

Research on the Status and Countermeasures of the Transformation and Upgrading Development of Small and Micro Enterprises

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Abstract

In recent years, the global economic structure has undergone profound adjustments, and after China's economy has entered a new normal, transformation and upgrading have always been the theme of my country's economic development. As the backbone of the national economy, small and micro enterprises are inseparable from the support of government policies for their transformation and upgrading. In view of this, this article investigates Wenzhou small and micro enterprises, and focuses on the transformation and upgrading of Wenzhou small and micro enterprises based on the data collected in the questionnaire. On this basis, this paper constructs an evaluation index system for the transformation and upgrading of small and micro enterprises, refines the elements of government behavior, and puts forward corresponding countermeasures and suggestions on the basis of quantitative analysis, in order to promote the transformation and upgrading of private small and micro enterprises in Wenzhou.

Keywords

Small and Micro Enterprises; Transformation and Upgrading; In-Depth Adjustment of the Global Economy; Policy Support.

1. Introduction

At present, trade frictions in the international market continue, downward pressure on the domestic economy is further increasing, and the global economy has entered a period of in-depth adjustment. Under the new normal of the economy, the dynamic mechanism of my country's economic growth is changing, and the advantage of the factor endowment that supports my country's economic development is also undergoing profound changes. Under this situation, if low value-added small and micro enterprises want to survive in the market for a long time, transformation and upgrading is an inevitable choice for enterprises. Small and micro enterprises are an important part of the private economy, and their transformation and upgrading have become the key to the healthy development of the economy. How to find new opportunities and development methods to survive for a long time after losing the advantage of cheap and huge labor force has become the main issue of private small and micro enterprises in this period.

As far as Wenzhou is concerned, small and micro enterprises have created the well-known "Wenzhou Model" due to the activity of private capital and the flexibility of production scale, which plays a decisive role in the development of Wenzhou's economy. However, the current economic growth of Wenzhou is slowing down, and Wenzhou is in a special period of structural adjustment and shifting of the growth rate. Therefore, it is necessary to carry out supply-side reforms in the context of "deep adjustment of the global economy", promote the transformation and upgrading of Wenzhou small and micro enterprises, optimize the industrial structure, and achieve a new round of high-quality economic development in Wenzhou. In addition,

considering the weakness and particularity of the status of small and micro enterprises, some more targeted policy measures are needed to help them transform and upgrade. Therefore, it has important practical significance to study the transformation and upgrading of small and micro enterprises from the perspective of government behavior.

2. Literature Review of Related Theories and Researches on Enterprise Transformation and Upgrading

2.1. Related Theoretical Research

The foundation of economic development is technological innovation and industrial upgrading. The existing theoretical results related to transformation and upgrading have been quite fruitful, which has laid a solid theoretical foundation for the study of enterprise transformation and upgrading.

Theories related to transformation and upgrading include innovation theory, comparative advantage theory and other related theories. The term "innovation" was first proposed by Schumpeter. He believes that innovation is a change in the production function of production factors and production conditions, which is a random recombination of existing resources. Schumpeter's "innovation theory" emphasizes that all aspects of production methods, product development, and market development must be new. Innovation theory emphasizes innovation. In the stage of transformation and upgrading, enterprises need new technologies, new ideas, and new models. Therefore, innovation theory plays an irreplaceable guiding role in the research of transformation and upgrading of enterprises.

The Theory of Comparative Advantage is represented by David Ricardo's theory the comparative cost trade theory. He emphasized that all countries have their own factor endowments and acquired production advantages. Compared with other countries, these differences in characteristics will make them in a relatively advantageous position in terms of production and foreign trade. Therefore, countries should concentrate on producing and exporting products with comparative advantages. The comparative advantage theory established by David Ricardo eventually marked the formation of classical trade theory. Subsequently, Heckscher and other scholars conducted further research on the comparative advantage theory from the perspective of factor endowment differences and economies of scale, and put forward the Factor Endowment Theory. The theory points out that even if the two countries have the same technology and other conditions, there must be differences in the endowments of other production factors between the two countries. Export trade. In the stage of transformation and upgrading, enterprises should first determine the products and services with comparative advantages and carry out further development. Therefore, the comparative advantage theory has an indicative effect on the direction and path selection of enterprise transformation and upgrading.

