

# New Ideas on the Development of Small and Medium-sized Enterprises in Heilongjiang Province under the Background of "One Belt One Road"

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**Abstract.** The paper aims to solve the prominent problems inherent in the innovation and development of small and medium-sized enterprises in Heilongjiang Province, find out the root and sort out the ideas. The paper puts forward new ideas in terms of development strategy, organizational structure design, and social responsibility and resource advantages of small and medium-sized enterprises in Heilongjiang Province. The innovation of this paper lies in the preliminary exploration of the new application of innovation of SMEs' organizational structure and the comparative advantage theory in the new normal.

## Research Status of Small and Medium-sized Enterprises at Home and Abroad

### Research Status Abroad

#### *Theoretical Research*

The study on the theory of the development of small and medium-sized enterprises began in the 1960s in foreign countries. After then, many foreign scholars began to study the development of small and medium-sized enterprises.

Holland once pointed out in *The Future of Small and Medium-sized Enterprises* that the emergence and development of small and medium-sized enterprises are the manifestation of self-improvement of market economic structure. In economic activities, although the core resources such as capital goods and technology are in the hands of large companies, there are still many "gaps" between large-scale production and mass circulation. It is the existence of these gaps that provides prerequisite for the birth of small and medium-sized enterprises, and the emergence of small and medium-sized enterprises makes up for the gaps, thus making the economic structure more perfect.

In the 1970s, Johanson and Wiedersheim proposed the Uppsala model of SME development. Supporters of the model believe that enterprises will gradually move towards internationalization, and when facing different markets, enterprises will give priority to operating in familiar environments. The market knowledge of enterprise managers is extremely critical, which affects the decision-making of enterprise internationalization development.

Tevfik and other French scholars reviewed and evaluated the latest research literature on the internationalization growth of SMEs, including Experiential Learning Perspective, Resource Based View, Network Perspective and Born Globals, then proposed a hybrid theoretical framework for SMEs growth in 2004. It is believed that the growth process of SMEs is dynamic and changeable. It is more accurate to describe their growth trajectory with the hybrid framework rather than with a single model.

#### *Application Research*

Austin Robinson (1931) first defined SMEs in *Competitive Industrial Structure*, then began to study SMEs. He believes that the asymmetric market information, narrow financing channels and potential moral hazards are the main factors affecting the development of SMEs.

Take the United States as an example. The United States has promulgated many laws to promote the development of small and medium-sized enterprises, such as the Small Business Law, which stipulates that the government should give more policy support to small and medium-sized enterprises in line with the principle of fair market, so as to ensure that in the market economy, small and medium-sized enterprises can obtain sufficient capital goods to guarantee their own interests.

Holland (2005) pointed out that the development of SMEs is not only their own development, but also the process of continuous improvement of the external market environment. As SMEs are most vulnerable to market changes, standardized and fair market environment has a certain impact on improving the development trend of SMEs.

### **Domestic Research Status**

Li Jipeng (2013) made an innovative study on the constraints of the development of small and medium-sized enterprises from the innovative perspective of low-carbon development. He believed that China pays more attention to the sustainability in the process of economic development, so the development model of low-carbon environmental protection has gradually become the mainstream of society. But because of the absence of the conditions, many small and medium-sized enterprises are faced with the difficulties of development. Nowadays, China has also transformed the strategy of "Made in China" to "Created in China", which requires SMEs to firmly grasp the direction of national policy, seize the trend of the times, actively cooperate with each other and change their own development mode.

Research on the Development Policy of Small and Medium-sized Enterprises in the New Normal. The so-called new normal is a concept put forward to distinguish the past economic development trend. In the past, China's economic growth has always maintained an annual growth rate of 8% or more. In the new normal, China's economic growth has slowed down and will become a long-term trend. This phenomenon of economic development is called the new normal. The new normal not only puts forward higher demands to our government, but also poses higher challenges to our small and medium-sized enterprises. In June 2018, a special conference on the development of small and medium-sized enterprises was held for the first time, which is the only one in the history of CPC Central Committee.

