

Economic Transformation Development in Shanxi

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Abstract: Shanxi is one of the most typical provinces in China that mainly rely on mineral resources to develop economy. While making great contributions to the national economic development, many problems such as the imbalance of industrial structure, the deformity of ownership structure and the primary factor endowment have become more and more prominent, which have seriously affected the sustainable economic development of the whole province, and the transformation and reform is particularly urgent. As an important economic lever and regulation tool, fiscal and tax policies play an important role in promoting economic transformation. Therefore, it is necessary to conduct in-depth research on how to innovate fiscal and tax policies and deepen fiscal and tax system reform, so as to provide ideas and basis for government decision-making.

Keywords: Coal, Industrial structure, Ownership structure, Economic development, Fiscal policies, Tax policies.

1. Introduction

For Shanxi coal enterprises in the recession and moving towards the early stage of transformation, this paper analyzes and studies the current enterprise financing strategy, enterprise development status and the relationship between them, so as to provide financial guarantee for the development of enterprises in special periods and provide a strong basis for avoiding the failure of enterprises to break through the recession and move towards benign development due to financial problems. It also makes an in-depth study on how to innovate fiscal and tax policies and deepen fiscal and tax system reform, so as to provide ideas and basis for government decision-making.

2. Methodology

2.1. Sample Selection and Data Source

The selection of sample time range in this study first will take into account the reform of accounting system in 2007 and the establishment of "comprehensive reform zone" in Shanxi in 2010. This paper will take 15 listed companies in Shanxi coal industry from 2010 to 2017 as the research object. Relevant data will mainly come from sina finance, Shanghai and Shenzhen stock markets, guotai'an and Ruisi databases. In addition, in order to ensure the reliability of the data, this paper will delete the company data with many missing values, large fluctuations within the time range of the selected sample and marked as St during the sample period.

2.2. Variable Design

(1) Explained variable and explanatory variable.

Operating profit growth rate: This paper will find the best variable, i.e. operating profit growth rate, main business income growth rate, return on net assets and return on assets, after principal component analysis. Average cost of capital: the weighted average cost of capital is used in the research of enterprise financing strategy in this paper. Whether the enterprise can obtain the maximum financing amount with the lowest weighted average capital cost is the focus of the enterprise in financing. Asset liability ratio: since the research content of this paper will be the specific financing strategy adopted by enterprises under the transformation and development of resource-based economy, the asset liability

ratio can reflect the proportion and intensity of enterprise debt financing. Therefore, this paper will select the asset liability ratio as the research index.

(2) Control variables.

In order to avoid the one sidedness and singleness of the research results, five key factors of enterprise transformation and development will be selected as control variables through analysis, namely enterprise scale, technology scale, profitability, capital utilization rate and financing risk. (Table 4)

2.3. Model Construction

(1) Test model of the relationship between enterprise development and average capital cost:

$$MBRG = \beta_0 + \beta_1 WACC + \beta_2 SIZE + \beta_3 TEC + \beta_4 ROA + \beta_5 RS + \beta_6 ROE + \beta_7 GA + \varepsilon$$

(2) Test model for the relationship between enterprise development and asset liability ratio:

$$MBRG = \beta_0 + \beta_1 DBLT + \beta_2 SIZE + \beta_3 TEC + \beta_4 ROA + \beta_5 RS + \beta_6 ROE + \beta_7 GA + \varepsilon$$

Table 1. variable definitions are listed

The name of the variable	The variable symbol	Variable evaluation metrics and definitions
Growth rate of operating profit	MBRG	Growth in operating profit for the current year/Total operating profit for the previous year
Average cost of capital	WACC	Weighted average cost of capital for an enterprise
Asset-liability ratio	DEBT	Total assets/total liabilities
The size of the business	SIZE	The natural book value of the total asset
Technology scale	TEC	The annual value-added of technological progress as a proportion of the annual growth of total output value
Profitability	ROA	Net profit/total average assets
Fund utilization rate	RS	Net cash inflow from sales revenue/financing activities
	ROE	Net profit / average net assets
Risk of financing	GA	Change rate per share/rate of change in earnings before interest and tax

