

A Study on the Current Situation of the Development of Micro, Small and Medium-sized Enterprises--An Anhui Province as an Example

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Abstract: According to the current development situation of MSMEs in Anhui Province, the development situation of MSMEs in Anhui Province is analyzed by empirical analysis method, combined with the research results of China SME Development Index. It is found that: the scale of small and medium-sized micro and medium-sized enterprises in Anhui Province is small and the growth rate is fast; in terms of management level, there exists a certain level of management in small and medium-sized enterprises; in terms of enterprise distribution, small and medium-sized enterprises are mainly concentrated in Hefei City and Wuhu City. In addition, the empirical analysis also found that the main problems of Anhui Province MSMEs are: financing difficulty and single financing method; high operation risk and irregular management; weak competitiveness and poor risk resistance. Finally, this paper puts forward suggestions to promote the development of MSMEs in Anhui Province: to make more efforts to promote the implementation of financial and taxation support policies; to strengthen the construction of public service system for SMEs; to increase the support of financial and taxation preferential policies; and to take countermeasures from the perspective of enterprises' own development.

Keywords: small and medium-sized micro enterprises; current situation; countermeasures

Introduction

Micro, small and medium-sized enterprises (MSMEs) are an important part of the market economy, and their development status has a great impact on the national economy, therefore, it is very important to study the development of MSMEs. The rapid economic and social development of Anhui Province cannot be achieved without the support of MSMEs. Although the total economic volume of Anhui Province has been rising in recent years, the proportion of its SMEs has not expanded simultaneously; in addition, the economic structure of Anhui Province is under great pressure of transformation and upgrading.

I. Current situation of the development of small, medium and micro enterprises in Anhui Province

1.1 The total number of small and medium-sized enterprises is growing steadily

According to the statistics of Anhui Provincial Bureau of Statistics, as of 2020, there are more than 700,000 MSMEs in the province, comparing with the end of 2015, there is a net increase of 250,000, with an average annual growth of about 10%. Small and medium-sized micro enterprises account for 98.9% of the total number of enterprises, and the private economy, mainly small and medium-sized enterprises, has been developing and growing. In 2020, the province's private economy achieves an added value of 2.34 trillion yuan, accounting for 60.6% of the province's GDP, an increase of 2.9 percentage points from the end of 2015, and contributing 57.5% to the province's economic growth. As of 2017, Anhui Province has built nearly 300 public service demonstration platforms for SMEs at the provincial level, and more than 2,000 SMEs with "specialization and newness" at the provincial level. The contribution rates of SMEs to GDP, tax revenue, employment, investment and innovation have reached 60%, 70%, 80% and 90% respectively.

1.2 Continuous optimization of industrial structure

The industrial structure is dominated by industry, followed by tertiary industry. In recent years, the pace of transformation of old and new dynamics in Anhui Province has accelerated, the proportion of secondary industry to GDP has decreased, the proportion of tertiary industry has increased, and the development has become more balanced. 2017, the structure of three industries in the province was adjusted to 2.3:41.6:60.7, of which, the proportion of added value of primary industry to GDP was 3.8%, the proportion of added value of secondary industry was 21.6%, and the proportion of added value of tertiary industry was 52.1%, which has increased. accounted for 52.1%, which improved the efficiency of resource allocation.

1.3 Service system is increasingly perfect

Public services are related to people's livelihood and connect the hearts of the people. Promoting the improvement of the service system is conducive to accelerating the shortcomings in economic development and improving the quality of development. During the 13th Five-Year Plan period, Anhui Province has cultivated 30 national demonstration platforms for public services of small and medium-sized enterprises and 200 provincial demonstration platforms for public services of small and medium-sized enterprises, of which the number of national demonstration platforms ranks 6th in China and 1st in central China; the number of service organizations resident in provincial public service platforms for small and medium-sized enterprises has increased from 218 at the end of 2015 to 218 at the end of 2020. The number of service institutions in the provincial SME public service platform has grown from 218 at the end of 2015 to more than 400 at the end of 2020, and the number of enterprises served has grown from 35,000 to 265,000, with an average annual growth rate of 58.9%. Establishing and improving the long-term mechanism for clearing the arrears of private enterprises, we have helped 28,000 enterprises clear arrears of 14.14 billion yuan .