We can find that not only the contribution of SMEs to the national economy is clearly affirmed, but also the equal treatment the state-owned and private economy is emphasized and clear requirements for the high-quality development of SMEs are put forward during the meeting.

## **Basic Situation of the Development of Small and Medium-sized Enterprises in Heilongjiang Province**

### **Scale of Development**

In 2017, there are 235,000 non-public economic enterprises, with 31.58 million employees in Heilongjiang province, realization of 77.98 billion yuan fixed assets investment, 10.22 billion US dollars import and export value, 103.9 billion RMB yuan tax revenue, 86.34 billion RMB yuan added-value, an increase of 7.8% over the same period of last year.

### **Technological Innovation**

In order to stimulate the innovative vitality of enterprises and enhance the enthusiasm of individual entrepreneurship, the Provincial government conducts the policies of streamlining administration and delegating power, the combination of discharge and control, optimizing service. Since the provincial science and technology department took the lead in promoting the "three-year plan of action for technological enterprises" in the whole province, 10440 newly registered technological enterprises have been established, among them 2037 enterprises with income more than 5 million yuan from main business. In 2017, the province's high-tech industries

made investment of 64.89 billion yuan, an increase of 13.1% over the same period last year. In terms of product innovation, the Provincial Industry and Information Technology Commission implemented the first product incentive policy. In 2017, 26 provincial enterprise technology centers were newly identified, and 33 products in the first set of key areas were identified.

### **Transformation**

Traditional economy has been taking a large proportion in the economic structure of Heilongjiang Province. In recent years, Heilongjiang has promoted the transformation and upgrading of traditional economy by setting up new development concepts, stimulating endogenous power. The statistical data show that in 2017, Heilongjiang's added-value of large-scale industries increased by 2.7% compared with the previous year, and the growth rate increased by 0.7 percentage points, the highest in the past three years.

Overall, in 2017, Heilongjiang Province's economic structure has been continuously optimized, new momentum has gradually become effective, new technologies, new formats and new business models have been widely used, new growth areas have been continuously developed, and macro-economy has maintained a good situation of stability and improvement, which has laid a good foundation for the full-speed development of small and medium-sized enterprises.

## **New Opportunities Brought by One Belt One Road**

### **"One Belt One Road" Strategy Theory**

One Belt One Road, abbreviated as B&R, is short for "Silk Road Economic Belt" and "Marine Silk Road of the 21st Century". In September and October 2013, Chinese President Xi Jinping proposed the cooperative initiatives of "New Silk Road Economic Belt" and "Marine Silk Road of the 21st Century". On March 28, 2015, the National Development and Reform Commission, the Ministry of Foreign Affairs and the Ministry of Commerce jointly issued the Vision and Action for Promoting the Construction of the Silk Road Economic Belt and the Marine Silk Road in the 21st Century.

### **New Opportunities**

Under "one belt one road", the market of Heilongjiang province has also been continuously developed. The development of the local market has provided more opportunities of trade and market development space for small and medium-sized enterprises. At the same time, "one belt one road" has also brought a new market environment for Heilongjiang's SMEs.

The "one belt one road" strategy has played a guiding role in the development of small and medium-sized enterprises in Heilongjiang province. Enterprises have paid more attention to the construction of the trade system with Russia. The construction of E-commerce logistics corridor led by Heilongjiang provincial government has greatly promoted the trade between two parties. Moreover, due to government subsidies, the transportation cost of E-commerce enterprises in Heilongjiang province has also been greatly reduced. By 2017, there were 335 e-commerce platforms including 94 E-commerce industrial parks, E-commerce incubators and Heilongjiang rice network. 2083 e-commerce enterprises and supporting enterprises have settled there.

## **New ideas for the Development of Small and Medium Enterprises along One Belt One Road**

### **To clarify the Development Status of Enterprises, Focus on the Future, and Formulate Scientific Development Strategies**

The small and medium-sized enterprises in Heilongjiang Province should base themselves on the province itself and change the phenomenon that the traditional economy accounts for a larger proportion in the economic structure of Heilongjiang Province. Under "one belt one road", we should

create competitive advantages that competitors are not easy to catch up with or can't catch up quickly, create core resources with competitive advantages. Actively adopt an aggressive and market-orientated development strategy. Now it is the best time for small businesses to make progress and innovation. According to Porter's Five Forces Model, enterprises should take three basic strategies: cost leadership strategy, differentiation strategy and focus strategy.

