


SHANGHAI SMALL AND MEDIUM ENTERPRISES

PEQUEÑAS Y MEDIANAS EMPRESAS DE SHANGHAI

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Abstract

In the past decade, China's small and medium -sized enterprises (SMEs) have seen rapid development. They have become a driving force in the economy and society, with an orientation towards specialized, sophisticated, differentiated and innovative companies. The article aims to show four independent and complementary perspectives on SMEs in China and in particular in Shanghai. Firstly, reference is made to government incentive policies for the development of SMEs. Secondly, the various criteria for accreditation of innovative SMEs, SRDI and "small giant" SRDI companies are deepened. Next, the contribution of SMEs to socio-economic development is addressed. Finally, reference is made to industrial distribution and the business model of SMEs.

Keywords: PyMEs, innovation, high quality, accreditation, socioeconomic development

Resumen

En la década pasada, las pequeñas y medianas empresas (PyMEs) de China tuvieron un desarrollo acelerado. Se han convertido en una fuerza motriz en la economía y la sociedad, con una orientación a las empresas especializadas, sofisticadas, diferenciadas e innovadoras. El artículo tiene como objetivo mostrar cuatro perspectivas independientes y complementarias sobre las PyMEs en China y en particular en Shanghái. Primeramente, se hace referencia a las políticas de incentivos gubernamentales para el desarrollo de las PyMEs. En segundo lugar, se profundiza en los diversos criterios de acreditación de las

PyMEs innovadoras, las SRDI y las empresas “pequeños gigantes” SRDI. Seguidamente se aborda la contribución de las PyMEs al desarrollo socio-económico. Finalmente se hace referencia a la distribución industrial y el modelo de negocios de las PyMEs.

Palabras clave: PyMEs, innovación, alta calidad, acreditación, desarrollo socioeconómico

Introduction

In the past ten years, accelerating the development of small and medium-sized enterprises (SMEs) has become a priority throughout China. SMEs are a fundamental field of entrepreneurship and employment, a main sector of technological innovation¹ and an important source of tax revenue for the country. Making progress in stimulating its vitality will make it possible to lay more solid foundations for economic development and social stability.

Compared to 2010, SMEs grew by approximately 300%. These contribute more than 50% of the country's fiscal income, more than 60% of the Gross Domestic Product (GDP), with more than 70% of the results of technological innovation¹ and more than 80% of the employment of the workforce of the country. They represent 99.8% out of all companies in the country and play an important role in China's economic development, both for their contribution to GDP and employment and for their thriving creative capacity.

At the beginning of their creation, SMEs were relatively weak in terms of capital, technology and popularity, so almost all of them chose to adopt a "niche strategy" (also known as a gap strategy). This means focusing on a market segment and customer demands, especially those that are ignored by multinational giants and large companies. The strategy followed was to introduce differentiated products and services.

On the occasion of the 2022 National Conference for the Development of Specialized, Sophisticated, Differentiated and Innovative SMEs, Xi Jinping demanded that Party committees and governments at all leadership levels resolutely implement the decisions and provisions of the Party Central Committee, create a favorable environment for the development of SMEs, increase support for these enterprises, strengthen their confidence in development, strive to promote business innovation, strengthen the protection of property rights, and stimulate the emergence of more specialized SMEs , sophisticated, differentiated and innovative.²

The present article aims to give an overview of the development of SMEs in Shanghai to the present. For this, its government incentive policies for its development, its contribution to socio-economic development, its industrial distribution and business models are explained.

Materials and methods

This exploration aims to present the reality of the significant development that China's SMEs have presented in recent years and its consequences for the economy. The method used is a mixed approach, results obtained by previous investigations are presented. The structure of the article is flexible, divided into four independent but complementary perspectives and focused on different aspects used as a guide for the analysis of the research topic. The analysis is accompanied by abundant data and statistical

information that allows demonstrating the evolution of SMEs in China and Shanghai, as well as future prospects.