2.4. Statistical Treatment

Table 2. List of descriptive statistics for each variable

variable	The sample size	mean	minimum	median	maximum
MBRG	104	-0.0334	-283.4991	-0.4025	228.6254
WACC	81	0.3811	-8.2969	0.0948	7.9974
DEBT	104	0.6080	0.0001	0.4787	8.5226
SIZE	104	22.7492	15.8903	23.0864	24.7419
ROA	104	0.0305	-0.9370	0.0128	1.0454
GA	104	1.8137	-2.5881	1.0194	21.1273
ROE	104	0.0283	-0.7083	0.0227	0.4481
RS	100	498.4705	-22849.7700	0.4651	76654.6800

Table 3. List of regression results for each model

variable	Model 1	Model 2
DEBT		12.3359***(0.008)
WACC	-3.4930***(0.006)	
SIZE	-9.4220***(0.000)	19.0044**(0.011)
ROA	-297.5369***(0.001)	-104.3262(0.118)
GA	0.2139(0.413)	1.6605(0.137)
ROE	-54.4409(0.515)	-84.6132(0.288)
RS	-0.0305***(0.000)	-0.0014***(0.000)
TEC	-160.6294(0.126)	-41.1682(0.441)
_cons	399.2205***(0.004)	363.5358***(0.009)
R2	0.7372	0.3808
F	246.99	127.36
Prob>F	0.0000	0.0000

3. Presentation, Analysis, And Interpretation of Data

3.1. Problems Encountered in The Economic Structure of Shanxi

(1) The imbalance of industrial structure still exists

Industrial structure is an important index to measure the quality of economic development. In 2016, the added value of Shanxi's mining industry accounted for 15.62% of the regional GDP. Although it was significantly lower than 34.13% in 2011, nearly 1 / 6 of the province's GDP still came from the mining industry. The four major industries of "coal, coke and electricity" account for 22.9% of the regional GDP, 22.12 percentage points lower than that in 2011, but more than 1 / 5 of the GDP still comes from the resource-based industries composed of "coal, coke and electricity". The provincial tax situation can also reflect the weight of resource-based industries in the financial economy. In 2018, the tax revenue of the mining industry accounted for 43.24% of the tax revenue of the province, contributing 38.3% to the increase of tax revenue. The tax revenue of the resource-based industry composed of "coal, coke and electricity" accounted for 52.8% of the total tax revenue of the province, and the tax contribution rate was as high as 57.5%. It can be seen that the financial and economic resources of the province are still highly dependent. The total scale of strategic emerging industries is small and the level is low, which does not play a strong leading role in economic growth. In 2018, the added value of high-tech industries (Manufacturing) in the province accounted for only 4.9% of the added value of industries above Designated Size in the province, which was far from the national average of 13.9%, a difference of 9 percentage points. Although the proportion of service industry in the province's GDP has increased, and its contribution to GDP growth is also higher than that of the secondary industry, this is mainly affected by the weak growth of traditional industries such as "coal, coke, metallurgy and electricity". The slowdown in the growth of the secondary industry highlights the status of the service industry to a certain extent, but fundamentally, the development of the service industry in Shanxi still lags behind. The service industry in the province is still dominated by traditional service industry and consumer service industry, and the development of producer service industry is insufficient. Among producer services, traditional producer services such as wholesale services, goods transportation and warehousing services account for the main body, while modern producer services such as R & D and design, energy conservation and environmental protection and training services that significantly promote quality and efficiency improvement and structural adjustment are small in scale and lack development width and depth.