The theory of corporate competitive advantage is gradually derived from the question of "why some companies perform better than others and are easier to win in market competition". Although the British economist Chamberlain first proposed "competitive advantage" However, this concept was first introduced by Hoff and Shendel in the research of related theories of strategic management. Later, strategic management scholars represented by Porter conducted in-depth research on "competitive advantage". Now competitive advantage has become one of the important topics of strategic management research. Porter, a representative of the industry structure school, proposed the famous "diamond" model, that is, the final competitive state of the industry is determined by the interaction of the five forces of suppliers, customers, substitutes, complements, and peers. The results of their actions represent The final profit potential of the industry is determined, and the profit difference of enterprises in the industry is determined by the industry positioning of the enterprise. The theory of industrial structure

believes that industry barriers are the main reason for the difference in enterprise benefits, that is, the competitive advantage of enterprises is mainly determined by some external factors of the enterprise. In contrast, the resource-based competitive advantage theory and competence-based competitive advantage theory believe that the competitive advantage of a company mainly comes from certain capabilities or resources within the company. The most unique resource of the company is the accumulation of internal knowledge, and the internalization of knowledge is completed. In the future, informal and non-public cumulative resources will be generated within the enterprise. These resources are exclusive to the organization where this accumulation occurs, and this difference in accumulation will also lead to different competitiveness of the enterprise. According to the consistency of resources, scholars such as Barney divide the internal resources of the enterprise into three categories: material, human and organizational resources. Barney pointed out that only those resources that can contribute to the strategic results of the enterprise belong to the category of this theory.

2.2. Literature Review of Research on Enterprise Transformation and Upgrading

Transformation and upgrading is a comprehensive concept whose purpose is to respond to changes in the economic situation and market environment, reform and innovate, and enhance the core competitiveness of enterprises. After my country's economy has entered a new normal, transformation and upgrading have always been the theme of my country's economic development, and it is also a hot issue for scholars to study.

A large number of scholars have conducted systematic and detailed research on the concept of enterprise transformation. Adams described the transformation as a system that was irreversible and discontinued from the previous state due to radical changes in thinking and behavior; Levey and Merry went further into the transformation of the enterprise organization, and believed that this level of transformation is an impact on the organizational structure or a comprehensive and thorough change of nature; Kilman and Covin believe that transformation is a process in which the company examines its own past, examines the present, clarifies the future, and finally decides how to complete all necessary changes; Shaheen will maintain the company Competitiveness is regarded as the main purpose of enterprise transformation. He believes that transformation is to make the organization more flexible to quickly respond to various changes in the environment, and to make the entire organization transfer in form, value, attitude, skills and behavior; Andersen (2001) focuses on classification and divides organizational transformation into transitional change, developmental change and transformational change. There are also quite a number of domestic scholars who have made interpretations that are more in line with our country's reality on the basis of foreign research and combined with China's national conditions. Chen Mingzhang regards enterprise transformation as a new business model. Under the changing business environment, the company seeks to survive by adjusting organizational goals, changing strategies, and changing structural forms, breaking through bottlenecks, and creating this new business model that adapts to the future. Lin Wenzheng (2000) believes that the transformation and upgrading of enterprises is the construction of different competitive advantage strategies and new core competitiveness through the change of leading, the adjustment of industry selection and the impact on the market structure, the change of internal management measurement of the enterprise and the change of organization. And to further achieve the goal of changing the focus of the business or redefining the business. Wu Jiayi believes that enterprise transformation is the transition of an enterprise from one state to another, for example, the transition between different development models (called transition) or the transition between different industries (called transition). Kong Weijie (2012) combined existing research to divide enterprise

transformation into two aspects: one is the transformation of enterprises across industries and fields; the other is the transformation of organizational management.

