

Commercialization Innovation of Social Service System Based for SMEs in Different Regions

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Abstract During the Tenth Five-year Plan period, the construction work of SMEs social service system has made gratifying achievements around the country. The construction of our SMEs social service system is still in the initial stage. There is rather obviously different in the levels of service system among various regions. It is a prominent phenomenon that economic power determines the level of service system. This article explores the business model of the SMEs social service system of various regions, aimed at promoting the construction of SMEs service system, being better serve SMEs.

Key words Regional differences; Smes; Social service system

1 Introduction

During the Tenth Five-year Plan period, the construction work of SMEs social service system has made gratifying achievements around the country. However, as a whole, the construction of our SMEs social service system is still in the initial stage, there are still some problems, chiefly including: imperfect of services institutions, disequilibrium of service system development, and slow pace of development and low level of service. Therefore, it is not able to provide better social services for SMEs, and it is a prominent phenomenon that economic power determines the level of service system. During the Eleventh Five-year Plan period, the Central Committee calls on all localities to further improving SMEs Social service system in accordance with the social, professional and market principle. This is not only the internal needs of SME development, but also the urgent needs of providing the necessary public services for market vulnerable groups, building service-oriented government. Therefore, it is of high theoretical and practical significance to explore the business model of the SMEs social service system of various regions.

2 Status and Problems of Smes Social Service System

The construction of Chinese SMEs social service system has undergone an initial and advanced stage.

The initial stage (1999-2001): in September 22, 1999, the fourth plenary session of the 15th party central committee of the CPC, passed The decision on the major issues of State-owned enterprise reform and development of CPC Central Committee. It proposed "to nurture SME service system, provide information consultation, market development, financing, loan guarantees, technical support, personnel training and other services for SMEs". Subsequently, the State Economic and Trade Commission (the National Development and Reform Commission) has issued The pilot guidance on the establishment of SME credit guarantee system (SETC SMC[1999] No. 540) and The major issues views on the cultivation of SMEs social service system (SETC SMC[2000] No. 372). In 2001, the State Economic and Trade Commission (now NDRC), issued a Pilot program on the construction of SME service system, selected 10 cities (Shanghai, Shenzhen, Qingdao, Harbin, Chengdu, Lanzhou, Zhenjiang, Fushun, Wenzhou, Chuzhou) to conduct a pilot of SME service system, actively explore the practicable model of the SMEs social service system of various regions.

The advanced stage (2002-now): Under the impulse of National Development and Reform Commission, governments at all levels take building SMEs social service system as an important task, according to the requirements of SME Promotion Law. First, they put forward a series of policies and regulations, including several proposals on encouraging and promoting SME development, Law of the People's Republic of China on Promotion of Small and Medium-sized Enterprises, Several proposals on Encouraging, Supporting and guiding the development of the individual private and other non-Public sectors of the economy. The introduction of the three typical documents points out the direction for the construction of SMEs social service system, providing a legal basis; Second, the functions of SME service centre is advancing step by step, particularly in some developed areas, the service center gradually shift from public institutions to the enterprise corporate, based on market demand, exploring

the development of services market for SMEs, obtaining a good demonstration effect; Third, industry associations, chambers of commerce gain strength, especially in market exploitation, legal protection, information consulting and other fields, rendering a large number of services to SMEs; Fourth, professional service organizations develop rapidly, accounting firms, auditing firms, law firms and management consulting organizations flourish and become the new power for servicing SMEs; Fifth, the construction funds of services system gradually implement. The National Development and Reform Commission has allocated special subsidies for SMEs and introduced corresponding management policies, promoting the construction of the service system. In the SME Promotion Law, it further defines the amount and the sources of the service system construction funds. In 2004, Ministry of Finance issued The Interim Measures for the using of special subsidies of SME service system. In 2008, Ministry of Industry and Information Technology issued the notification on doing the use and management work of special subsidies of SMEs service system, to enhance the efficiency of application of funds. In addition, the state also increased the supportive dynamics on key service sector; Sixth, the way of service is advancing unceasingly, the central and local arranged special fund to support SMEs information consulting, technology innovation, business counseling, marketing and personnel training.