(2) Abnormal ownership structure

Ownership structure plays an extremely important role in the whole economic operation. In Shanxi, state-owned and state holding enterprises have occupied the dominant position in the market for a long time, and the private economy is not active enough. The proportion of assets of state-owned and state holding enterprises in Shanxi at the end of the year is significantly higher than the national average level, and also significantly higher than the proportion of private economy in the province. In 2017, the assets of state-owned and state-controlled industrial enterprises in the province accounted for 65.74% at the end of the year, while the private economy was only 17.36% in the same period, 48.38 percentage points higher than the latter. According to the list of China's top 500 private enterprises in 2018 released by the all China Federation of industry and commerce, only five enterprises in Shanxi are on the list, and none of them has entered the top 100, and the best performance is only 387. Compared with other provinces, Xinjiang, whose economic aggregate is less

than Shanxi, has one enterprise in the top 100, ranking 19th. Even Ningxia, whose economic aggregate is much lower than Shanxi, has one enterprise ranking 67th. From the operating income as the ranking standard, the total operating income of Huawei ranked first is 603.6 billion yuan, while that of Shanxi enterprises is 19.7 billion yuan, less than 1/30 of Huawei. (see Table 1) from the industry of the shortlisted enterprises, the five shortlisted enterprises belong to heavy industry, of which four belong to heavy chemical industry, and none of the private brands is nationally famous and lack competitiveness in the country. The lagging development of private economy leads to the lack of economic vitality, which is a major weakness of Shanxi's economic growth.

Table 4. Top 500 Private Enterprises in China 2018

rank ing	The name of the enterprise	Industry	Operating income (100 million yuan)
1	Huawei Investment Holdings Limited	Computer, communications and other electronic equipment manufacturing	6036.21
387	Shanxi Lubao Group	Petroleum processing, coking oh nuclear fuel processing industry	197.25
396	Meijin Energy Group Co., Ltd	Petroleum processing, coking oh nuclear fuel processing industry	192.57
401	Dayun Kyushu Group Co., Ltd	Automotive manufacturing	189.46
455	Shanxi General Talent Industry and Trade Co., Ltd	Ferrous metal smelting and rolling processing industry	170.15
466	Shanxi Liheng Iron and Steel Group Co., Ltd	Ferrous metal smelting and rolling processing industry	166.10

(3) The dominant position of enterprise innovation has not been established

Enhancing the ability of independent innovation is the basic requirement and driving force to promote the transformation and upgrading of Shanxi's industrial structure, improve its core competitiveness and realize comprehensive, coordinated and sustainable development. From the current situation, Shanxi's independent innovation ability is insufficient, and the construction of the main position of enterprise technological innovation needs to be strengthened. In 2017, there were only 468 enterprises with R & D activities among industrial enterprises above Designated Size in the province, accounting for 12.2% of Industrial Enterprises above Designated Size in the province and only 0.46% of the national total. The number of new product development projects, development expenditure, sales revenue and other indicators to measure the development and production of new products are at a low level. In 2017, there were 3119 development projects of new industrial products above Designated Size, with development expenditure of 8.955 billion yuan and sales revenue of 154.348 billion yuan, less

than 1/7, 1/5 and 1/5 of Anhui, which also has a considerable gap compared with other central provinces (see Table 2). The number of scientific and technological small and medium-sized enterprises and high-tech enterprises is small. By the end of 2017, there were 1117 high-tech enterprises in the province, less than 1% of the national 136000. There were 217000 small and medium-sized enterprises in the province, but less than 2000 met the national identification standards for scientific and technological small and medium-sized enterprises.