In research, enterprise upgrading is usually regarded as a process after the completion of the transformation or at the same time as the transformation, in the aspect of enterprise upgrading. Scholars at home and abroad have also conducted in-depth research. Gary Gereffi (1999) classifies the upgrading of enterprises. He believes that upgrading is a way for enterprises or economies (organizations) to enter more profitable capital or technology-intensive economic fields, and divides the upgrading of enterprises based on resource allocation. For four aspects: internal upgrades, upgrades between enterprises, upgrades in local countries, and upgrades in international regions; John Humphrey and Hubert Schmitz (2000) conducted research on corporate upgrades and believed that companies could improve their competitiveness by acquiring technological and market capabilities, and Engaging in high value-added activities can be called enterprise upgrades. They propose four upgrade models: process upgrades, function upgrades, product upgrades and cross-industry upgrades; Poon (2004) also focuses on adding value and defines corporate upgrades as: manufacturing The process of shifting from low-value products to higher-value capital, and from labor-intensive production to technology-intensive production. Among the domestic scholars, the more representative one is Mao Yunshi (2009), who regards enterprise upgrading as the process of enterprise's transfer to capital and technology-intensive fields, including product upgrading, value-added enhancement, function upgrading, and competition. The improvement of power and the upgrade of the process.

The research on enterprise transformation and upgrading mainly includes research on motivations and models, while there are relatively few studies on the relationship between transformation and upgrading and government behavior. Chen Jiangyong (2012) analyzes traditional enterprises from the perspective of "government, enterprise, and banking", and believes that "the existing foundation and conditions of enterprises" are the main factors affecting the transformation and upgrading of traditional enterprises. Changes in the economic environment, government and financial intermediary organizations, The impact of talents, technology, capital and other aspects on the transformation and upgrading of enterprises should also be paid attention to. Yao Hongxin, Zhu Suizhou, etc. (2014) studied the transformation and upgrading of resource-based private enterprises, and believed that the quality of entrepreneurs, the structure of factor endowments and their changes, institutional factors, technical factors, and social environmental factors are the decisive factors for the transformation and upgrading of resource-based private enterprises. Zhang Dapeng (2017) empirically studied the impact of organizational innovation strategic orientation and leadership style on the transformation and upgrading of enterprises from the perspective of enterprise internal management, and concluded that both play a significant role in the transformation and upgrading of enterprises. Qiu Hong et al. (2014) constructed a mechanism model of transformation and upgrading based on the theory of global value chains, quantitatively analyzed the influence of enterprises' technological level, human resource capabilities, and financing capabilities on the transformation and upgrading of enterprises, and put forward countermeasures and suggestions on this basis.

In addition, Qian Mingqian and Zhu Weiwei (2012) investigated Jiangsu's foreign trade SMEs and made it clear that the government has indeed played an effective role in the transformation and upgrading of enterprises. They also conducted research on four foreign trade bases in Xuzhou, Tongzhou, Kunshan and Jiangning. Analyze and put forward policy suggestions on how to transform and upgrade Jiangsu foreign trade enterprises in the post-crisis era. Wu Shuang (2011) conducted a survey on the transformation and upgrading of Zhejiang SMEs and found that the key factor affecting the transformation of SMEs is the difficulty of financing. The single financing channel and high financing cost of enterprises greatly reduce the motivation and confidence of enterprises to upgrade. Cao Bin and Liu Zhichao (2012) use the smile curve to

