

The Effect of Legal Counsel in Business Management in Beijing City

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Abstract: In the process of enterprise development, enterprises will face a variety of legal problems. Take Chinese enterprises as an example, basically, large enterprises and state-owned enterprises have set up specialized legal positions or hired legal consultants to provide legal services for enterprises, and the enterprise compliance system is relatively perfect, but many small and medium-sized enterprises do not pay enough attention to this aspect, and they will only seek the intervention of legal services when disputes occur. This paper investigates 30 science and technology-based small and medium-sized enterprises in Beijing equipped with legal advisers, and investigates the role of legal advisers in the development of small and medium-sized enterprises through quantitative research. Through the investigation and research, it is found that these small and medium-sized enterprises equipped with legal advisers are relatively more complete and clearer in terms of organizational structure, management process, business development, etc., and the enterprise's risk-resistant ability is stronger, which makes it easier to attract partners and investors. partners and investors. This study aims to popularize the necessity of legal compliance in the society, and legal advisors can help enterprises to provide compliance guidelines at the beginning of their founding to make their operations more robust, help enterprises to strengthen their compliance awareness at the beginning of their founding, and enhance their overall competitiveness.

Keywords: Legal counsel; SMEs; Legal compliance; Preventing business risks.

1. Introduction

(1) Background of the study

With the development of social economy and the enhancement of people's legal awareness, entrepreneurs are paying more and more attention to the compliance of enterprise management, the research object of this paper mainly focuses on small and medium-sized enterprises, the proportion of such enterprises equipped with legal advisers is relatively low, the managers focus on the business development and earnings of the enterprise, only in the event of legal disputes or the existence of obvious legal problems will find a lawyer to deal with the problem, but the operational risk and enterprise development is often accompanied by, if they do not from the beginning to pay attention to the compliance problem of the enterprise, the future business, however, business risks and business development often go hand in hand, if you do not pay attention to business compliance issues from the beginning, the business risks will accumulate more and more in the future, affecting the long-term development of enterprises. Beijing is the capital of China and one of the economic centers of the country, through the research on legal services of 30 SMEs in Beijing, we analyze the degree of importance these enterprises attach to compliance in the process of operation and development, and what are the main legal risks faced by the enterprises, which can provide reference for entrepreneurs in other regions, thus helping entrepreneurs to enhance the awareness of legal compliance, reduce the business risks of enterprises, and contribute to the long-term development of the enterprises, which will help the long-term development of enterprises.

(2) Literature review

Similarly, in a series of processes from the establishment to

the cancellation of the company, guidance of legal compliance is needed, and the legal business management system is used to realize scientific management. Chai(2022) believes that the comprehensive legal business management system is designed to enhance the effectiveness of enterprise management, and the carrier of legal business management is constructed by injecting legal elements into the organizational structure of the enterprise, so as to achieve the full coverage of the enterprise's operation and management activities to achieve the goal of avoiding the risks of legal business and safeguarding the stability and sustainable development of the enterprise, the purpose of escorting the stability and sustainable development of enterprises. Any commercial activities cannot be separated from the constraints of the rules, Tao(2019) found that specific legal matters, essentially legal advisers in the management of the direct or indirect, regular or temporary instructions to complete the legal advisers are based on the management of the management of the need to produce, which also indicates that the role of legal advisers in the process of commercial activities more and more by managers. This also shows that the role of legal advisers in the process of commercial activities is increasingly recognized by managers and even the product of management's will.

Capital can be regarded as the blood of the enterprise, Zhang(2015) believes that the company's capital, for the acquisition of legal personality, the smooth progress of production, operation and management activities, the protection of the interests of creditors, and the maintenance of transaction security has a very important significance. The development and growth of enterprises can not be separated from the operation of capital, will inevitably involve financing needs, and financing behavior will also be accompanied by a number of uncertain financial risks,

Yao(2014) research found that, due to the government's administrative management system of the financial market, there is a certain lag, resulting in the cognition of the financial risks of the people only know what they know but do not know what they do not know, and often in order to pursue a high yield and ignored risk factors, which are risk factors that could possibly involve criminal offenses, especially for small and medium-sized enterprises, which have insufficient knowledge of and ability to control risks, and especially need professional legal advisors to guide compliance in capital activities.

