these networks affect innovation. He proposed the "paradox of embedddness," emphasizing that moderate embedddness of social networks contributes to innovation. (Nahapiet & Ghoshal, 1998) discusses the relationship between social capital, intellectual capital, and organizational performance. Social capital is seen as contributing to knowledge sharing and innovation that improving organisation performance. (Zahra & George, 2002) explores the concept of absorption capacity, namely how an organization absorbs external knowledge and applies it to innovation. Social capital can influence absorption capacity and thus affect innovation performance.

This literature provides some important points of research on how social capital relates to innovation performance. Social capital can have a positive impact on innovation performance by promoting cooperation, knowledge sharing, resource acquisition, and the establishment of an innovation culture.

Based on the above analysis, the study makes the following assumptions:

H1: Social capital has a significant positive impact on innovation performance.

Relationship between social capital and knowledge creation

The relationship between social capital and knowledge creation is an area of great research attention because social capital can influence the sharing, innovation, and dissemination of knowledge. Here are some relevant literatures exploring the relationship between social capital and knowledge creation.

Social Capital, Intellectual Capital, and the Organizational Advantage. This article highlights how social capital influences the knowledge creation and performance of an organization. The authors propose the relationship between social capital, knowledge capital and structural capital, and explore the importance of social networks and social relations to knowledge sharing and innovation (Nahapiet & Ghoshal, 1998). (Adler & Kwon, 2002) discusses the different dimensions of social capital and suggests how social capital promotes knowledge creation and organizational learning. The authors highlight the key role of social networks and trust in knowledge-sharing and innovation. (Cohen & Levinthal, 1990) explores the ability of organizations to absorb, that is, the ability to absorb external knowledge and internalize it into innovation. Social capital can influence absorptive capacity because it can provide organizations with a channel for external knowledge. (Burt, 2004) Research has focused on structural holes in social networks and how they promote innovation and knowledge dissemination. He discussed the influence of social capital on the structural holes. (Wasko & Faraj, 2005) examined the motivation for sharing knowledge in the electronic community, particularly in relation to social capital. The investigators explore how trust, intimacy, and cooperation in social networks influence the sharing and contribution of knowledge.

This literature provides useful perspectives on how social capital relates to knowledge creation and innovation. Social capital can influence the sharing, dissemination, and creation of knowledge through social networks, trust and cooperation, which can have an important impact on the innovation ability of organizations and society. In a word, considering the external social environment of an enterprise, structural social capital, cognitive social capital, and relational social capital will profoundly affect the knowledge creation (knowledge exchange and knowledge integration).

Based on the above analysis, the study makes the following assumptions:

H2: Social capital has a significant positive impact on knowledge creation.

Relationship between social capital and enterprise dynamic capabilities

The following is some relevant literature exploring the link between social capital and corporate dynamic capabilities:

(Ahuja, 2000) Research has focused on the impact of structural holes (structural holes) in social networks on enterprise innovation and dynamic capabilities. The authors highlight the role of social capital in promoting enterprise innovation. (Tsai, 2001) Research explores knowledge transfer in social networks within enterprises and how it affects enterprise innovation and performance. The authors examine the influence of social capital, network location and absorption capacity on enterprise dynamic capacity.

(Nahapiet & Ghoshal, 1998) emphasized the impact of social capital on an organization's knowledge management and ability to innovate. It explores how social networks and social relationships can promote knowledge sharing and innovation to improve the dynamic capabilities of enterprises.

(Wang & Rafiq, 2014) compares the relationship between the culture, social capital and dynamic capabilities of British and Chinese high-tech enterprises. The authors focus on how social networks and culture influence the innovative and dynamic capabilities of businesses.

(Hitt & Lee, 2000) explored the relationship between technology learning, knowledge management, and enterprise performance. It highlights the role of social capital in knowledge management and dynamic competence.