After several years of efforts, China SMEs social service system has achieved remarkable results, but from the nationwide perspective, there are significant differences in the level of the service system, it is a prominent phenomenon that economic power determines the level of service system, developed areas is significantly better than backward areas. The function of integrated services sector (SME Service Centre) of Medium-developed areas remains to be further improved. During the investigation, we found that it is difficult for most SMEs service center to do the normal woke, due to the lack of preparation and funds. Business service centers are mostly attached to government departments, namely, they don't get rid of administrative restrictions. And social service agencies are not fully excavating the potential. The less of service agencies, service products, service quality, service means and the distemperedness of service function have seriously restricted the development of social service agencies. But underdeveloped regions invest inadequately, due to lack of funding for service system construction, owe money shortage or no, leading to serious lag of service system construction.

3 The Commercialization Model of Smes Social Service System in Different Levels of Economic Development Area

Due to the difference of the market environment and the level of economic development, there are significantly different in the development level of SMEs social service system among developed areas, middle-developed areas and less developed areas. It highlighted in the divers role of government played in the service system construction and the different marketization degree of enterprise development services. Therefore, to expect a kind of universal service system construction model is not realistic. However, developed regions or underdeveloped regions, the ultimate goal of service system construction are to foster and promote the establishment and development of the enterprise development service market; it is also an increasingly commercialized and market-oriented process of business development services. It is a transition process from government-led to government guidance to government direction, is a process from administrative department or comprehensive service sector to social intermediary organizations. Due to the difference of the level of economic development and the marketization degree, there are some differences in the main propulsion of SMEs social service system, the decision structure and driving mechanism, information transfer, supporting focus among developed areas, middle-developed regions and less developed areas.

3.1 The commercialization model of social service system in developed areas

For developed regions, on the one hand, the number of SMEs is more and their economic strength is stronger; On the other hand, the degree of market is relatively higher and the development of social intermediary organizations is relatively more mature. Therefore, we should build a kind of social service system with a core of social intermediary organizations, to improve the government guidance and market-driven business development services market.

3.1.1 Main propulsion

Various kinds of social intermediary organizations are the main propulsion of social service system in developed areas. The Government will need to formulate fiscal and taxation policies to promote the construction of the service system. Through improving the soft and hard environment of service system construction, standardizing the market order, in order to give full play to the core role of social intermediary organizations.

3.1.2 Decision structure

Developed regions are of high degree of marketization, the features of decentralized decision are relatively evident. No matter the service intermediary institutions as the supply side, or SMEs as the demand side, all units have their own individual decision to choose the best solution. Social intermediary agencies, according to the needs of SMEs, make the marketing strategy and development strategies, decide to provide the kind, quantity and fees of service products; SMEs determine what and how much services to buy, according to their actual needs.

3.1.3 Driving mechanism

The driving mechanism of SMEs social service system construction in developed areas includes three aspects: as to the Government, it can promote the local economic development to get more revenue, by means of provision of policy support, creating a good living environment for the development of enterprises; in terms of social intermediary organizations, the purpose of its services are to make an appropriate profit; for SMEs, the purpose of getting services is to promote the development of enterprise itself, solve the problem they facing, namely, management, personnel, capital and other problems.

3.1.4 Information transfer

Developed regions are of high maturation of enterprise development services market. The service supplier and demander transmit information between each other, mainly relying on price fluctuation. According to the price acceptable of the demanders, the service providers unceasingly adjust the volume and the price of supply, until the two sides reach an agreement through bargaining.

