Policy Support for Shanghai's Non-public Economy: A Document-Based Assessment

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Abstract. This paper examines the policy support system for the development of Shanghai's non-public economy. It reorganises evidence from a bachelor's thesis through a document-based assessment of 20 national and Shanghai policy documents, with emphasis on measures issued or updated from 2020 onward. The documents are classified into four interrelated domains: business-environment reform, tax and fee relief, financing support, and innovation capability. The analysis finds a broadly integrated policy architecture. Administrative streamlining, digital government services, targeted fiscal measures, credit enhancement, inclusive finance, and innovation incentives together aim to lower operating costs and improve market access. However, the support system remains uneven in practice. Policy supply is fragmented across departments, information and application procedures can exclude smaller firms, and financing and innovation support do not always align with firms' different stages of development. The paper therefore recommends a coordinated policy framework, demand-led policy design, a unified and interpretable policy database, and stronger service and feedback mechanisms for small and medium-sized enterprises. These measures would improve the accessibility, coherence, and implementation quality of support for Shanghai's non-public economy.

Keywords: Shanghai; non-public economy; private enterprises; policy support; business environment; SMEs

1 Introduction

The non-public economy, including individual, private, and foreign-invested economic entities, is an important component of China's socialist market economy. Its development activates market exchange, expands employment, supports fiscal revenue, and contributes to industrial upgrading. Private enterprises are also central to China's high-quality development agenda, although their growth continues to depend on predictable market access, effective services, and affordable finance (CPC Central Committee & State Council, 2023; World Bank, 2024).

Shanghai provides a useful case because it combines a highly developed service economy, advanced manufacturing, active private entrepreneurship, and substantial foreign investment. The city has repeatedly used business-environment reform and enterprise service measures to support market actors. Its policy agenda seeks to reduce

© The Author(s) 2026
B. P. Siba et al. (eds.), *Proceedings of the 2026 5th International Conference on Public Service, Economic Management and Sustainable Development (PESD 2026)*, Advances in Economics, Business and Management Research 411,
https://doi.org/10.2991/978-94-6239-825-2_12

institutional transaction costs, improve financing conditions, encourage innovation, and strengthen the responsiveness of government services (Shanghai Municipal People's Government, 2023a, 2023b). Yet a large volume of measures does not itself guarantee that firms, especially small and medium-sized enterprises (SMEs), can identify, obtain, and use support effectively.

This paper asks: (1) how is Shanghai's policy support for the non-public economy structured; (2) what achievements and implementation constraints are evident in the policy record; and (3) how can the support system be improved? It translates and condenses the original Chinese thesis into a conference-paper format, preserving its document-review and case-study approach. The following sections review relevant scholarship, explain the method, present the results, and draw policy implications.

The policy question is especially important because non-public firms are not a homogeneous group. Individual businesses, conventional private firms, technology start-ups, platform enterprises, and foreign-invested firms differ in their capital needs, market positions, administrative capacity, and exposure to risk. A policy package that benefits a large, established firm may be difficult for a young or small firm to access. Conversely, a narrowly targeted subsidy may have limited value if registration, taxation, finance, talent, and market services are not coordinated. The central issue is therefore not whether government should offer a single type of support, but how a system of complementary instruments can be converted into practical help for firms with different characteristics.

2 Literature Review

Recent research frames support for private and smaller firms as a combined institutional problem of market conditions, access to finance, and capability development. The OECD (2024) notes that SME finance remains central to economic dynamism and innovation, while the World Bank (2024) emphasises a more predictable enabling environment for private-sector job creation and productivity. In China, national guidance similarly links fair competition and market access with financing, labour, digital transformation, research and development, and legal protection (CPC Central Committee & State Council, 2023).

Finance is particularly important because financing constraints can limit the ability of private firms to invest, innovate, and withstand market pressure. Xiao (2023) finds that financing constraints remain a material issue for Chinese private enterprises, with especially relevant implications for younger, non-group, and unlisted firms. Tian, Zhu, and Zhang (2024) further show that local incentive-based legislation can affect private firms' financing conditions. These findings support the thesis's focus on credit enhancement, inclusive lending, and policy services rather than treating finance as a single stand-alone instrument.