This literature provides some useful perspectives on how research links social capital and the dynamic capabilities of the enterprise. Social capital can have a positive impact on the dynamic capabilities of enterprises by promoting knowledge sharing, cooperation, and innovation, as well as strengthening the external network of relationships.

Based on the above analysis, the study makes the following assumptions:

H3: Social capital has a significant positive impact on the dynamic capabilities of enterprises.

The creation of new knowledge is the key to the continued success of enterprises (Zhao et al. 2019). Enterprises are the entities carrying knowledge (Regner & Zander, 2011). The dynamics and complexity of the business environment force enterprises to meet the market needs of processes, products, and services, and must create new knowledge quickly (Zaragoza-Saez et al., 2016). Otherwise, enterprises may not be able to stay fresh and respond to the changing environmental pressure, and eventually withdraw from the stage of history (Tootell et al., 2020). Through the combing and summary of relevant knowledge creation literature, it is found that knowledge creation is a comprehensive concept, which is closely related to the ontology of knowledge creation and the environment in which it is located and is reflected in the service or product innovation of enterprises. Based on summarizing domestic and foreign literature, the connotation of knowledge creation is sorted out and summarized according to the level of knowledge creation (within organization, between organization and organization space (digital network economy platform).although some scholars divide knowledge creation into dimensions, according to existing studies, most of the literature related to knowledge creation is not classified, and most of them are studied based on knowledge creation ability and knowledge creation process and other variables. This is because: if knowledge creation is defined from the perspective of ability, knowledge creation is divided into innovation ability or renewal ability, similar to innovation ability, to blur the research results. If knowledge creation is defined from the perspective of process, knowledge creation may be divided into product innovation and service innovation, like enterprise innovation. If knowledge creation is defined from the perspective of behavior and divides it into different dimensions, it will increase the complexity of behavior. No more empirical studies of multidimensional knowledge creation have been found in some related studies. This study is to explore the influence of knowledge creation as an intermediary variable in social capital on enterprise innovation performance. From the perspective of this research topic, knowledge creation is related to enterprise innovation. Therefore, this study defines the dimension of knowledge creation as new plan, new product, new knowledge, and new technology.

Relationship between knowledge creation and innovation performance

The relationship between knowledge management and enterprise innovation has been the focus of much research, and much research has proved that knowledge creation is the source of enterprise innovation (Elsa et al., 2019). Knowledge creation is not only the starting point of knowledge management, but also the starting point of innovation. Table 2.23 shows that the outcome variables of knowledge creation mainly include product innovation (Adomako et al., 2021), dynamic capabilities (Goswami & Agrawal, 2019), innovation (Goyalet al., 2020), enterprise performance (Qadri et al., 2021), etc. Li et al. (2018) proposed that knowledge creation can improve organizational performance and innovation success rate from the perspective of efficiency. Goswami And Agrawal (2019) emphasize that knowledge creation helps to build organizational intellectual capital, make enterprises more competitive, and develop unique dynamic capabilities for organizational learning. Adomako et al. (2021) Based on the knowledge base view, they propose that the knowledge creation process is extremely important for enterprises to develop new products or marketing strategies. Knowledge creation and the possession of valuable resources can improve the competitive advantage of enterprises serving the international market, and enterprises must actively create knowledge to compete with competitors.