Table 5. Development and production of new industrial products above the scale of the six central provinces in 2017 years

	Number of development projects (items)	Development expenditure (100 million yuan)	Sales revenue (RMB 100 million yuan)
Shanxi	3119	89.55	1543.48
Anhui	22904	511.71	8843.08
Jiangxi	11689	294.96	3857.17
Henan	13058	398.23	7095.89
Hubei	12460	464.06	7523.49
Hunan	10204	485.75	8585.72

(4) Primary factor endowment

Affected by the weak demand for technology and talents due to the intensive resources and capital of resource-based industries, there is a serious lack of advanced production factors in Shanxi. In terms of the number of scientific researchers, in 2017, there were 8817 scientific researchers in the province, accounting for only 1.9% of the national total. In terms of scientific research investment, the R & D investment intensity of the whole province is 0.95%, while the national average is 2.13%. Shanxi lags behind the national average by 1.18 percentage points, and the gap with the whole country is becoming larger and larger. Among the 31 provinces (cities and districts) in China, Shanxi's R & D investment and investment intensity rank 20th and 22nd, both in the lower position. The average R & D investment of Industrial Enterprises above Designated Size accounted for 0.94% of the main revenue, only 0.68% in Shanxi, and the investment intensity of some subdivided industries was less than 0.2%. In terms of science, technology and finance, there are only 6 venture capital guidance funds and emerging industry venture capital funds established by the government in the province, and the number is relatively small. In terms of scientific research achievements, the number of authorized patent applications, invention patents and effective invention patents in Shanxi account for a very low proportion in the national total, only 0.54%, 0.51% and 0.7%, and the turnover of the provincial technology market accounts for only 0.7% of the country, which is a great gap compared with developed provinces. From the perspective of human resource quality, 85% of the employees in the province have high school and below education level, and only 15% have bachelor's degree or above. The overall quality of employees is not high, and it is difficult to convert human capital into high-quality output. Insufficient R & D investment and lack of talents reflect the insufficient formation of high-quality production factors in Shanxi, showing the obvious characteristics of primary factor endowment.

(5) Environmental pollution hinders economic growth

Although some achievements have been made in ecological construction, Shanxi is still one of the provinces

with prominent ecological and environmental problems in China. In 2017, the emission of volatile phenol in the province's sewage discharge was 18.07 tons, the largest among the six provinces in Central China, causing serious pollution to water resources. The emissions of soot, dust and sulfur dioxide are also among the largest in the country. In 2017, the average concentration of PM2.5 increased by 4% year-on-year, making it one of the few provinces in China with reduced atmospheric environmental quality. Among the six provinces in Central China, the annual emissions of sulfur dioxide and smoke (powder) dust in Shanxi are significantly higher than those in the other five provinces, and the air quality needs to be further improved (see Table 3). Forest resources have been largely destroyed due to years of resource exploitation. In 2017, the forest coverage rate of the whole province was only 18%, the lowest among the six provinces in Central China.

Table 6. Emissions of major pollutants in the six central provinces in 2017

	Pollutant content (tons) in wastewater	Content of major pollutants in exhaust gases (10,000 tons)		
	Volatile phenols	sulfur dioxide	Nitrogen oxides	Smoke (powder) dust
Shanxi	18.07	57.31	52.10	43.36
Anhui	12.35	23.54	49.00	28.08
Jiangxi	6.17	21.55	35.54	27.95
Henan	2.36	28.63	66.29	22.34
Hubei	5.36	22.01	37.67	18.80
Hunan	3.61	21.46	36.47	20.71

3.2. The Relationship Between Enterprise Development and The Following Factors

(1) Descriptive analysis.