The assessment perspectives addressed in the research are:

1. Government incentive policies for the development of SMEs.
2. Accreditation of innovative SMEs.
3. Contribution of SMEs to socio-economic development.
4. Industrial distribution and business model of SMEs.

Results and Discussion

1. Government incentive policies for the development of SMEs

Accelerated growth rate

Data from the Ministry of Industry and Information Technology, referring to the number of SMEs, reflect that, at the end of 2021, the number of companies throughout the country reached 48.42 million, which is why it grew 1.7 times compared to the previous year and represent more than 99% of the country's companies. In total, it represents a growth of approximately 300% compared to 2010, experiencing an annual growth rate of more than 13%. Specifically, in the industrial sector, the number of industrial SMEs reaches 400 thousand, business income exceeded 7.5 trillion yuan, with a total interest of 4.7 trillion yuan. Compared to 2012, these parameters grew by more than 23%. These statistics show the rapid growth rate of SMEs.

In the past ten years, especially since the 18th Party Congress, the Party Central Committee attached great importance to high-quality development.³ The comprehensive strength, quality and efficiency of the industry, as well as its ability to innovate, compete and aptitude to face risks increases visibly, as shown in **Figure 1**.

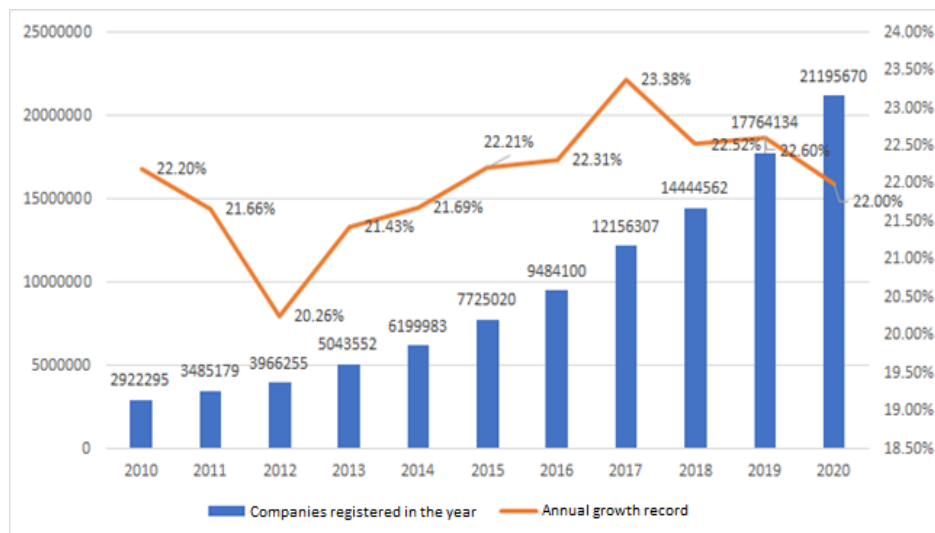


Figure 1. Number of registrations and annual growth of SMEs in China from 2010 to 2020

Source: Tianyancha, compiled by CCID Small and Medium Schools⁴

SMEs in sectors such as the postal services and software and information technology industries are growing at an impressive rate. Data from the National Bureau of Statistics of China show that, from 2018 to 2021, the postal service industry and software and information technology industry grew by 28.2% and 15.1% respectively, so they maintained its high growth momentum.

Measures for government incentives for the development of SMEs

There are several measures for government incentives for the development of SMEs from the national, local and other levels.