study the transformation and upgrading direction of small and medium-sized enterprises and the cooperation mode of industry, academia, and research, that is, small and medium-sized enterprises cooperate with universities or other scientific research institutions on projects to achieve a win-win situation for the three parties. Zhang Shihua (2012) focuses on the factors that restrict the transformation and upgrading of small and medium-sized enterprises, and proposes that the implementation of government policies should be enhanced to ensure that the policies can be effectively implemented. It also advocates improving the innovation capability of the enterprise and improving the internal management system of the enterprise. Peng Hui et al. (2016) analyzed the current situation of enterprise transformation and upgrading by investigating Tianjin enterprises, clarified that the government really plays an effective role in the transformation and upgrading of enterprises, and gave policy recommendations on how to transform and upgrade Tianjin enterprises.

To sum up, scholars at home and abroad have made fruitful results in the research on enterprise transformation and upgrading. They analyzed the problems and methods of enterprise transformation and upgrading from different angles, and studied in-depth the models and influencing factors of enterprise transformation and upgrading. There are mostly researches from the internal perspective of enterprises, and there is still a lack of relevant research on the relationship between enterprise transformation and upgrading and government behavior factors. Based on the research of existing scholars, combined with the current development status of small and micro enterprises in Wenzhou and the characteristics of enterprises, this paper conducts in-depth field investigations. Through detailed decomposition of government behavior elements and combing and statistics of investigation results, it explores the small impacts. A key factor in the transformation and upgrading of micro-enterprises.

3. Research on the Transformation and Upgrading Status of Small and Micro Enterprises - based on Wenzhou's Empirical Data

As the global economy enters a period of in-depth adjustment, the factor endowments that support my country's economic development are undergoing profound changes. As an important pillar of the national economy, the transformation and upgrading of small and micro enterprises has an important impact on my country's economic development. In order to study the influence factors of the transformation and upgrading of small and micro enterprises, and to in-depth explore the evolution path of the transformation and upgrading of enterprises, this paper selects representative Wenzhou small and micro enterprises to conduct a questionnaire survey, and uses intuitive survey data to analyze the impact of small and micro enterprises in the context of the in-depth adjustment of the global economy. Development mechanism.

3.1. The Basic Situation of the Transformation and Upgrading of Small and Micro Enterprises in Wenzhou

According to the results of the questionnaire, most of the surveyed companies are still willing to transform and upgrade. When asked "Will you choose to transform and upgrade your business?", more than 80% of the surveyed companies expressed their willingness to transform and upgrade, and less than 20% of the companies expressed their unwillingness (as shown in Figure 1). Although this result shows that most small and micro enterprises are willing to carry out transformation and upgrading, when in-depth questions about their implementation paths and specific plans for transformation and upgrading, most of the business leaders said that transformation and upgrading are difficult under the current situation. This shows that compared with large and medium-sized enterprises, small and micro enterprises have weak transformation and upgrading capabilities and insufficient development stamina. When faced with the problem of transformation and upgrading, they have not done a good job in transformation and upgrading in terms of consciousness, capital, and technology allocation.

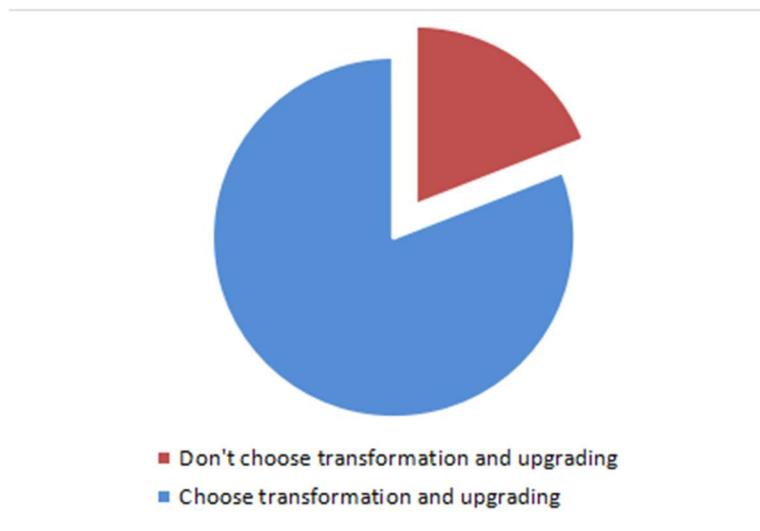


Figure 1. Basic situation of small and micro enterprises willingness to transform and upgrade in Wenzhou