In this paper, 104 valid samples were analyzed by stata15.0. According to the data in Table 2, the average growth rate of operating profit is -0.0334, indicating that the overall growth rate of operating profit of the sample enterprises selected in Shanxi coal industry is negative and the enterprise development is relatively poor. The average value of enterprise asset liability ratio is 0.6080 and the median is 0.4787, indicating that the enterprise asset liability ratio is at a relatively high level. The minimum value of enterprise scale is 15.8903 and the maximum value is 24.7419, indicating that the sample enterprise scale is different and the sample set is representative. The average return on total assets is 0.0305, the median is 0.0128, and the profitability is positive, indicating that the development of enterprises under the transformation of resource-based economy has made some progress. The fund utilization rate and fund share rate are positive on the whole, but they are still negative in many years, indicating that there is still a large deviation in the use of funds. In terms of technical scale indicators, the average value is 1.0023 and the minimum value is 0.7961, indicating that although many enterprises have carried out technology R & D and achieved certain results, most enterprises are limited by capital and have low investment or effectiveness in technology. The average value of financial leverage index is 1.8137, while the maximum value has reached 21.1273. Therefore, enterprises generally have large financing risks, indicating that enterprises' financing strategies are improperly used and there are many problems. (Table 5)

(2) Regression analysis.

Firstly, the Hausman test is used to test the specific model that should be adopted. The results show that the fixed effect model is suitable for this paper. It can be seen from table 3 model 1 that the goodness of fit of the model is 73.72%, the F value is 246.99, and the p value in the table is 0.0000, which shows that the overall model is significant within 1%. From the above data analysis, it can be seen that the model has a certain significance of empirical research and interpretation, and can be used as the research demonstration of this paper. The average capital cost in the analysis table has a p value of 0.006, indicating that it is significant at the 1% level. As the explanatory variable of this paper is the growth rate of operating profit, it shows that there is a significant correlation between the development of Shanxi coal industry under the transformation of resource-based economy and the average capital cost of enterprises. This paper is H1, which shows that the follow-up research is of certain significance. Secondly, according to the coefficient of average capital cost of model 1 in Table 3, its value is -3.4930, which is negative, indicating that there is not only a significant correlation between the development of Shanxi coal industry under the transformation of resource-based economy and the average capital cost of enterprises, but also a negative correlation, that is, the lower the average capital cost of enterprises, the more conducive to the development of enterprises. Therefore, the correctness of H2 in the selected sample enterprises can be obtained. According to model 2 in Table 3, the goodness of fit of the model is 38.08%, the F value is 127.36 and the p value is 0.0000, indicating that the model is significant at 1%, which has certain significance for empirical research and interpretation. Firstly, the p value of asset liability ratio is 0.008, indicating that it is significant at the level of 1%, and the significance is high. The relevant conclusions are persuasive. Secondly, the coefficient of asset liability ratio in the table is 12.3359, which is positive, indicating that there is a significant positive correlation between enterprise transformation and development and enterprise asset liability ratio, that is, the improvement of asset liability ratio of selected sample enterprises will promote enterprise development. According to this conclusion, it can be concluded that although Shanxi coal industry enterprises are in a recession, according to the life cycle theory, they are suitable to adopt the contraction financing strategy, but the proposal of resource-based economic transformation policy can help enterprises break through the recession and move towards a new round of growth. Therefore, under a certain ability and risk level, enterprises should appropriately increase debt financing, appropriately adjust and increase the amount of financing, and choose a high defense financing strategy. Therefore, H3 is proved in this paper. (Table 6)

(3) Robustness test.

In order to ensure the accuracy of the research results, this paper uses the equity liability ratio as the measurement index of enterprise financing strategy to analyze its relationship with enterprise operating profit growth rate. After Stata analysis, the equity liability ratio is significant at the level of 1%. Therefore, the results obtained by using the equity liability ratio are significant. Therefore, the above analysis results have certain empirical significance, and the data analysis of this paper has a certain basis to verify the correctness of this hypothesis.