Incentive policies at the national level

National prosperity is inseparable from SMEs and their success depends in turn on the strong support of the State. In recent years, the initial construction of the high-level design framework of “one law, one regulation and two rulings” of the SME law and policy system was completed. The newly amended “SME Promotion Law” was enacted and implemented.⁵ In addition, the “Regulations for Ensuring Payment of SMEs” were formulated and published.⁶ The General Office of the CPC Central Committee released the “Guiding Considerations about promoting the healthy development of SMEs”⁷ the Ministry of Industry and Information Technology and 17 other departments jointly issued “Some considerations on the improvement of the support system for the development of SMEs”⁸; a joint coup of long and short 1+2 policies was unveiled, thus the support system for the measures is constantly perfected.

On the other hand, the State comprehensively supports SMEs in four fundamental aspects: development environment, fiscal and tax support, financing channels and public service systems. This allowed that in only 10 years the SMEs emerged one after another without ceasing (as the spring bamboo grows after the rain).

Constant optimization of the business environment

This optimized level of the business environment is manifested in various ways, such as:

- In line with the World Bank's “Business Environment Assessment Indicator System”⁹, transformations were promoted in government functions, the reform aimed at “simplifying administration and decentralizing power combined decentralization with control and optimize services.”¹⁰ With the unremitting improvement of the corporate business environment, the reform of the trade system has obvious results.
- Negative list market insertion system and fair competition review system were stably implemented. Special inspections to lessen the negative burden on enterprises and promote the development of SMEs, as well as third-party assessments of the development environment of SMEs, were carried out regularly.
- The protection environment for the rights and interests of companies is optimized and more than 850 billion yuan of outstanding debts with private companies and SMEs were settled.
- The environment for entrepreneurship and innovation is constantly being improved.

Increased fiscal and financial support

Between 2016 and 2020, the central government's special fund for the development of SMEs set aside a total of 36.2 billion yuan to support the development of SMEs. Among the government acquisitions, a sum that represents more than 70% was granted to SMEs.¹¹ Policies such as the reduction of value added taxes, the reduction of social security rates, temporary extension of social security taxes and extension of general taxes for micro and small companies. The scope of tax incentive policies is constantly expanding. From 2016 to 2021, new tax and cost reductions across the country total more than 8.7 trillion yuan.¹²

The capacity of financial services for SMEs is constantly improving. From 2016 to 2021, the central government allocated more than 55 billion yuan as special capital for inclusive financial development. By the end of 2021, 50.0 trillion yuan of loans were spent by banking financial institutions on micro and small enterprises. Among these, the loan amount of inclusive micro and small enterprises with loans of up to 10 million yuan for each borrower was 19.1 trillion yuan, representing a year-on-year growth rate of 24.9%.

In the year 2022, after the Central Committee of the Communist Party of China (CPC) and the State Council, according to the development situation of the economy, introduced new combined tax support policies. The State Tax Administration organized pertinent preferential tax policy measures around the main links and key areas of innovation and entrepreneurship, covering the entire life cycle of companies, evidenced in that:¹³

- The taxes of high and new technology companies were reduced according to 15% of the taxes of the collecting companies.
- The annual loss carryforward of high and new technology companies and technology SMEs was extended to ten years.
- Taxes on advanced technology service companies were reduced, according to 15% of taxes on collecting companies.

Expansion of the financial channels of companies

These incentives are revealed through different measures, such as:

- The financial services system of commercial banks is constantly improving and its capabilities are constantly increasing.
- The National Financial Guarantee Fund was created: the state financial guarantee system is constantly improving.¹⁴
- The STAR MARKET (Scientific Innovation Market)¹⁵ was founded and the registration system for this and the Growth Companies Market was tested. The reform of the registration system was promoted, the reform of the "New Third Board" was deepened and the Beijing Stock Exchange was created.¹⁶
- The National Fund for the Development of SMEs¹⁷ and the National Fund for Guidance of Venture Capital for Emerging Industries were created.¹⁸ The direct financing market for SMEs was expanded, so its scope increased.

- Support was provided for the accelerated development of various social capitals such as the Angel Fund and the Business Incubation Fund. National high-tech parks were vigorously developed to promote the construction of innovation and entrepreneurship incubators and the formation of SMEs.