3.2. The Path Choice for the Transformation and Upgrading of Small and Micro Enterprises in Wenzhou

Figure 2 shows the path selection for the transformation and upgrading of small and micro enterprises in Wenzhou. According to the chart, we find that private enterprises have diversified choices for transformation and upgrading paths. Among them, the development of new products is the most important transformation and upgrading path of the surveyed enterprises, and the private enterprises that choose this path account for 22.62%. Secondly, Wenzhou small and micro enterprises also attach great importance to transformation and upgrading by improving the technical content of the original products and increasing the added value of the original products. 18.65% of enterprises are willing to transform and upgrade by improving the technical content of original products, while 20.24% of private enterprises choose to transform and upgrade by increasing the added value of original products. Relatively speaking, fewer private enterprises choose to transform and upgrade through environmentally friendly products and self-designed brands, accounting for roughly 10%.

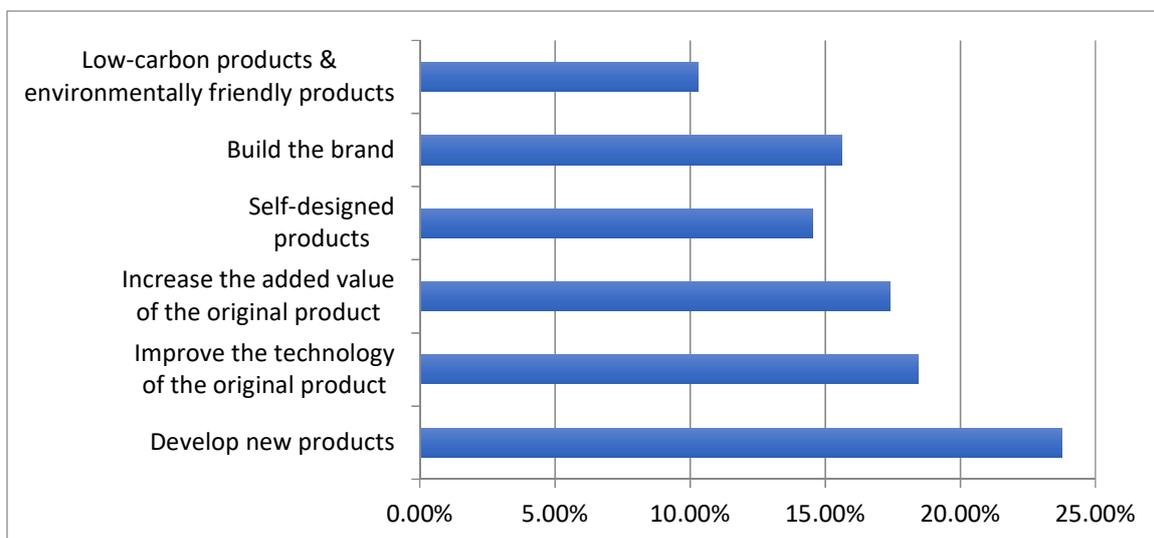


Figure 2. The path selection of small and micro enterprises' transformation and upgrading in Wenzhou

3.3. The Motivation Factors of Small and Micro Enterprises to Transform and Upgrade in Wenzhou

There are many factors that affect the transformation and upgrading of enterprises. Therefore, in the design of this survey questionnaire, the influencing factors are divided into two categories: external factors and internal factors for a general description. Specifically, when asked "In your opinion, what is the main reason for your company's transformation and upgrading?", more than 30% of the surveyed companies indicated that competition in the same industry was the main reason for their choice of transformation and upgrading (as shown in Figure 3). Secondly, 28% of small and micro business owners said that the reason for the transformation and upgrading was that the cost of materials and labor rose too fast, and companies had to develop new products and improve the technical content of the original products to enhance their competitiveness. From this, it can be judged that more than half of the surveyed companies choose to transform and upgrade because of rising costs and competition in the same industry, indicating that most companies actively carry out transformation and upgrading, rather than passively guided by the government.