Enterprises have the most contact with the market in the form of law is to sign a contract, the contract is known as the contract in ancient times, is a very important legal document in economic activities, Wang(2020) research found that the contract management of the enterprise is the enterprise's self-management, in order to prevent the risk of the contract, the contract is the embodiment of the specific content of the business negotiation, the contract management of the enterprise through the strengthening of the professionals, according to the object of the transaction and the rules of the industry to draft contracts, can effectively reduce the cost of the enterprise's operations, to prevent the risk of the operation of the negotiation over the kind of enterprise core competitiveness can be improved, the written contract is more than the verbal contract when a dispute occurs in the commercial affairs of a more secure.

The legal form of the most contact between the enterprise and the market is to sign a contract, the contract is called contract in ancient times, it is a very important legal document in economic activities, Wang(2020)found that the contract management of the enterprise is the enterprise's self-management, the purpose is to prevent the contract risk, the contract is the embodiment of the specific content of the business negotiation, it is a contractual document to protect the economic transaction, as the scope of enterprise's operation is usually determined, David(2020) found that through professionals to strengthen the contract management of enterprises, according to the object of the transaction and the industry rules to develop a contract template, while according to the individual needs of the transaction on the basis of the template changes and modifications to improve the content of the contract, you can effectively reduce the operating costs of enterprises, to prevent the risk of operation, in the negotiation of the kind of over the core competitiveness of the enterprise can be improved, the written contract can be a clear embodiment of the details of the transaction, rights and obligations belonging to the penalties for breach of contract and so on. Written contracts can clearly reflect the details of the transaction, rights and obligations, penalties for breach of contract, etc., which is more secure than oral contracts in the event of commercial disputes, so as to maximize the interests of enterprises.

A very important part of commercial activities is tax payment. Enterprises can adopt reasonable means to save tax, but not tax evasion, tax evasion, false invoicing, etc. Li Bin pointed out that, with the launch of Golden Tax IV, China's tax control is gradually moving towards digitalization and intelligence, not only tax monitoring, but also "non-tax" business is included. Li Bin pointed out that with the launch of the fourth phase of the Golden Tax, China's tax control is gradually becoming digitalized and intelligent. If an enterprise violates the law in tax payment, it may be involved

in criminal offenses, such as false VAT invoices, tax evasion, tax evasion, fraudulent export tax refund, etc. Similarly, if an enterprise violates the law in loan, financing, or other financial transactions, it may be involved in criminal offenses. Similarly, enterprises may also be involved in criminal offenses in the areas of lending, financing, environmental pollution, use of network information, etc. Managers of enterprises are experts in doing business, but they need to be guided by professional legal advisors to avoid taking any chances when it comes to corporate compliance.

Commercial activities often involve the transfer of equity, Zheng(2020)believes that equity is the embodiment of the function of the system of shareholders' capital and corporate capital, equity is a comprehensive right, the design of the equity structure, equity transfer, the exercise of equity and so on will affect and constrain the development of the company, the legal adviser can help business managers to achieve a reasonable match between the equity and the right to operate, the equity changes will not have a significant impact on the normal operation of the enterprise.

In addition, Justin (2015) indicated that legal advisers also play an important role in many aspects of business activities, for example, in foreign-related business, subject to the different legal systems and regulations of different countries, different trading habits and other factors, internationalized transactions will have a lot of contradictions and uncertainties, legal advisers can apply international practices or international trade rules to bind the parties, balance the rights and obligations of the parties, in order to promote the smooth implementation of the transaction to provide guidance and services. Legal advisers can provide guidance and services for the smooth implementation of the transaction by applying international practices or international trade rules to bind the parties and balance their rights and obligations. Legal counselors can also provide preliminary background investigation, issue risk guidance, etc., so that enterprises have a more in-depth understanding of the cooperation partner or competitors. In modern society, public opinion spreads very fast through the Internet, and if a risky event occurs in an enterprise, the handling of public relations crisis also requires the intervention of professional legal services, otherwise it will have a serious impact on the company's reputation. When the enterprise intends to end the operation of the bankruptcy liquidation or dissolution of the liquidation, will involve a lot of legal issues, such as payable claims, employee compensation, disposal of assets, ongoing contract termination, distribution of remaining assets, etc., all need legal counseling staff to assist in dealing with the law. Nowadays, enterprises pay more and more attention to the protection of intellectual property rights, trademark registration, patent application, patent litigation, etc., also need professional personnel to deal with.