Improvement of the public service system

Platforms and networks of public service demonstration platforms for SMEs and entrepreneurship and innovation demonstration bases for micro and small enterprises were developed rapidly. The establishment of all kinds of information service platforms on the Internet was accelerated. The construction of the main nationwide network of public services for SMEs began.

During the 13th “Five-Year Plan” period, more than 3,300 demonstration platforms were established at the provincial level. The network of public service platforms for SMEs encouraged nearly 100,000 social service institutions to offer services to SMEs.¹⁹ In 2021, 292 national public service demonstration platforms for SMEs were founded and recognized.²⁰

Measures taken by Shanghai in support of the development of SMEs

For its part, the Shanghai government established specific measures and perfected the mechanism to promote the implementation of support policies for SMEs, which are mentioned below:

- First, a specialized service website for SMEs with a single functional platform (on a “one network one office” basis) was created. Various support policies that improve the service mechanisms of online and offline SMEs were precisely promoted.
- Second, the inspection and supervision role of the National People's Congress (NPC) and the Chinese People's Political Consultative Conference (CPPCC) was fully played. A mechanism for enforcement and inspection of the “Shanghai Province SMEs Development Promotion Regulation” was established by NPC to enhance the degree of supervision through regular compliance checking. The democratic supervision mechanism for government support measures for SMEs was created by the CPPCC. Both at the municipal level and in the urban space, the CPPCC should establish an annual democratic supervision mechanism to promote the implementation of national and Shanghai support policies.²¹
- On June 2020, the "revised version" of the “Shanghai Regulations for the Promotion of SMEs” was released, covering ten main areas and 66 application rules. These include general provisions, guarantee of services, financial and tax support, promotion of financing, support for entrepreneurship and innovation, market expansion, protection of rights and interests, inspection and supervision, as well as other supplementary articles.
- Third, a solid evaluation mechanism for SME support policies was established. Support policies were dynamically adjusted based on the new environment, the new circumstances and problems faced by SMEs, with the aim of increasing their effectiveness and accuracy.

In response to the impact of this new wave of the epidemic, among the 50 policies formulated by Shanghai at the beginning of May 2022 for economic recovery and revitalization, there are some aimed at the financial rescue of SMEs,²² among which the following stand out:

The orientation and incentive for innovation in SMEs was strengthened.

- First, the creation of a deep integration mechanism between industry, the academic world and research in SMEs was promoted. Comprehensive cooperation of SMEs in innovation, R&D, creative design, manufacturing, material procurement, marketing and equity financing is promoted, thus helping SMEs to introduce and cultivate innovative talents.
- Second, the science and technology project management system was improved to encourage the active participation of SMEs in projects that cover the field of science and technology at the national level.
- Third, the specialized commercial innovation services system was improved. The capacity and level of the model bases for innovation and entrepreneurship of the MSMEs, the incubators of scientific-technological companies, the space, the scientific-technological parks in the universities were increased to support the innovation of the SMEs.
- In addition, a platform was installed as a supplementary engine for expanding the commercial space of SMEs. The in-depth implementation of national strategies was carried out, such as the integration of the Yangtze River Delta, etc., in addition to the digital transformation of the city promoted by Shanghai, which offer great development opportunities to SMEs.
- On the one hand, the construction of this coupling platform allowed SMEs to participate in the foundation of scenarios for the digital transformation of cities. In order to promote the participation of SMEs in the coupling of supply and demand for digital transformation and create a fair competitive market.
- On the other hand, the construction of a coupling platform for the supply chain and the industrial chain of SMEs. Actively perform the functions of specialized services of intermediary institutions, with special emphasis on the industrial chain. Encourage and support SMEs to participate in the coupling, in the formation of their own characteristics and specializations, in the formation of a group of companies "specialized, refined, different and innovative" (SRDI).