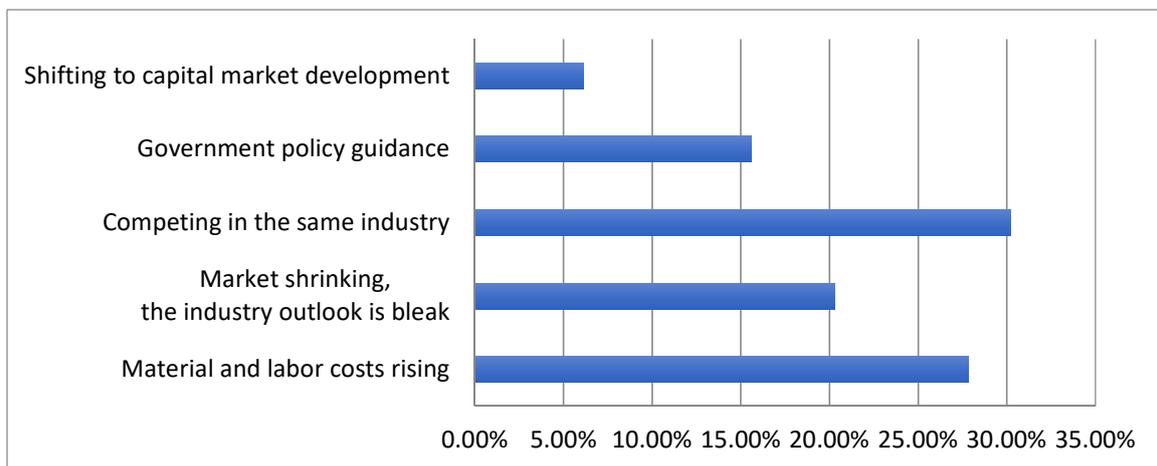


Figure 3. Motivation for the transformation and upgrading of small and micro enterprises in Wenzhou

4. Evaluation Index for the Transformation and Upgrading of Small and Micro Enterprises in Wenzhou

In order to understand the status quo of the transformation and upgrading of small and micro enterprises in Wenzhou and the main influencing factors, this article takes Wenzhou small and micro park enterprises as an analysis sample to conduct a questionnaire survey on the influencing factors of the transformation and upgrading of small and micro enterprises in various regions of Wenzhou, and quantitatively analyze different factors The degree of influence on the business development of the enterprise. Through quantitative analysis, clarify the transformation and upgrading status of small and micro enterprises, and measure the impact of various policies and measures on the transformation and upgrading of enterprises, and then evaluate their effectiveness and importance.

4.1. Evaluation Index Design for Transformation and Upgrading of Small and Micro Enterprises

The transformation and upgrading of enterprises is inseparable from government support. Especially small and micro enterprises with disadvantages and special characteristics need policy support to promote their transformation and upgrading. To this end, this paper refines

the elements of government behavior and divides the support policies needed by enterprises into six first-level indicators: government services, talent support, technological support, fiscal and tax factors, financing factors, and market conditions.