Every aspect of enterprise economic activities are inseparable from the constraints of the legal rules, small and medium-sized enterprises, if the legal awareness is not strong, it is easy to get into legal disputes, resulting in unnecessary trouble losses, Evan.(2018) indicated that managers to improve legal awareness, the enterprise to strengthen the involvement of legal counselor not only to help enterprises to prevent legal risks, the hiring of legal counselor of the enterprise will also make it easier for trading partners to generate trust to enhance the core competitiveness of enterprises.

(3) Theoretical Framework

Sun(2016) indicated that legal business thinking refers to the organic combination of the "pursuit of efficiency" way of thinking, which is the main layer of economic values, and the "pursuit of fairness" way of thinking, which is dominated by the value of the rule of law, in order to realize the balanced development of the subject's rights and interests in the decision-making thinking.

Research Objectives:

To investigate the extent to which SMEs in science and technology are concerned about the business-related legal services program and recognize the work of legal advisors.

To evaluate the extent to which commercial legal service programs play a role in the field of commercial activities undertaken by SMEs technology enterprises and the extent to which the work of legal advisors is recognized.

To compare the degree of importance attached to different commercial legal service projects in the field of commercial activities, analyze which legal issues enterprise managers pay more attention to, enhance the legal awareness of enterprise managers, and promote the healthy and benign development of economic activities and economic order.

2. Design and Methodology

(1) Research paradigm

Through the research on 30 SMEs technology enterprises in Beijing, we emphasize the important role of legal advisors in modern commercial activities, provide reference for managers in other regions outside of Beijing, promote enterprises to operate in compliance with the law, improve the overall legal awareness of enterprises in the whole society, and increase the core competitiveness of enterprises.

(2) Design and Methodology

Problem setting

This paper adopts a quantitative research approach, listing 12 conventional legal service programs, and through the distribution of questionnaires to small and medium-sized science and technology enterprises in the Beijing area, allowing the enterprises to score the legal service programs and assess the importance of the legal service programs to the enterprises.

Study population and location

Thirty technology-based SMEs participated in the questionnaire, which was randomly selected from the client system of a large law firm, all located in Beijing.

Data collection tools

The researchers first through the WeChat questionnaire star on the small program will be entered into the question, and then sent to the target enterprises through the lawyer, participating in the research of corporate customers to take anonymous scoring method for scoring, scoring personnel are docking work with the legal adviser for the enterprise employees or business managers, 1-5 for the score range, 1 is not useful at all, 5 for the very useful, and to retrieve the questionnaire, the scoring project to summarize the statistics.

Ethical considerations

The survey respondents of this study are all through advance communication, screened out agreed to cooperate with the enterprises to participate in the research, in order to ensure the reliability of the results, the questionnaire is

submitted in an anonymous manner, does not involve the violation of trade secrets, personal privacy of the situation, the data collected is only used for the research of this paper to use, and does not make any other commercial use.

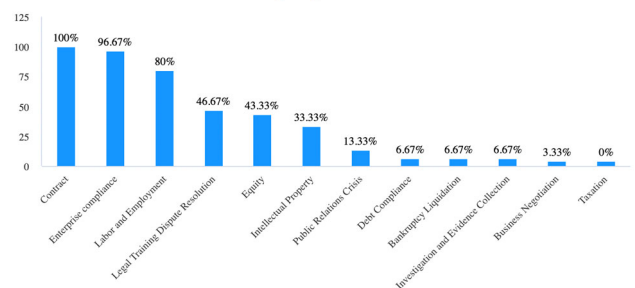
3. Results and Discussions

Proportion of enterprises involved in legal service projects

The 30 technology-based enterprises participating in this survey are all small and medium-sized enterprises. In terms of annual turnover, there are four with less than 1 million yuan, eight with 1.01-3 million yuan, eight with 3.01-5 million yuan, five with 5.01-100 million yuan, and five with more than 100 million yuan.