4. Summary, Conclusions, Recommendations

4.1. Summary

Driven by the general situation, if Shanxi enterprises want to survive and develop continuously, they must clarify the challenges of the severe situation of the external coal industry to the enterprises. Firstly, the problem of overcapacity in Shanxi coal industry has seriously affected the financing effect. Enterprises raise funds for the production of coal products, but the imbalance between supply and demand leads to the accumulation of some products, which makes the capital of enterprises unable to turnover, and the capital recovery rate of many enterprises is poor; Secondly, many enterprises have serious financing difficulties. This is because enterprises do not have specific practical conditions for debt financing and no good investment projects during the recession, so their external financing ability is low; Finally, the coal industry has been in recession for a long time. Combined with the current transformation and development situation of resource-based economy, enterprises are in the early stage of transformation, and their development is different from the general start-up period. Therefore, under such special circumstances, enterprises need to have the optimal financing strategy, obtain the maximum amount of funds with the minimum financing cost, provide financial guarantee for the sound development of enterprises, and lay the foundation for the success of transformation in the period of recession.

4.2. Conclusions

Through the research on the financing strategy of enterprises under the transformation and development of resource-based economy in Shanxi coal industry, the following conclusions are drawn:

(1) Although Shanxi's coal industry has developed under the transformation of a resource-based economy, the overall development status is relatively poor.

(2) There is a negative correlation between enterprise development and its average cost of capital. When the average cost of capital is low, the effect of the implementation of the corporate financing strategy is better, which can promote the rapid development of the enterprise.

(3) There is a positive correlation between the development of an enterprise and its asset-liability ratio. In terms of specific financing strategies, the Shanxi coal industry should appropriately increase the existing debt-to-asset ratio, increase debt financing, and choose a high-defense financing strategy under the transformation of a resource-based economy, so that enterprises can have sufficient funds to cope with the transformation and enable enterprises to enter a new round of growth.

According to the above research, companies should aim to reduce the average cost of capital, increase debt financing appropriately, and complete corporate financing at low cost and efficiently.

4.3. Recommendations

The suggestions for companies:

(1) Adjust the capital structure, and reasonably allocate the proportion of corporate equity financing and debt financing according to the specific conditions of the enterprise.

(2) Maintain financial flexibility, so that enterprises can quickly and efficiently adjust the capital structure to achieve

the optimal capital structure.

(3) Appropriately increase debt financing, adopt a high-defense financing strategy, increase financing, and provide a capital base for enterprises.

(4) Strictly control the cost of each link, so that the funds raised can be used in places that can really promote the development of the enterprise.

(5) Make full use of the diversification of equity financing to carry out appropriate equity financing, avoid excessive debt financing and generate excessive debt ratio, which makes the financial risk of the enterprise high.

4.4. Suggestions for the Government's Fiscal Policy:

(1) Promote the optimization and upgrading of industrial structure as a traditional pillar industry in Shanxi, the coal industry still has a great impact on the province's economic development and fiscal revenue. We should further improve fiscal and taxation policies, support the upgrading and transformation of traditional industries, give enterprises preferential tax rates, increase expenditures and other tax incentives, and increase the enthusiasm of enterprises to carry out technological research and development and transformation activities. Strengthen the guidance and policy promotion for the development of the clean coal industry, promote the rapid development of coal deep processing industries such as coal chemical industry and coal bed methane, and enhance the government's comprehensive decision-making and coordination capabilities in the development of the coal industry, resource utilization and ecological environment protection. Increase investment in high-tech applications and accelerate the mutual grafting of traditional industries with new technologies, new processes, and new models. Promote the high-quality development of strategic emerging industries and strive to create a diversified industrial system. Relying on the existing foundation and advantages of emerging potential industries such as equipment manufacturing, new materials, and biomedicine, accelerate the occupation of high-end industries, form new advantageous industries, and promote the improvement of the quality of the province's economic structure. Encourage social funds and entrepreneurial venture capital to support emerging industries, through the use of government procurement, financial subsidies and other financial expenditure methods and improve the risk investment mechanism, to share the high operating risks, huge capital needs, financing difficulties and fierce market competition for emerging industries and other issues.