On this basis, the Analytic Hierarchy Process is used to further decompose the policy support expected by the enterprise's transformation and upgrading, and scientifically determine the demand for policy support at different levels to form a secondary index (as shown in Table 1). Specifically, the government service indicators are composed of three secondary indicators: simplifying government approval procedures, solving the problem of land use, and providing public service platforms; the talent support indicators are evaluated from the two indicators of introducing high-end talents and granting talent subsidies; science and technology support The indicators are measured by strengthening the protection of intellectual property rights and granting subsidies for technological innovation; fiscal factors are composed of tax reduction and exemption and fiscal subsidies; financing factors include factors such as solving financing difficulties and solving financing expensive problems; market conditions indicators It is composed of a secondary indicator of broadening market demand information channels.

Table 1. The evaluation indicators designing for transformation and upgrading of small and micro enterprises in Wenzhou

First level indicator	Second level indicator
Government service	Simplify government approval procedures
	Solve the problem of land scarcity
	Provide public service platform
Talent support	Introduce high-end talents
	Give talent subsidies
Market conditions	Broaden information channels for market demand
Science and technology support	Strengthen intellectual property protection
	Grant technological innovation subsidies
Fiscal factors	Tax relief
	Fiscal subsidy
Financing factors	Solve financing difficulties
	Solve the problem of expensive financing cost

The evaluation indicators in this part are assigned using the Likert five-level scoring method, and the person in charge of the enterprise evaluates the importance of each policy support factor according to the transformation and upgrading of their respective enterprises. The evaluation consists of 5 points, 5 represents "very important", 4 represents "relatively important", 3 represents "generally important", 2 represents "not important", 1 represents "not important", which is selected by the respondent. In this way, the various evaluation indicators are digitized, and then the influence of various factors on the transformation and upgrading of small and micro enterprises is comprehensively and systematically evaluated. Among them, a median score of 3 is a neutral evaluation, a score between 3 and 5 points is a relatively positive evaluation, and a score between 3 and 1 is a relatively negative evaluation.

On this basis, according to the characteristics of private small and micro enterprises in Wenzhou, classify, quantify, analyze and calculate the primary and secondary evaluation indicators that affect the transformation and upgrading of enterprises. The specific approach is as follows:

First, conduct a questionnaire survey of the company, obtain valid data, and calculate the value of the secondary index. Each secondary evaluation index comes from a question, and the small and micro enterprise questionnaires evaluate the need for various policies. For example, the

second-level evaluation index of the impact of talent subsidies on the transformation and upgrading of enterprises, options are 5 points for very important; 4 points for more important; 3 points for generally important; 2 points for less important; 1 for not important at all point. Therefore, for a certain secondary index index, the higher the score, the higher the demand; the lower the score, the lower the demand. On this basis, the weighted average method is used for each secondary evaluation index to calculate the evaluation value of each secondary index, and the final value of each secondary evaluation index is obtained.

Then, calculate the first-level index index from bottom to top. The six first-level evaluation indicators, including government services, talent support, and technology support, are calculated based on the average value of the lower-level second-level evaluation index indexes.

4.2. Empirical Analysis of Evaluation Index for the Transformation and Upgrading of Small and Micro Enterprises

The transformation and upgrading of small and micro enterprises is inseparable from the support of government policies. Based on this, we investigated the issue of what kind of policy support enterprises hope the government will provide to help the development, transformation and upgrading of enterprise clusters. According to the evaluation system for the transformation and upgrading of small and micro enterprises, the weighted average method is used to calculate the evaluation values of various policy support indexes.

The calculation results show that the evaluation indexes of the 6 first-level indicators are all 3 points higher than the benchmark value, indicating that various supporting policy factors have a great influence on the transformation and upgrading of Wenzhou small and micro enterprises. According to the evaluation scores from high to low, they are talent support, technology support, market conditions, fiscal and tax factors, financing factors, and government services. For Wenzhou small and micro enterprises, the most necessary policy support factors for their transformation and upgrading are talent support and technology support (as shown in Figure 4).