Innovation policy must also account for firm heterogeneity and implementation context. Xu and Guo (2023) report that innovation vouchers can promote the innovation output of Chinese technology-based SMEs, with stronger effects where the institutional environment is more developed. This suggests that fiscal incentives work best when

they are complemented by clear information, professional guidance, and connections to commercialisation opportunities. The literature therefore points to an integrated policy system, but leaves a need for city-level analysis of how policy instruments are organised and made accessible to firms.

Business-environment reform provides the institutional setting in which these instruments operate. For firms, a favourable environment is not limited to fewer administrative steps. It also concerns transparent rules, equal treatment, prompt problem resolution, protection of legitimate rights, and predictable enforcement. Shanghai's business-environment agenda has linked service reform with property-rights protection, financing, dispute resolution, and digital government (Shanghai Municipal People's Government, 2023a). This broader perspective is relevant to the thesis because it explains why policy accessibility and administrative coordination appear alongside conventional fiscal and financial support in the results.

The literature also cautions against assessing support only by announced resources. Firms must be able to discover a measure, interpret eligibility requirements, submit evidence, obtain a decision, and use the resulting finance or incentive effectively. These steps generate information and transaction costs that are proportionally heavier for small firms without dedicated policy or legal staff. The policy-service functions envisaged in Shanghai's SME regulations, including public information, consultation, online platforms, and investment and financing services, are therefore part of the policy instrument rather than an administrative afterthought (Shanghai Municipal People's Government, 2020).

3 Methodology

This study uses qualitative document analysis and a focused case-study design. The source corpus comprises 20 policy-document records and related official materials issued by the State Council, central ministries, and Shanghai municipal authorities. The corpus is primarily drawn from 2020–2024, while retaining several foundational documents from 2015 and 2019 that remained relevant to the policy architecture under review. The documents are classified into four interrelated domains: (1) business-environment optimisation; (2) tax and fee relief; (3) financing support; and (4) innovation capability. This approach is suited to examining policy content, stated mechanisms, intended beneficiaries, and delivery arrangements rather than estimating causal effects.

Each document was coded according to its principal policy function, target firms, delivery mechanisms, and stated implementation arrangements. The analysis then compared the resulting policy architecture with the operational needs identified in the thesis, including cost pressure, access to credit, policy information, and the technology-commercialisation needs of SMEs. Where a document served more than one function, its cross-cutting role was recorded in the coding. The analysis therefore identifies documentary gaps in policy coordination, coverage, accessibility, and service design; it does not measure policy utilisation rates, approval times, firm satisfaction, or firm-level outcomes.

The method has clear limits. It cannot determine whether a particular instrument caused firm-level performance changes, and it does not observe informal barriers or the experiences of every firm. The results should consequently be read as an assessment of policy architecture and implementation logic. Future research should combine this document base with enterprise surveys, administrative data, and interviews with firms of different sizes and ownership structures.

The analytical procedure had three stages. First, documents were read to identify the problem that a measure was intended to address, such as market-entry barriers, operating costs, credit constraints, or weak innovation capability. Second, the stated instrument was recorded. For example, administrative streamlining, a tax preference, a guarantee, an investment mechanism, or a service platform. Third, the expected route from instrument to firm outcome was compared with the practical constraints noted in the thesis. This process makes visible the difference between policy availability and policy usability.

4 Results

The document review identifies an integrated but multi-layered support architecture. Business-environment measures seek to simplify registration, approval, and service procedures through digital government and coordinated enterprise services. Tax and fee measures directly target operating costs, particularly for small, micro, and technology-oriented firms. Financing measures combine bank-enterprise matching, government credit enhancement, inclusive lending, and guarantee mechanisms. Innovation measures use R&D incentives, venture investment, talent support, and industry-oriented funds. The four domains are analytically distinct but are intended to reinforce one another (Table 1).