From the Table 1, Labor and Employment, Contract, Enterprise compliance is the focus of the majority of enterprises, the proportion is as high as 80%-97%, followed by Equity, Intellectual Property, Legal Training, the proportion of about 33%-47% or so, for Taxation, Business Negotiation, Debt Compliance, Bankruptcy Liquidation, Investigation and Evidence Collection, Public Relations Crisis, etc., are not a very high degree of concern, the proportion is about 0%-14%.

Table 1. Proportion of enterprises involved in legal service projects



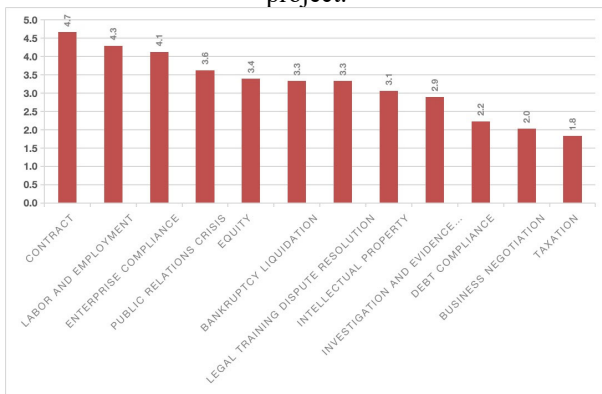
Evaluation of the importance of each legal services project

As shown in Table 2, according to the importance rating from 1-5 points, where 1 point is not important at all, 5 points is very important, and the middle value of 2.5 points is taken as the dividing line, and the average value is calculated for the evaluation of the importance of each service, and the results of the study show that the evaluation of the importance of Labor and Employment, Contract, Enterprise compliance exceeds 4 points, and the evaluation of the importance of Public Relations Crisis, Equity, Bankruptcy Liquidation, Legal Training and Intellectual Property is between 3 and 3.6 points, the importance of Investigation and Evidence Collection is evaluated at 2.9 points, and the importance of Debt Compliance and Taxation is evaluated below 2.5 points.

Why do the two service components of Debt Compliance and Taxation have lower importance evaluation scores? We believe that it is mainly because enterprise lending, financing and other activities are mainly carried out directly between the enterprise and banks and financial institutions in China, these institutions are usually equipped with a professional legal team to review the process, and generally do not need the enterprise to hire a separate legal adviser to participate in lending or financing activities. The proportion of Taxation is very low is a bit surprising, in China specializing in tax

lawyers are really less, the daily tax work of enterprises are completed by the financial staff, or outside the specialized certified public accountants, auditors, etc., to assist in the completion of this point and the actual situation in Europe and the United States may be a difference in the work of lawyers in the tax work is not a great role, with the improvement of the tax system, it is possible that the future with the improvement of the tax system, it is possible that in the future, the demand for tax lawyers will become greater and greater.

Table 2. Evaluation of the importance of each legal services project.

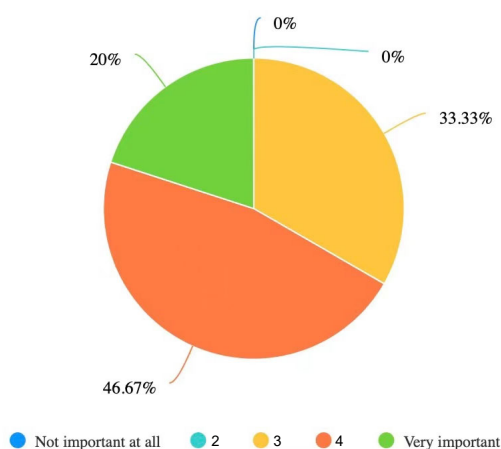


Percentage of importance of legal counsel in commercial activities

From the Table 3 we can see that the importance of legal counsel in the commercial activities of enterprises, and the survey results show that 20% of the respondents believe that it is very important, 46.67 respondents believe that it is important, and the percentage of respondents who believe that it is not important at all is zero.