Energetic support for SMEs "SRDI"

SRDI SMEs play an increasingly important role in China's economic and social development. "SRDI" fundamentally refers to specialized (specialized), refined (refinement), different (differential) and innovative (innovation), through support.²³

2. Accreditation of innovative SMEs, SRDI and "small giant" companies SRDI

The evaluation and accreditation criteria for SMEs differ according to their type, referring to:

Evaluation criteria for innovative SMEs

The evaluation of innovative SMEs is governed by various criteria.²⁴ Those that obtain more than 60 points in the evaluation (no less than 20 points) are included in the innovation capacity indicator, in the growth and specialization indicators the score must be over 15, or who meet some of the following requirements:

- Having obtained national or provincial science and technology awards in the last three years.

- Received honors such as High-tech Enterprise, National Technological Innovation Model Enterprise, Intellectual Property Advantage Enterprise, and Intellectual Property Model Enterprise (all within the validity period).
- It has an R&D institution accredited above the provincial level.
- Showing over 5 million yuan of total amount of new equity financing capital (amount paid up from qualified institutional investors) in the past three years.

SRDI SME accreditation criteria

If you meet all four of the following conditions at the same time, then you are considered to meet the accreditation requirements:

- Having dedicated yourself to a specific market segment for more than two years.
- The total R&D expenditure of the previous year exceeds 1 million yuan and represents at least 3% of the total business revenue density.
- The total business income of the previous year exceeds 10 million yuan, otherwise, the total amount of new equity financing capital (paid-in amount from qualified institutional investors) in the past two years must reach 20 million yuan. millions.
- Having reached more than 60 points in the evaluation or meet any of the following conditions:
 - Having obtained a science and technology award at the provincial level in the last three years and being among the first three award-winning units, or having obtained a national science and technology award and being among the first five award-winning units.
 - The average value of total R&D expenses in the last two years is over 10 million RMB.
 - The total amount of new equity financing (amount disbursed by qualified institutional investors) in the past two years exceeds RMB 60 million.
 - Being among the 500 best companies in the National Contest of Innovation and Entrepreneurship of SMEs "Creators of China" in the last three years.

El Criteria for the accreditation of “small giant” companies SRDI

Accreditation as “small giant” SRDI companies requires compliance with six indicators at the same time: specialization, refinement, differentiation, innovation, linkage, and quality.^{2,25} Among the various manifestations for this accreditation are:

- Following the path of specialization, the company has been focused for a long time on deepening a certain link in the industrial chain or a specific product.
- Until the previous year, the company was engaged in a specific market segment for more than three years, the ratio of total core business revenue to total business revenue exceeds 70%, and the average growth rate of the income from the main activity is greater than 5% in the last two years.
- Pay special attention and implement long-term development strategies. The company has a correct administration, good reputation, high sense of social responsibility; its production technologies, manufacturing, performance and product quality are in the forefront at the national level; it is focused on digitalization and ecological development; in R&D design, manufacturing, supply chain management and other links, at least one of the key operations is supported by the use of information systems.

- Received relevant management system certification, or its products have passed accreditation as products of developed countries and regions (International Association for Standardization industry certification).
- Until the end of the previous year, the company's debt-to-assets ratio did not exceed 70%.
- The technologies and products have their own unique advantages, the leading products have a share of more than 10% in the national market segment and enjoy great visibility and influence.
- The company has its own brand that is directly oriented to the market and has competitive advantages.