Based on the above analysis, the study makes the following assumptions:
H4: Knowledge creation has a positive and direct impact on the innovation performance of foreign trade micro, small and medium-sized enterprises.
H5: Knowledge creation has a positive and direct impact on the dynamic capabilities of enterprises.
As scholars pay more attention to and expand their dynamic capabilities, their concepts are rich and colorful. Helfat and Peteraf (2003), based on the concept proposed by Teece et al. (1997), define the dynamic capabilities as the ability of enterprises to quickly integrate and allocate existing resources to adapt to the external environment. O'Reilly et al. (2008) identifies dynamic capabilities as a series of actions (or practices) taken by senior management, allowing companies to identify opportunities and threats and reconfigure assets (personnel, organizational structure, and resources) to adapt to changing environments. Chen Lingzi et al. (2021) believe that dynamic capabilities refer to the ability of enterprises to integrate, establish and reorganize internal and external resources to continuously acquire and maintain competitive advantages, including three parts: opportunity perception, model learning and market reconstruction. Ali et al. (2022) describes dynamic capabilities as unique skills and abilities to perceive, capture, and reconfigure in a risky business environment. Enterprises need to deploy this capability to maintain a competitive advantage in a dynamic environment. Jafari-Sadeghi et al. (2022) creatively proposed six dynamic capabilities, including technology, innovation, knowledge management, network, management, and decision making, and regarded dynamic capabilities as a combination of these six capabilities, so that enterprises can quickly predict and shape the business environment and gain agility.
Based on rationalizing the relevant literature, it can be found that the antecedent variables of dynamic capability mainly focus on organizational learning mechanism, manager cognition, resource acquisition, etc., such as the impact of organizational learning depth, senior management team, enterprise resource stock, social capital, network relationship resources, etc. on dynamic ability. The outcome variables of dynamic capability are mainly enterprise innovation and performance, competitive advantage, etc., such as the research on the influence mechanism of new product development. Based on the above analysis, the purpose of the study is to analyze how firm dynamic capabilities as mediating variables affect firm innovation performance in volatile environments, and based on the above analysis, the following assumptions are made:
H6: The dynamic capabilities of enterprises have a positive and direct impact on the innovation performance of foreign trade small and medium-sized enterprises.

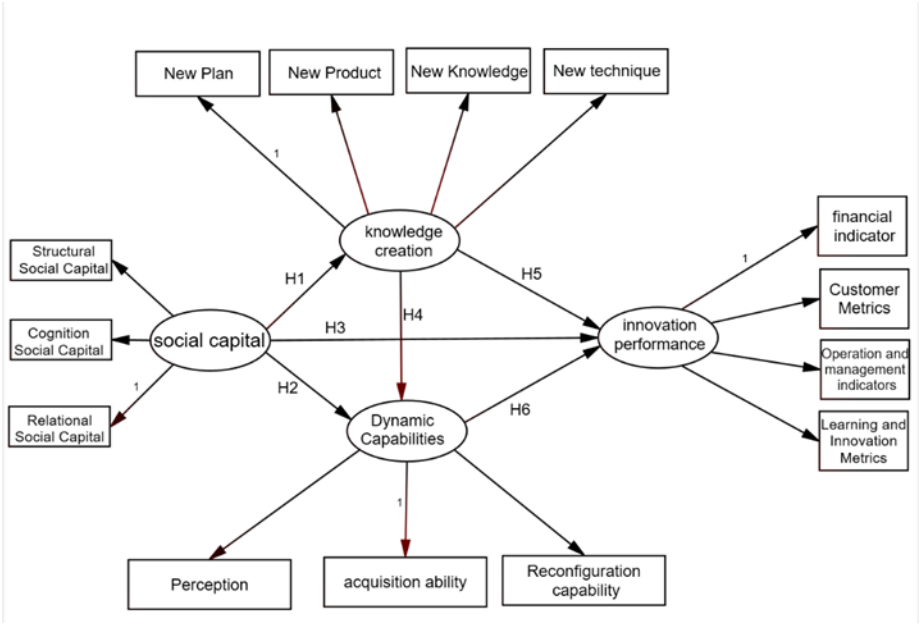

Figure 1 Research Conceptual Framework of Innovation Performance

RESEARCH METHODOLOGY

The study used a mixed-method study design. A hybrid research approach is a research method that combines elements of qualitative and quantitative research to take full advantage of the advantages of both approaches to gain a more holistic understanding of the research question (Creswell & Plano Clark, 2017). The main role of the hybrid research approach is to integrate qualitative and quantitative research, taking full advantage of the advantages of both methods to obtain more comprehensive, in-depth and credible research results. They can be applied in a variety of disciplines and research areas, especially in dealing with complex problems, exploring new areas, and promoting theoretical development.