### **Give Full Play to the Advantages of Regional Resources and Vigorously Develop Small and Medium-sized Enterprises with Local Characteristics to Gain Competitive Advantages**

The gross value of agriculture, forestry, animal husbandry and fishery in Heilongjiang Province was 185.765 billion yuan from January to September in 2017, while in 2016, it was 51.97 billion yuan. There are abundant agriculture, forestry, animal husbandry, side-line production and fishery resources in Heilongjiang Province, which create huge output value, but also bring competitive advantages. Small and medium-sized enterprises should make full use of their own advantages and improve their international competitiveness based on David Ricardo's comparative advantage theory.

The gross value of agriculture, forestry, animal husbandry and fishery in Heilongjiang Province was 185.765 billion yuan from January to September in 2017, while in 2016, it was 51.97 billion yuan. The total value of agriculture in Heilongjiang Province was 45.371 billion yuan from January to September in 2017, and that of Heilongjiang Province in 2016 was 287.386 billion yuan. The total value of forestry in Heilongjiang Province was 17.79 billion yuan from January to September in 2017, and in 2016 it was 21.987 billion yuan. The gross value of animal husbandry in Heilongjiang Province was 105.261 billion yuan from January to September in 2017 and 185.475 billion yuan in 2016. The total value of fishery in Heilongjiang Province was 6.66 billion yuan from January to September in 2017, and in 2016, it was 12.919 billion yuan.

The above data fully show that there are excellent conditions in Heilongjiang Province. It is advised to make full use of local resources to develop private economy and small and medium-sized enterprises.

### **Innovating the Organizational Structure and Framework of Enterprises to Improve the Operating Efficiency of Organizations in accordance with the Trends of the Times**

With the help of the Internet, the distance between enterprises and users becomes nearer and nearer. There are abundant business opportunities in the zero-distance contact between them. Therefore, it is urgent to innovate the organizational structure of enterprises to improve organizational efficiency in accordance with the trend of the times.

According to some experts and scholars, SMEs can try to build "symbiotic organizations". Its characteristics are: Mutual subjectivity; Overall multi-benefit - all people can get benefits and grow; Flexibility; Efficiency synergy.

### **Small and Medium-sized Enterprises Should Operate Social Impact and Social Responsibility to Serve the Society for the Benefit of Human Beings**

Enterprises should be a two-way open system, that is, open to receive social information, but also disclose the information to the public. In order to ensure the stability and progress of the whole society, enterprises and society must maintain continuous, honest and open information communication. As a legal person, an enterprise should participate in solving social problems beyond its normal range like other natural persons. Because the improvement and progress of the whole social conditions, it will eventually bring benefits to every member of society, including enterprises as legal persons.

The enterprises must consider firstly what should be included in the corporate social responsibility when exercising. Davis, an American scholar, has put forward his own views on why and how enterprises should assume such responsibilities. Serving the whole social is the Small and Medium-sized Enterprises' inherent responsibility

Small and medium-sized enterprises are the new force of national economic and social development, the important foundation of building a modern economic system and promoting high-quality economic development, the backbone of expanding employment and improving people's livelihood, and the main birthplace of entrepreneurship. Small and medium-sized enterprises have contributed more than 50% of tax revenue, 60% of GDP, 70% of technological innovation, 80% of urban employment and account for 90% of enterprises in China. Over the years, small and medium-sized enterprises in Heilongjiang Province have developed rapidly, their ability of independent innovation has improved significantly, the economic aggregate has increased year by year, and their industrial structure is becoming more and more reasonable in the process of constant adjustment. On the 5th anniversary of "one belt one road" initiated by Chairman Xi Jinping and the 40th anniversary of reform and opening-up,, faced with some new problems and new challenges and obvious changes in the external environment, it is of great practical significance to solve the prominent problems of SMEs in their innovation and development.

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