The Ministry of Industry and Information Technology (MITI) reported that as of October 2021, China had incubated 4,762 "small giant" companies nationwide, and more than 70% were able to obtain loans with an average balance of 75.26 million yuan to make them exceed difficulties and pursue innovative development. These are small companies that are still in the early stage of development and focus on new generations of information technology, high-end equipment manufacturing, new energy, new materials, biomedicine and other high-end fields. At the same time, they have strong innovation capabilities, development resilience, and most of them operate in basic industrial fields with investments of more than 10 million yuan (about 1.56 million US dollars) in research and development.²⁶

General conditions

For the accreditation of SMEs, it is necessary to meet the following conditions at the same time:

- For companies with total business income of more than 100 million yuan in the previous year, the ratio of total R&D expenses to total company income in the last two years will not be less than 3%.
- For companies with total business revenue between 50 million and 100 million yuan in the previous year, the ratio of total R&D expenses to total company revenue in the past 2 years shall not be less than 6%.
- For companies with a total business income of less than 50 million yuan in the previous year, they will simultaneously meet the requirements that the total amount of new equity financing (amount disbursed from qualified institutional investors) in the past 2 years is more than 80 million yuan, the total amount of R&D expenses is more than 30 million yuan, and the ratio of R&D staff to the total number of company employees is greater than 50%.
- Establish R&D institutions by themselves or jointly with universities and research and development institutions. Create technology research institutes, business technology centers, business engineering centers, academic expert jobs, postdoctoral jobs, and so on.
- Possess more than two class I intellectual property rights related to the main products, which are applied in practice and have generated economic benefits.

Direct innovation conditions

It is enough to meet one of the following requirements:

- Having obtained a national award for science and technology in the last three years and being among the top three positions of the award-winning units.

- Be among the top 50 companies in the National Competition for Innovation and Entrepreneurship of SMEs "Creators of China" in the last three years.
- Positioning itself in the main link of the industrial chain and focusing on it, achieves an industrial application of key technologies and basic products, demonstrating the important effect of "filling the gaps", "forging the achievements" and "filling the gaps".
- Comply with the industrial chain support indicator.
- Complies with the field indicator to which the main products belong.

The main products are those that are part, in principle, of the following fields:

- Those participating in segmented product markets pertaining to major basic parts, components, key software, advanced basic crafts, key basic materials, and industrial technology bases of the manufacturing industry.
- Those that correspond to the ten main fields of the strategy for building a manufacturing power.
- Or those products belonging to sectors of network power construction such as basic information infrastructures, key and core technologies, cybersecurity, data security, etc.

Shanghai District Accreditation Criteria and Incentive Policies

Under the guidance of national policies, starting from the year 2022, each place and each department has taken a series of initiatives with the aim of accelerating the formation of SRDI companies and promoting the harmonious development between the industrial chain and the innovation chain. Companies possessing the capacity for innovation can quickly move along the path to SRDI development and enjoy the dividends of the policies through their participation in the SRDI training plan.

Each of the Shanghai districts launched incentive policies and accreditation criteria for innovative SMEs, SRDI SMEs, and "little giant" SRDI enterprises, which are relevant.²⁷ For example, the amount of incentives for SRDIs in the new Pudong district is:

- A one-time grant is awarded to small giant domestic "SRDI" companies and Shanghai "SRDI" companies that are certified and introduced for the first time in the year.
- 10% of the additional deduction for R&D expenses from the previous year is subsidized. The maximum financing amount for domestic and Shanghai "SRDI" companies will not exceed 1 million yuan and 250 thousand yuan respectively.
- "SRDI" companies receive subsidies to make up the difference when they upgrade.

Specialized institutions and "service commissioners" dedicated to SMEs are also created in each district. A "chain leader system" is established to improve the industrial chain and the ecology of innovation and entrepreneurship. In summary, the innovative spirit is promoted, in which one goes from "sitting down and waiting for companies to knock on the door", "consulting", to "*delivering the policies to the door*".

3. Contribution of SMEs to socio-economic development

In relation to the role played by SMEs in socio-economic development, it can be assessed that they contribute more than 50% of the country's fiscal income, more than 60% of the economic aggregate (GDP), more than 70% of the results of technological innovation and more than 80% of the employment

of the workforce. They represent 99.8% of all companies in the country.²⁸ **Figure 2** shows the data on the contribution of SMEs in 2019, in which it can be seen that they exceed the contribution in relation to the other types of companies (small or medium).