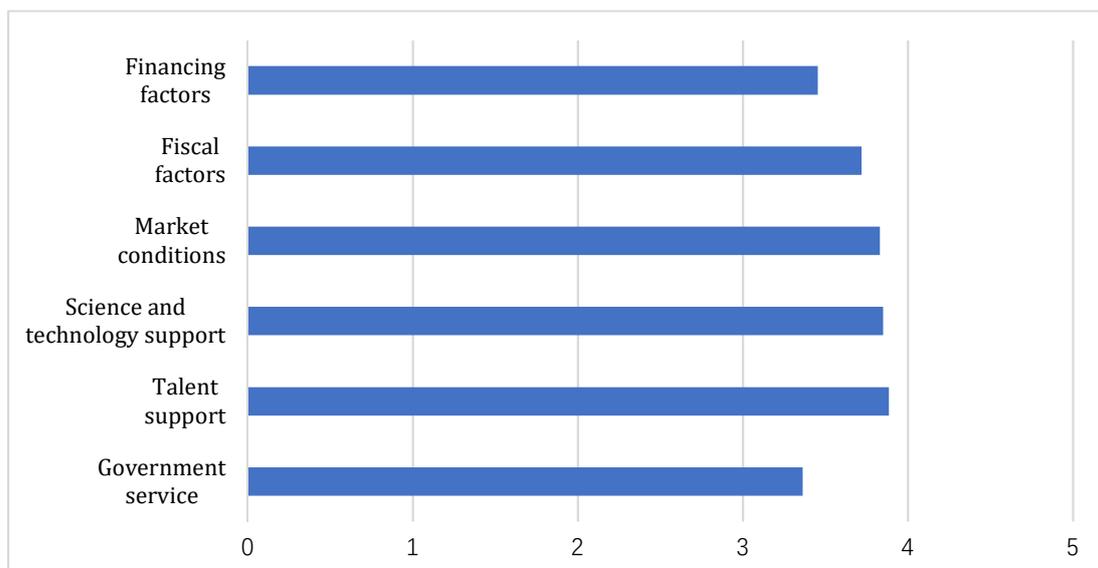


Figure 4. Evaluating results of indicators for the transformation and upgrading of small and micro enterprises in Wenzhou

To be more precise, in the 12 secondary indicators of enterprise transformation and upgrading, although the scores are basically distributed between 3-4 points, the demand for various

support policies is different. From the ranking point of view, "introducing high-end talents", "giving subsidies for technological innovation", and "giving subsidies for talents" are the most urgently needed policy support for the transformation and upgrading of small and micro enterprises in Wenzhou. On the one hand, this shows that Wenzhou small and micro enterprises pay attention to and demand for technology, intellectual property rights and human capital in the process of transformation and upgrading. On the other hand, it also reflects the financial problems of enterprises in the process of transformation and upgrading, which require appropriate subsidies from the government. In comparison, "solving the problem of difficult land use", "providing a public service platform" and "solving the problem of financing difficulties" are the three items with low willingness to choose the policy support for enterprise transformation and upgrading. This shows that Wenzhou has achieved initial results in the "big reform and large construction" and the construction of small and micro enterprise parks, especially in solving the problems of corporate land use and financing.

5. Suggestions for the Transformation and Upgrading of Small and Micro Enterprises under the Background of the Global Economic Deep Adjustment

Based on the above quantitative analysis and relevant conclusions, combined with the characteristics of Wenzhou's private economy and relevant domestic and foreign policy experiences, we propose targeted countermeasures and suggestions for optimizing the transformation and upgrading of small and medium-sized enterprises in Wenzhou.

First of all, it is highly suggested to focus on improving the innovation capabilities of small and micro enterprises and enhance their market competitiveness. Secondary, it is recommended to increase financial support to guide the transformation and upgrading of small and micro enterprises. Besides, it is advised to promote the development of small and medium financial institutions and enhance corporate financing capabilities. Last but not least, it is strongly suggested to improve the talent policy for small and micro enterprises and optimize the talent supply system.

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