Table 1. Main policy domains identified in the document review

Policy domain	Main instruments	Intended contribution
Business environment	Streamlined approval; integrated online services; fairer market access; enterprise liaison mechanisms	Lower institutional transaction costs and more predictable service delivery
Cost and finance	Tax and fee relief; rent and social-insurance measures; inclusive loans; credit guarantees; bank-enterprise matching	Reduced operating pressure and improved access to affordable finance
Innovation and capability	R&D incentives; investment guidance; talent measures; incubators and commercialisation support	Stronger innovation capacity, technology conversion, and long-term competitiveness

The policy record also indicates meaningful reported achievements. Cost-relief measures were designed to reduce immediate tax, fee, rent, and social-insurance burdens. Financing programmes expanded the channels through which private firms could approach banks and obtain credit support, while technology and SME measures encouraged investment, incubation, and collaboration with research institutions. Business-environment reforms created additional channels for communication between government departments and enterprises. These directions align with Shanghai's more recent emphasis on integrated innovation in business-environment reform and services for SMEs (Shanghai Municipal People's Government, 2023a, 2023b).

Business-environment measures are the horizontal foundation of the architecture. In the reviewed documents, online government services, simplified approval, and a service-oriented approach are intended to reduce the time and uncertainty associated with establishing and operating a business. For non-public firms, this can matter as much as a direct subsidy because repeated applications, unclear departmental responsibilities, and inconsistent enforcement consume managerial resources. The thesis accordingly treats market access, government responsiveness, and reduced non-essential intervention as connected aspects of an enabling business environment rather than separate reforms.

Tax and fee relief provides the most immediate channel for reducing pressure on firms. The policy logic is that lower tax, fee, rent, insurance, and related burdens can preserve cash flow, support employment, and free resources for reinvestment. The documents reviewed in the thesis also distinguish between general relief and targeted support for small, micro, or technology-oriented firms. This differentiation is important, but it requires transparent criteria and simple procedures; otherwise, the firms with the greatest administrative capacity may capture a disproportionate share of available support.

Financing support is more complex because it must address information asymmetry and lender risk as well as the firm's demand for funds. The reviewed policies seek to widen channels through inclusive loans, bank-enterprise matching, credit guarantees, and government credit enhancement. These tools are consistent with evidence that financing constraints are especially consequential for younger, smaller, and unlisted private firms (Xiao, 2023). The thesis nevertheless finds that a financing policy can fail to reach firms when collateral, credit records, application requirements, or the institutional incentives of financial intermediaries remain misaligned with the circumstances of small enterprises.

Innovation measures complement cost and finance policies by addressing longer-term competitiveness. They include R&D-related incentives, guided investment, incubators, talent support, and links between enterprises and research institutions. The original thesis emphasises that technology-based SMEs often need assistance not only to develop technology but also to convert it into marketable products and services. This observation is consistent with the literature on innovation vouchers, which shows that institutional context affects the results of innovation support (Xu & Guo, 2023). The implication is that funding should be accompanied by commercialisation, management, and market-development services.

At the same time, the review reveals four linked constraints. First, support functions are distributed across separate business-environment, financing, cost-relief, and innovation documents; for example, the 2023 business-environment action plan, the Financing Facilitation Project measures, and the 2024 Measures to Reduce Enterprise Burdens and Support SME Development all address related enterprise needs without presenting a single cross-policy access route. Second, while the reviewed measures differentiate among small, micro, technology-based, and sector-specific firms, the corpus provides less explicit coverage of individual businesses and firms at the earliest stage of development, indicating a potential mismatch between standardised policy categories and heterogeneous firm needs. Third, the 2020 Shanghai SME Regulations provide for policy publicity, consultation, public information services, and an integrated enterprise-service platform, yet relevant rules and application conditions remain dispersed across the reviewed documents, increasing firms' search and interpretation costs. Finally, the corpus contains financing, guarantee, tax-relief, and innovation instruments for SMEs, but provides more limited linkage between application guidance, the use of finance, and technology-commercialisation support. These constraints are summarised with corresponding improvements in Table 2.