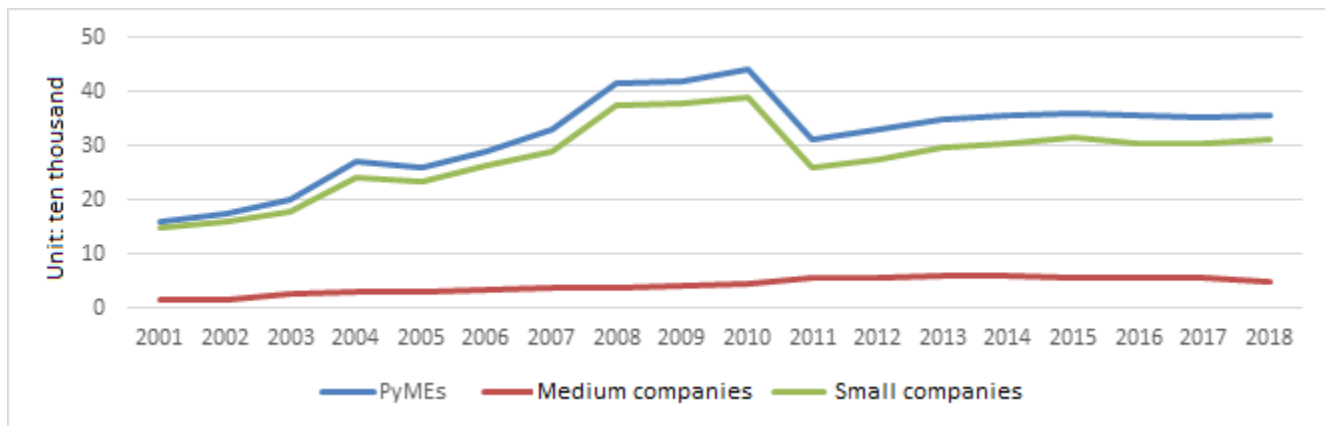


Figure 2. Contribution of SMEs vs. medium and small companies from 2001 to 2018

It can also be mentioned that the regional economy is strengthened from the strengthening of SMEs, evidenced:

- First, as there is a positive correlation between the development of SMEs and the main regional macroeconomic indicators.
- Second, the development of SMEs contributes to promoting regional GDP growth.
- Third, the development of SMEs can significantly increase regional tax revenues.
- Fourth, investment in innovation by SMEs can contribute significantly to regional economic growth.
- Fifth, the development of SMEs can increase the income of the population, thereby promoting common prosperity.

The results of the validation of the relevant measurements show that the better the environment for the development of SMEs, the higher the relationship index between the government and companies, and the more significant the role that SMEs can play in promoting of regional GDP and wage growth. By the end of 2021, China had a total of 330,000 high-tech companies, 4,762 "small giants" and the state designation for small and medium-sized enterprises that specialize in industries of strategic importance (software or artificial intelligence) with high expenses. of working capital in R&D to create fully domestic supply chains.²⁹ SMEs posted stable growth in the first quarter of 2022, with the combined revenue and profit of major industrial companies up 14.1% and 6.5% YoY.³⁰

4. Industrial distribution and business model of SMEs

To know the industrial distribution, an analysis is carried out based on the results of a sample of 550 SMEs in Shanghai, randomly selected by the Shanghai General Economic Survey team of the National Statistical Office. Before exposing them, the sample of companies surveyed is characterized, which cover a wide range of sectors, such as industry, construction, wholesale and retail trade, accommodation and gastronomy, transport, storage and postal services, leasing and commercial services, information

transmission, software and information technology services, and scientific and technological research services (See **Table 1**).