Why is the percentage of respondents who think it is not important at all zero? We believe that the group of respondents to this survey is related to the respondents to participate in the survey are hired legal counsel of the enterprise, if not hired will not participate in this research.

Table 3. Percentage of importance of legal counsel in commercial activities



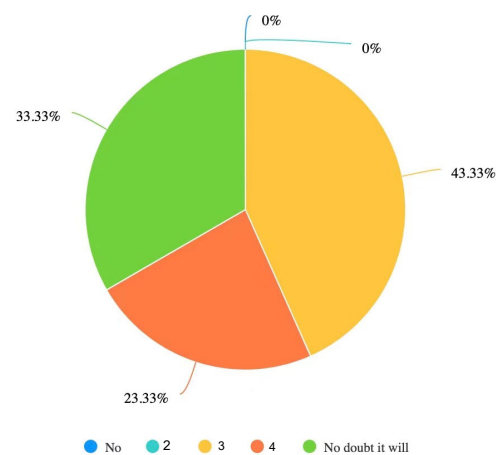
A survey about next year continue to employ legal counsel

Table 4 is a survey about on the next year will continue to

hire a legal adviser to conduct a survey, the survey results show that 33.33% of the respondents believe that they will hire, 23.33 respondents believe that they will be hired, 43.33% of the respondents are in a state of uncertainty, and think that they will not hire the percentage of respondents is 0.

Why is the percentage of respondents who think they will not be hired zero? We believe that it also has something to do with the group of respondents. Usually, the enterprises that have hired legal advisers indicate that they have actual needs for legal services, and the possibility of canceling the legal adviser service in the next year is very small.

Table 4. A survey about next year continue to employ legal counsel



Conclusion

From the survey results, small and medium-sized enterprises have the greatest demand for legal services in contract, labor and employment, and corporate compliance, which are the regular legal services for enterprises, basically every enterprise will be involved, and small and medium-sized enterprises are very much focused on the basic legal business services. Next is the public relations crisis, equity, bankruptcy and liquidation, legal training, intellectual property rights, these services are related to the size of the enterprise and the scope of business operations, the smaller the scale of the enterprise, the smaller the demand for equity, public relations crisis, bankruptcy and liquidation and so on, and vice versa, the greater the demand will be. The two legal services of debt and taxation are the least demanded, indicating that the small and medium-sized enterprises still need less intervention from legal consultants in loan financing and tax planning, and rely more on direct cooperation with organizations and assistance from financial professionals.

Recommendations

This article only lists 12 common legal services, the actual business activities in the legal activities are far more than these, legal advisers can help enterprises in business activities to do beforehand prevention, control, remedies for enterprises to provide risk prevention and control and prospective guidance role, can provide advice for the management of the enterprise, supervise the enterprise's legal business, to help enterprises avoid business risks and legal risks, but also can be It can also help enterprises avoid operational and legal risks, as well as actively provide advice in the event of internal and external disputes. Especially in inter-regional and global trade activities, in order to protect the rights and interests of all parties to the transaction, the legal adviser is to

assume an indispensable role, the role of legal adviser in the development of the enterprise is gradually affirmed, I believe that with the development of social and economic development, this role in the enterprise will become more and more important. At present, many small and medium-sized enterprises are aware of the importance of legal affairs, but do not think that the legal adviser is indispensable to the enterprise as the financial work, while some arbitrary behavior or understanding of the bias of the enterprise managers, but also easy to make the legal work is limited, can not play the actual value of the research purpose of this paper lies in the introduction to the managers of the enterprise's legal adviser in the process of enterprise development is very important. The purpose of this paper is to introduce to the managers of enterprises that legal adviser plays a very important role in the process of enterprise development, and to explain its role in the process of modern economic development, and hope that the managers of enterprises can pay attention to the role of legal adviser to improve the legal awareness of the enterprise, and also help the enterprise to enhance its competitiveness, we will also explore the future social and economic development of legal adviser may also play a more important role in this area, so that more people will be interested in understanding this field, and to understand the significance of the work of the legal adviser. We will also explore more possible roles of legal counsel in the future social and economic development, so that more people will be interested in knowing this field and understanding the significance of legal counsel work.

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