This study adopts a hybrid research methodology, combining qualitative and quantitative research, to comprehensively understand the impact of social capital on the innovation performance of foreign trade micro, small and medium-sized enterprises in Hunan Province. A hybrid approach involves collecting both quantitative and qualitative types of data and integrating them in the analysis process. Through a hybrid research approach, we can better understand the impact of social capital, knowledge creation and firm dynamics in foreign trade.

The target group of this study is the foreign trade micro, small and medium-sized enterprises in Hunan Province, China. In 2022, there will be 26,000 foreign trade enterprises in Hunan Province, 8,480 enterprises with import and export trade performance, and 7,632 foreign trade micro, small and medium-sized enterprises in Hunan Province according to the proportion of 90% of micro, small and medium-sized enterprises (Hunan Provincial People's Government Portal, 2022).The data of foreign trade micro, small and medium-sized enterprises is scattered, and the information of these small and medium-sized foreign trade enterprises will be obtained through the help of import and export associations or cross-border e-commerce associations of cities in Hunan Province. Such as: Zhuzhou Small and Medium-sized Import and Export Enterprises Association, Changsha Cross-border E-commerce Association. These associations are service exchange and cooperation groups for foreign trade small and medium-sized micro enterprises in various cities, which can provide more and better real data and information for foreign trade small and medium-sized micro enterprises.

The sample of this study is 300 foreign trade micro, small and medium-sized enterprises. We asked middle executives to answer the questionnaire as respondents because they could represent their own companies as representatives of the analytics unit. As suggested by Kline

(2011: 12), a sample size of 20 respondents per observation variable is sufficient. Therefore, the minimum sample size for this study is 280 respondents, as this study contains 14 observational variables. Furthermore, as Comrey and Lee (1992: 217), the adequacy of sample size can be assessed very roughly based on the following scales: 50-very poor; 100 - poor; 300 - Good; 500 is very good. The researchers used stratified convenience sampling to select 1 respondent for each foreign trade MSMEs to obtain an excellent sample size of 300 respondents.

For data analysis, the researchers will use partial least squares structure equation modeling (PLS-SEM). Because it allows researchers to model and estimate complex causal models, which include latent variables (represented graphically as circles) and observed variables (graphically represented as rectangles). Unobserved (non-directly measurable) phenomena, such as perceptions, attitudes, and intentions, are represented by latent variables.

In statistical models, observed variables (for example, questionnaire responses or secondary data) are used to represent latent variables. PLS-SEM calculates the extent to which the model explains the target structure of interest by estimating the relationship between latent variables, i.e., their strength. PLS-SEMs differ from other modeling methods in that they examine direct and indirect effects on causal relationships on previous hypotheses (Hair et al., 2019).

For qualitative research data, researchers will determine the date, time, and location of in-depth interviews based on the themes, patterns, and perspectives scheduled. The researchers will determine the date, time, and location of the primary subject interview based on the predetermined topic. The NVivo program will be used to assess coding consistency by comparing coding results from multiple researchers on the same data (Mortelmans, 2019). The validity of the study will be enhanced by comparing the interpretation of the data by various researchers using NVivo software (Saldaña, 2021).