Table 2. Implementation constraints and policy improvements

Observed constraint	**Underlying issue**	**Suggested improvement**
Fragmented policy supply	Multiple departments and incomplete system-level coordination	Establish a coordinated policy framework and regular cross-department review
Supply-demand mismatch	Generic instruments do not always reflect firms' sector, size, or stage	Use structured enterprise research, consultation, and feedback before policy design
Low policy accessibility	Information is dispersed and application rules are difficult to interpret	Build a unified, searchable policy database with plain-language guidance
Insufficient SME support	Smaller firms lack resources to apply, finance projects, and commercialise technology	Strengthen advisory, guarantee, follow-up, and technology-conversion services

The results therefore do not suggest that Shanghai lacks policy instruments. Rather, they show that the quality of coordination, communication, and service delivery determines whether an extensive policy menu becomes usable support. The Shanghai regulations on SME development explicitly envisage policy publicity, consultation, public information services, an integrated enterprise-service platform, and innovation and financing services (Shanghai Municipal People's Government, 2020). These provisions provide a practical basis for addressing the implementation gaps identified in this study.

Taken together, the findings point to a recurring implementation problem: policy effectiveness is conditional on coordination across the full pathway. A firm may know

about a tax measure but not understand its eligibility; obtain a loan but lack advice on how to manage investment; or receive innovation funding without the commercialisation support required to generate returns. A unified policy database, standardised plain-language explanations, and a shared enterprise-service record would reduce duplication and lower the search costs faced by firms. Regular consultation and post-implementation evaluation would further allow government departments to revise instruments when demand changes or unintended exclusion becomes evident.

The findings should not be read as a claim that all private firms require identical preferential treatment. Rather, they support more proportionate and predictable support: equal rules and accessible public services for all market actors, combined with targeted instruments where genuine information, finance, or capability gaps are demonstrated. This distinction matters for policy efficiency. It avoids replacing one-size-fits-all policy with a fragmented collection of special cases, while recognising that small firms and firms at early stages of innovation face different barriers from mature firms with established financing and management capacity.

A practical evaluation system should therefore monitor both reach and quality. Reach indicators could include the number and profile of firms informed, applying, approved, and served; quality indicators could include processing time, repeat applications, complaint resolution, loan continuity, and firms' reported ability to understand conditions. Outcome indicators should be interpreted with care and over time, but may include investment, employment, R&D activity, technology conversion, and business survival. Publishing such information in aggregated form would improve transparency while giving departments a common basis for identifying where policy design or delivery needs adjustment.

5 Conclusion

Shanghai's policy support for the non-public economy is broad and increasingly integrated across the business environment, cost relief, finance, and innovation. The document review indicates that these measures can reduce institutional and operating pressures while improving the conditions for private firms to invest, innovate, and compete. However, the effectiveness of the system is limited when policies are fragmented, difficult to find or interpret, or poorly matched to the circumstances of SMEs and firms at different development stages.

Four priorities follow: strengthen top-level coordination; ground policy design in continuing enterprise research; create a unified policy-file database with accessible interpretation; and develop a fuller policy service system that combines guidance, guarantees, follow-up, supervision, and feedback. These recommendations retain the central argument of the original thesis: policy support should be judged not only by the number of instruments available, but by whether firms can access and use them to achieve higher-quality, more efficient, fairer, and more sustainable development.

For future work, the document-analysis findings should be tested with firm-level evidence. Surveys and interviews could compare the awareness, application costs, approval rates, and perceived usefulness of different instruments across sectors and firm

sizes. Administrative data could examine whether support reaches intended beneficiaries and whether it is associated with investment, employment, survival, or innovation outcomes. Such research would help distinguish between policy design, delivery quality, and firm-specific factors, and would give Shanghai a stronger evidence base for continuously improving its support for the non-public economy.

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