2 The situation facing the development of small and medium-sized enterprises in Anhui Province

2.1 The price of raw materials continues to rise

Due to the continuous increase of commodity prices, the production cost of MSMEs is rising, and the price of some raw materials has increased beyond the affordability of MSMEs. Take the steel industry as an example, from the end of 2021 to March 2022, the price indices of rebar, hot rolled coil and hot rolled medium thick plate in Anhui area increased by 35.5%, 26.4% and 23.2% respectively. In March 2022, the national comprehensive index of 20 kinds of steel was 930.84 points, down 38.86 points from December 2021; the social average price of 20 kinds of steel was 3476.92 yuan/ton, down 20.95 yuan/ton from December 2021.

2.2 Rising labor costs

Due to the increase of production and operation cost of some enterprises, which leads to the decrease of labor demand, coupled with the continuous rise of labor cost in some industries and fields, it makes the problem of recruitment difficulty of enterprises more prominent. According to the research of Anhui University of Technology, some enterprises have recently reflected the problem of difficult and expensive labor, rising raw material costs and energy prices, which include the difficulty of returning to work, resumption of work and recruitment of employees affected by the epidemic.

2.3 Financing channels are gradually reduced

Since this year, Anhui economy has been affected by the impact of the epidemic, and the difficulties in the development of the real economy have increased significantly. As of the end of the first quarter of 2022, the balance of inclusive small and micro loans of financial institutions in the province reached 1.6 trillion yuan, up 15.2% year-on-year; the number of small and medium-sized enterprise loan households was 187,000, down 39,000 year-on-year; the loan balance was 8 trillion yuan, up 13.8% year-on-year. Due to the shrinking demand for financing in the real economy, it has become more difficult for MSMEs to obtain funds through traditional financial institutions such as banks and financing guarantee companies. The national level has also put forward higher requirements for financial institutions to strengthen supervision and prevent and control risks. Funding difficulties have always been a major problem for the development of Chinese SMEs. Chinese SMEs affected by the economic downturn often face financing difficulties. Due to insufficient scope and security, SMEs lack a large amount of capital. In the long run, the continuation of the epidemic has led to severe stagnation in unrelated economies and a sharp decline and recession in trade activities. SMEs' cash flows are more affected by the epidemic and are more vulnerable to bankruptcy. In addition, China currently has no credit institutions specifically for SMEs, and SMEs have high credit costs and low credit coverage, making it difficult to obtain credit.

2.4 Tax and fee burden has been reduced

So far this year, from VAT invoice data, from January to April 2022, the country has added nearly RMB 3 trillion in tax cuts and tax refunds to ease taxes and fees, including a 23.8% year-on-year decrease in the increase of VAT special invoices and a 7.4% year-on-year decrease in VAT special invoice collections; the country has processed a total of RMB 136.44 billion in export tax refunds, including a total of RMB 846.9 billion in tax refunds (exemptions) and a shortening of the average processing time to 1.27 days. From the statistical data, the invoicing amount of general taxpayers in Anhui Province from January to April increased by 8.4% year-on-year, among which the invoicing amount of small-scale taxpayers increased by 14.6%; the implementation of preferential income tax policies for small and medium-sized enterprises and individual industrial and commercial households has been effective.

2.5 Opportunities faced by all parties in development

In recent years, in order to make the development of small and medium-sized enterprises to a new level, the active role of policy support, and in the development of continuous improvement of policy support system according to the actual problems faced, to achieve the real "small and medium-sized enterprises can do great things". Deeply implement the new development concept, the implementation of the Party Central Committee and the State Council's decision and deployment, in accordance with the requirements of higher quality, more equitable, efficient and more sustainable development. Vigorously promote innovation and entrepreneurship, stimulate the endogenous power of the majority of small and medium-sized enterprises, and accelerate the pace of high-quality economic development.

3 Suggestions for countermeasures to promote the development of small, medium and micro enterprises in Anhui Province

3.1 Increase efforts to promote the implementation of financial and taxation support policies

Further strengthen the tax relief for multiple taxes such as VAT, income tax and personal income tax for small and micro enterprises, further reduce the burden of social security contributions for small and micro enterprises, and further increase the direct financial investment in small and micro enterprises. Second, strengthen the implementation of policies to ensure that the policy dividends in full and on time, while paying attention to strengthen the implementation of new issues and new situations that arise in the process of policy implementation, timely optimization and improvement of policy measures.