RESEARCH RESULTS

According to the theory of social capital, knowledge management theory and dynamic ability theory, and on the basis of analyzing the mechanism of action between different variables, the theoretical model of social capital, knowledge creation and dynamic ability affecting the innovation performance of small, medium and micro enterprises in foreign trade is constructed, and six corresponding assumptions are put forward. Subsequently, nearly 300 questionnaires were collected from micro enterprises in Hunan, and a structural equation model (SEM) was conducted using SPSS and PLS to evaluate the overall measurement model. The measurement model has a high reliability and validity to the scale. In terms of reliability, Krenbach's alpha, eigenvalue, and Dillon-Goldstein's Rho all exceed the 0.7 level recommended in the literature (Hair, Anderson, Thassam, & Black, 2001). To evaluate the validity of the measurement model, convergent and discriminant validity were evaluated. Convergent validity is the degree to which factors that should measure individual structures should be confirmed with each other. We tested the convergent validity recommended by other studies. The results show that the model fits the convergence validity criterion. Discriminant validity is the extent to which factors that should measure a particular structure cannot predict conceptually irrelevant criteria (Kline, 2010). We used the Fornell and Lackel's approach to assess discriminant validity. In this approach, the AVE for each construct should be higher than the squared correlation between the construct and any other one. The structural model supports the direct impact of social capital, knowledge creation and dynamic ability on the innovation performance of MSMEs in foreign trade. The influence of social capital on innovation performance is direct and significant.

Some of the resulting data are as follows: In order to verify the structural impact of social capital on knowledge creation, In terms of direct relations, In this paper, by using the test results of the overall structural equation model, Structural social capital can have a positive impact on

knowledge creation, The standardized path coefficient was 0.277 (p=0.000 <0.001), Hypothesis H4 is verified; Relational social capital has a significant positive impact on knowledge creation, The standardized path coefficient was 0.550 (p=0.000 <0.001), Hypothesis H6 is verified; The 95% confidence interval of the chain mediation effect of cognitive social capital and relational social capital between structured social capital and knowledge creation is [0.045, 0.111], Does not contain the 0, The mediation effect size was 0.075, The chain mediation effect is significant. Thus, social capital can significantly positively influence knowledge creation, assuming H1 is verified.

This paper presents the hypothesis that knowledge creation significantly positively affects the dynamic ability (H4). To test this hypothesis, the results show that knowledge creation has a significant positive impact on enterprise dynamic capabilities. This is because by constructing the overall structure equation model, the dynamic ability of knowledge creation for the standardized path coefficient is 0.403, path coefficient has positive significance (p=0.000 <0.001), so assuming H4 is verified, that is, when the ability to create new knowledge, the dynamic ability to deal with environmental change, corresponding to the mechanism of the relationship between the two.

DISCUSSION & CONCLUSION

Social capital refers to the resources formed in a social network, which helps individuals or organizations to acquire the required resources, information, and opportunities. For micro-small and medium-sized enterprises in Hunan foreign trade, social capital mainly includes the trust among enterprises, cooperation relationship, information sharing and the participation of industry associations. Hunan foreign trade micro, small, medium and micro enterprises is a new force active in the field of international trade, and social capital has exerted a significant and far-reaching impact on the innovation performance of Hunan foreign trade micro, small, medium and micro enterprises. These effects are not only reflected in the direct effect of enterprises in obtaining resources, opportunities and reducing transaction costs, but also in the indirect effect of improving enterprise innovation ability and core competitiveness. By expanding social networks, participating in industry exchanges and strengthening cooperation with large enterprises, Hunan's foreign trade micro, small, medium and micro enterprises can accumulate and use social capital, and then promote innovative development. However, there are also certain challenges in accumulating and applying social capital. Small and micro enterprises need to constantly improve their knowledge creation capabilities and dynamic capabilities, so as to effectively manage complex social relations, accurately identify and select partners, and improve their attractiveness. In addition, the government and relevant institutions should also actively support and guide Hunan foreign trade micro, small and micro enterprises to accumulate and use social capital, provide them with more opportunities and resources, standardize the market order and protect the legitimate rights and interests of enterprises. With the deepening of globalization and the rapid development of digital economy, Hunan foreign trade micro-small and medium-sized enterprises will face a more complex and changeable international trade environment. Only the enterprises that continuously expand the social capital, improve their own capabilities and actively respond to the challenges can remain invincible in the fierce market competition. Therefore, we should continue to pay attention to and study the development of this field, and provide more useful enlightenment and suggestions for the sustainable development of micro-sized enterprises in Hunan.

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