

# Discussion about the Mechanism of Government Supports Small and Micro Enterprises in China

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**Abstract:** China has experienced a marketing reform since 1978, after which the whole marketing system has been changed, and economy of China grows very fast since then. Marketing itself is also a powerful system. Marketing generates various mechanisms and influenced by them vice versa.

**Keywords:** Small and micro enterprises; Government support; Marketing; China.

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## 1. Introduction

Small and medium-sized enterprises are an important part of the national economy and an important force in promoting the development of the national economy. As of now, there are more than 10 million small and medium-sized enterprises in my country, accounting for 99% of the total number of enterprises in the country. They are a new growth point driving the development of the national economy. Rely on various researching institutions to improve entrepreneurship education, the government should attach great importance to promoting entrepreneurship education and establishing an entrepreneurial culture. Although small, medium and micro enterprises have grown rapidly in recent years, supporting employment, new drivers and growth, and demonstrating the good effects of a series of policies focusing on decentralization, regulation, services and mass entrepreneurship and innovation strategies, there are still many problems in their development. The first problem is that there are too many small, medium and micro enterprises. According to statistics released by the World Bank, the average number of small, medium and micro enterprises in various countries accounts for 91.43% of the total number of enterprises, and the average number of small, medium and micro enterprises per 1,000 people is 35.75. China currently has 76.9 small, medium and micro enterprises per 1,000 people, which is almost twice as high as the international level.

This essay will mainly discuss the significance of Chinese government supports small and micro enterprises. In the perspective of marketing, small and micro enterprises can promote competition, enhance market vitality, and operate as an integral part of the national economy. To the extent of employment, how the government deal with the issue of the development of enterprises has impact on the social economy. In addition, social stability is benefit from the prosperity of enterprises, social challenges and corporate social responsibilities will also be discussed.

## 2. The Concept of Small Business and Conditions of Its Realization

Small and micro enterprises form a complete market system with their quantity and scale, and continuously bring supply-side products to the market. More importantly, through their extensive contact with the market and full understanding of user needs, they can promptly feed back

relevant information to the supply side, so that the supply side can make timely adjustments and optimizations and provide products and services that are more in line with market demand. In other words, small and micro enterprises not only play the role of quickly delivering the products and services provided by the supply side to the market, but also play the role of feeding back the demands and suggestions from the demand side to the supply side. Under such circumstances, it will play a very important role in activating the vitality of the consumer market and promoting consumption.

Another important aspect for small and micro enterprises to stimulate market vitality is to promote entrepreneurship and promote innovation, especially innovation. Small and micro enterprises have advantages that are difficult for large and medium-sized enterprises to compare with. Perhaps, many people think that innovation mainly relies on large and medium-sized enterprises, especially large enterprises, and small and micro enterprises can only play a supporting role. As everyone knows, the foundation of innovation lies in small and micro enterprises, and lies in countless entrepreneurs and innovative small and micro enterprises. Although their innovations are not as high-end as those of large and medium-sized enterprises, they cannot directly put satellites into the sky, high-speed rails on the roads, and ships into the sea. Therefore, the role of small and micro enterprises in promoting entrepreneurship and innovation and enhancing market vitality cannot be ignored

## 3. Regulation of Small Business Development and The Support from Government

Negotiations between national and supranational is a philosophical topic in recent decades. Is there a possibility of ideal business under the state mechanism or government? Is it feasible?

After the reform and opening up, China's corporate law has obvious path dependence. On the one hand, it relies on the reform path, and on the other hand, it relies on the generation of knowledge and consensus formation in the corporate law community. Its origin is the 1979 Sino-Foreign Equity Joint Venture Enterprise Law for foreign-funded companies; for domestic companies, the two company regulations in 1988 were an attempt. The 1993 Company Law was dedicated to serving the reform of state-owned enterprises, and was later adopted in 2005. Intermediate level revisions have been made,

and the Supreme People's Court has developed five judicial interpretations over more than a decade to satisfy expanding corporate practice. The evolution of corporate law in China, like other jurisdictions, is driven by legislation, that is, through the continuous improvement of legal rules, adjustments to corporate governance and business practices are formed. In a sum, thinking on corporate law is also important on the research of government support.

#### **4. Symbolic Capital and the significance of Development of small and micro enterprises**

The term of symbolic capital could be seen as a factor in the research of government supports small and micro enterprises. The reason is that the identity of enterprise has its own structure and capital, although each is different, the way of symbolic capital influences are the same.

The core concept of Institutional theory is that organizational structures and processes tend to acquire meaning and achieve their own stability rather than based on expected effects and efficiencies, such as the organization's mission and goals. In the early stages of an organization's life cycle, organizational shapes vary widely. But over time, organizations' structures and practices can exhibit surprising homogeneity. Institutional theory posits that institutions are a key component of the environment. Applying this theory to the government supporting of enterprises, the significance of support not only reflect the government's responsibility on economic development but also the social change process.

#### **5. Mechanisms and Instruments of Small Business Support**

In terms of practical challenges, China is currently facing the need to promote marketization in a more diversified and free manner. It is not only facing the requirements for more entrepreneurship, financing and corporate transactions, and even the creation of a larger and better capital market, but it is also facing challenges in corporate governance and behavior. According to regulatory requirements, companies should abide by various industry rules, social customs, business ethics, and even actively pursue public or social virtues; they not only face the need for corporate governance to allow corporate autonomy to explore the Chinese model, but also face the stylized and codified exercise of power. issues.

First, when the business environment is not developed enough, the government still has to exert its influence to promote the subjective role of fair competition and resolve unfair competition and excessive competition. Second, it needs to have a unified understanding of how to support small, medium and micro enterprises and find the real restrictions on their development factors. From a government perspective, factors affecting the development of small and micro enterprises are inadequate government services, factors such as difficulty in financing, unreasonable industrial structure, lack of talent, and high costs.

From the perspective of the government, it is not that the government's services are not in place, but its policies are unstable, especially those in the past. The debate between state-owned and private enterprises. At the same time, compact competition, high costs, difficulty in financing, and lack of talent are also influencing factors. It can be seen that

there are certain differences in perspective understanding and an agreement needs to be reached primarily.

#### **6. Conclusion**

In conclusion, methods of cultivating small and micro enterprises is significant for government, also for economic growth in a country. The philosophical interpretation of the state mechanism impact on market conduct the research way in this essay. For the philosophical aspect, discussions about national and supranational is highly important in the research of government support small and micro enterprises. Measures and comparison with other countries' policies also has been discussed.

The government should establish a "school entrepreneurship education mechanism" to provide entrepreneurship education to primary, secondary and college students to encourage them to start their own businesses after graduation; promote corporate cooperation and encourage the establishment of partnerships with large companies. Strengthen training and education on entrepreneurship, especially entrepreneurship culture, education and training on entrepreneurship.

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