(2) Support the healthy development of the private economy Whether the private economy is developed or not reflects the economic vitality of a region to a large extent. To promote the accelerated development of the private economy, it is necessary to make better use of the government's public service functions, continuously innovate around the outstanding problems in the development of the private economy, and form a fiscal and taxation policy system that is conducive to the development of the private economy. It is recommended to comprehensively use financial tools to support the development of private enterprises, such as adopting direct financial investment to prevent and defuse the liquidity risk of private enterprises, adopting capital injection to improve the level of financing re-guarantee, adopting fiscal rewards and subsidies to promote the transformation and upgrading of private enterprises, and adopting tax reduction

Ways to reduce the burden on enterprises, adopt government procurement, guide private enterprises to participate in PPP, and expand market share for private enterprises.

(3) Guide enterprises to innovate independently Enhancing the ability of independent innovation is a strategic measure and an important guarantee for promoting the transformation and development of Shanxi's resource-based economy. In order to fully stimulate the initiative of enterprises in independent research and development and technological innovation, the allocation of financial technology resources should be further optimized, and the fiscal expenditure policy should be gradually transformed from a preferential type to an incentive type. The first is to give play to the guiding role of financial investment in science and technology, and for high-growth enterprises engaged in the development of strategic emerging industries, explore ways such as subsidies or rewards and subsidies after the investment of enterprise research and development funds to guide and encourage enterprises to increase investment in science and technology. The second is to give play to the incentive effect of preferential policies that support enterprises' independent innovation to encourage high-tech enterprises to use the income tax deductions and exemptions they enjoy when implementing the pre-tax deduction policy for research and development expenses. Research and innovation activities. The third is to improve the guiding support, stability support, post-subsidy and rewards, and actively construct and optimize the cooperation mechanism of industry, academia, and research, and promote enterprises to create technological innovation mechanisms and scientific and technological foundation platforms to improve their innovation capabilities.

(4) Increase the accumulation of technology and talent elements The inclination of finance to science and technology, culture and education can effectively promote the accumulation of key elements such as technology and talents, thereby affecting production methods and efficiency, and forming potential advantages and sustained momentum for the transformation and development of resource-based regions. Shanxi should further improve the mechanism for the steady growth of financial investment in science and technology and make investment in science and technology the focus of financial budget guarantees at all levels to provide adequate funding guarantees for technological development. Strengthen support for the research and development of major technologies and key technologies that support the transformation of the resource-based economy, and strive to achieve the national leading level in research and development investment in advantageous industries such as coal science and engineering, equipment manufacturing and strategic emerging industries. Promote the establishment of various joint funds for innovation and development and strengthen the innovation of financial technology investment methods. Establish and improve a growth mechanism linking fiscal education expenditure to total fiscal expenditure and GDP, improve the structure of education investment, focus on the coordinated development of basic education and higher education, and the professionalism of disciplines, and promote the improvement of the overall quality of the labor force. Strengthen the introduction of high-level talents and teams, innovate the use of various provincial talent special funds, focus on the key areas of Shanxi's industrial development, adopt the "industrial capital + human capital" model, and actively introduce domestic and foreign enterprise groups and multinational companies, and strive to introduce

its core R&D team or establish branches.

(5) Optimize the ecological environment The destruction of the ecological environment is a prominent problem faced by the resource-based economy, and it is also a major factor hindering the sustainable development of the economy. Shanxi should firmly establish the concept of ecological priority, further strengthen the management and protection of the ecological environments, and strengthen ecological restoration and improvement. Establish a long-term financial investment mechanism, increase the financial budget for the construction of ecological civilization, and innovate the budget management mechanism, so that the budgetary funds will be tilted towards the fight against pollution and ensure that the financial investment matches the key tasks of the construction of ecological civilization. Set up a large-scale environmental protection special fund, focusing on the comprehensive treatment of air, water, soil and other environmental pollution and major environmental infrastructure construction projects. Make areas with important ecological functions and ecologically fragile and sensitive areas as key ecological protection areas, increase capital investment in key ecological protection areas, and ensure sufficient funds for each key protection area.

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