Table 1. Distribution of the companies surveyed in Shanghai by sector

Sector	Amount of companies	Specific density %
Total	537	100.0
Industrial	89	16.6
Wholesale	20	3.7
Retail trade	110	20.5
Accommodation, Gastronomy	9	1.7
Transport, Storage, postal services	48	8.9
Leasing, business services	78	14.5
Transmission services, information, software, information technology	50	9.3
Scientific research, technical services	27	5.0
Water conservation and environmental management industry and public infrastructure	28	5.2
Residential services, repairs and other	28	5.2
Health and social work	19	3.6
Culture, sport and entertainment	14	2.6
Other sectors	17	3.2

Source: self made

Diverse shareholding structure of SMEs in Shanghai

According to the statistical data obtained in the survey of a random sample of 550 SMEs in Shanghai, it is known that private companies are the most numerous, with 76.2%; state-owned, collective, Hong Kong-Macao-Taiwan and foreign companies account for 1.9%, 10.2%, 2.1% and 2.1%, respectively. Other types of companies represent 7.5%.

Business models and business (commercial) rights of SMEs

The main products and services include the following³¹:

- Industrial sector. Focused on improving its manufacturing ecosystem, looking for opportunities to make its supply chains more efficient and fields such as machinery, robotics and logistics.
- Domestic consumption. It opens opportunities for SMEs to offer services such as financial management and specialized consulting services.
- Energy efficiency. China's implementation of emission reduction and energy saving regulations has helped SMEs in the green energy sector to grow.
- Transportation. Mainly the provision of services related to the manufacture and repair of transport vehicles and accessories, as well as logistics and distribution.

- Communications. Products and services such as R&D, production, sale and professional technical maintenance of electronic communication products and application software are mainly provided.

Cross-border entrepreneurship

A current trend is cross-border entrepreneurship, which, by way of example, is manifested in the coffee industry becoming a channel capable of growing to billions of dollars, which has attracted capital in recent years.³² Only in 2021, the number of coffee-related companies increased by 25,900. Also cross-border co-branding becomes a trend

Excursions and tourism

The excursions mainly offer various types of special excursions: immersion trips and in-depth visits (theme visits). Medical tourism abroad is aimed at users in the upper-middle market segment and at high-end clients.

Agriculture

It mainly offers the cultivation, sale, distribution and retail sale of special agricultural products (agricultural products, vegetables, fruits, etc.), as well as related derivative products and services.

The development of specialized agriculture, such as smart agriculture (agricultural robots, automated drip irrigation, drone pesticide spraying, etc.), three-dimensional agriculture (three-dimensional planting), and digital agriculture, is promoted. So:

- The Jinshan District Government invests 1.3 billion yuan to build a 3,800-acre Flower and Scent City.
- The city will be built on the basis of the current “Flowering on the Sea” online attraction, combined with the “Aromatic Journey” route, adding a new floral landscape, with the construction of boutique hotels, vacation rentals, restaurants, retail of cultural tourism, cultural and entertainment centers and aromatic squares.

Right of self-management of SMEs

SMEs fully enjoy their right to self-management, they can directly export their products and services. Some companies use their own websites or e-commerce platforms to directly contact foreign clients or export agents.

There are also other companies that employ foreign trade companies to export their products and services.

Conclusions

China is gradually fostering a business environment that is governed by law, complies with international standards and market rules. The great growth in this area is due to the continuous government reforms of the commercial registration system and, in particular, to the accelerated growth of SMEs.

SMEs are credited with making an important contribution to job creation, becoming an engine for significant economic development in China. Faced with the enormous challenge of COVID-19, the Chinese government quickly proposed a series of emergency policies to finance SMEs, including lowering the deposit reserve ratio, organizing special refinancing funds, and allowing SMEs to delay payment of overdue bank loan installments; all of them aimed at developing and strengthening SMEs.

China has strategically and deliberately developed the SME agenda and effectively implemented it, with policies, tax incentives, and targeting of specialized, sophisticated, differentiated, and innovative companies.

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Conflict of interests

The author declares no conflicts of interest