3.2 Strengthen the construction of public service system for small and medium-sized enterprises

First, we should vigorously promote the construction of public service platforms for small and medium-sized enterprises, and promote the services of information consultation, management improvement and financial and taxation counseling for small and medium-sized enterprises; second, we should innovate and develop financing platforms to broaden enterprise financing channels and meet different financing needs of enterprises; third, we should carry out technical transformation support and e-commerce applications; fourth, we should take advantage of information technology to provide convenient and efficient information services for enterprises.

3.3 Increase the support of preferential financial and tax policies

First, implement and implement the existing policies. Continue to implement the tax reduction and fee reduction policies that have been clearly defined, and solidly reduce the taxes and fees in place. At the same time, resolutely combat tax evasion and tax fraud, and resolutely

stop indiscriminate charges. Second, optimize and improve preferential policies. The existing tax cuts, tax rebates and other measures, the continuation of the continuation, the optimization of the optimization, so that the policy dividends better benefit market players. Third, to further enhance the accuracy of the policy. Highlight the support for small and medium-sized enterprises, individual entrepreneurs and special hardship industries, to increase the momentum and vitality for the development of micro subjects.

3.4 Accelerate the solution of financing difficulties

Due to factors such as insufficient market demand and overcapacity, SMEs have difficulties in financing. For this situation, SMEs can alleviate the pressure through some methods: firstly, they should ensure that they have sufficient cash reserves; secondly, they can consider loans or equity investment to obtain funds; in addition, they can consider cooperating with other financial institutions to carry out financial business in order to obtain more financial support. In addition, SMEs should also pay attention to strengthening internal management to achieve scientific and efficient management of business assets and reduce unnecessary cost investment. At the same time, SMEs can also increase their income through marketing. Through effective marketing strategies, SMEs can improve brand awareness, expand sales channels and increase sales revenue. In terms of marketing, SMEs can achieve this through various means such as online marketing, advertising, public relations activities, and channel expansion. In addition, SMEs can also strengthen communication and interaction with customers, keep abreast of market demand and improve the quality of products and services. Enhance their own anti-risk ability.

3.5 Concentrate on boosting the digital transformation of MSMEs

Due to the wide distribution of MSMEs, the government can select a number of key cultivation targets in each industry according to the characteristics of different industries, and can appropriately give a helping hand from the perspective of technology development, production packaging, etc., so that they can play a leading demonstration role, and strive to let more and more MSMEs from different industries gradually start digital transformation in production, manufacturing, operation, sales, etc. On the one hand, we can increase the efforts to benefit the digital transformation of enterprises, mainly from the financial aspect by giving financial support in proportion to the size of the company, and at the same time, we can carry out a series of digital transformation loan business, and on the other hand, we can start from the employees of enterprises, give them digital technology training, learn from the successful experience of foreign countries, and develop a series of personalized and humanized talent training programs to carry out digital and Intelligent transformation, to lay a solid foundation for the transformation plan, small and medium-sized micro enterprises can also take advantage of this opportunity to narrow the gap between them and large enterprises, to achieve digital poverty alleviation, a for China's digital strategy to inject fresh blood. It also further reduces the resistance to development and soothes the anxiety of MSMEs.

Conclusion

MSMEs have less resistance in China's enterprises, and are less able to cope with the inevitable risks and self-mitigation in difficult situations. Enterprises themselves need to develop a series of plans to deal with the threats and unknown challenges already in the market, and in dealing with the capital chain gap, they can respond to the government's call to use commercial bank loans and reduce operating costs to broaden multiple industrial sources and supply sources to guarantee the resumption of work and production stability. Carry out e-commerce sales channels to adapt to the new business models emerging in the epidemic era. In addition, the government needs to lend a helping hand to the financing difficulties and difficulties in recruiting and employing workers that exist in the development of small, medium and micro enterprises. The government should continue to implement tax and fee reduction policies and strengthen the allocation of financial resources, so that enterprises can increase their motivation to produce and accelerate the recovery of the Chinese economy. The government should also support vigorous enterprises to comply with the wave of network development, help enterprises in certain industries to realize the transformation from traditional to modern business model, actively train talents, attract more technical talents to join the construction of MSMEs with more beneficial policies, and take multiple measures to stimulate the tenacity and perseverance of MSMEs so as to achieve high-quality development out of difficulties.

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