3.1.5 Supporting focus

The functions of comprehensive service sectors are more complete in developed areas and, social intermediary organization development is more mature. But, there is still some problem to further improve, particularly on how to further integrate administrative and social resources. Discussion group think that developed areas should focus on supporting the virtualization operations of service center. The government ought to help service center improve its information, knowledge and contract network, integrate government information resources and intermediary social service resources, realizing the upgrade of regional service system, promoting the prosperity of business development services markets.

3.2 The commercialization model of social service system in middle-developed areas

For the medium-developed areas, as the lag of development of social intermediary organizations, services providing within a narrower range, lack of working capital, the supply shortage is of common occurrence, so the Government guidance is critical. It should go this way that government support intermediaries, intermediary service enterprises. It needs to set policy to support intermediaries niche targeting for the construction of social service system, and then gradually strengthen business development services market.

3.2.1 Main propulsion

Various social groups, including industry associations and chambers of commerce, have not matured in middle-developed areas, haven't showed enough strength in pluralistic governance. The number of various professional service organizations and the services provided by these bodies are also fewer, services product and service quality often doesn't meet the actual needs of SMEs. Therefore, to develop social service system, the middle-developed areas require that not only social intermediary agencies provide various commercial services as much as possible, but also government offer public service or public welfare services, in order to make up for lack of intermediary services.

3.2.2 Decision structure

In middle-developed areas, the decision structure of business development service market have both the decentralized making and centralized decision-making characteristics. It needs the Government to play a role in the business development services market, including setting policy to support the development of social intermediary organizations, drawing up a plan for service system development. So that social intermediary organizations improve their management and service quality, obtaining benefits in the business development service market.

3.2.3 Driving mechanism

The driving mechanism of SMEs social service system construction in middle-developed areas includes three aspects: as to the Government, it can satisfy the local SMEs' needs of business development services, through supporting the development of intermediary organizations in order to foster business development services market; In terms of social intermediary organizations, one of its services purpose is to obtain profit, the other is to seize the development opportunity, lay the foundation for obtaining benefit when business development service market isn't mature; For SMEs, the purpose of

getting services is to acquire various services at price as low as possible, promoting the development of enterprise itself.

3.2.4 Information transfer

In middle-developed areas, the information transfer of business development service market rely mainly on two aspects: First, according to business needs, the government could publish a variety of information, build service supply-demand docking platform, to access appropriate services for SMEs; Second, relying on the price transmission mechanism, particularly the Government giving the subsidies to intermediaries, to enable more SMEs, especially the start-up, have the ability to obtain a variety of business development services.

3.2.5 Supporting focus

While improving the function of integrated services, the government of middle-developed areas also selectively supports various commercial intermediary services organizations and trade associations, chambers of commerce and other social groups. Therein, the support for business intermediary services organization, listing as follows: first, make relevant preferential policies, including simplifying registration procedure in industrial and commercial bureau, providing tax incentives, reducing the sales tax or debating income tax; second, establish effective incentive mechanism, including establishing a business relationship with outstanding performance and reputable commercial services institutions, or purchasing individual services, or creating conditions to encourage the output of services, providing special capital subsidy, carrying out material and spiritual rewards, helping service brand publicity.

3.3 The commercialization model of social service system in less developed areas

For the less developed regions, the government-led is the key. However, government departments do often not well understand the actual service needs of SMEs. Besides, the lack of professional and technical personnel, the lag of management systems and mechanisms, may easily lead to insufficient supply of services. Therefore, it requires establishing small and medium Enterprise Service Center, and continuously improving its functions, relying on the role of management services, link bridges, and combined effect of Service Center, to meet the needs of SMEs. After established SME service center, they are able to support the development of intermediary institutions and foster business development services market, by subcontracting services, setting supportive policies and other measures.

3.3.1 Main propulsion

The level of economic development in less developed regions is relatively backward, the number and strength of SMEs significantly lag behind the developed regions. Additionally, the development of social intermediary organizations serious lag behind, the number and quality of service products offered can not satisfy SMEs' needs of enterprise development services, social service system evidently lagged behind, more products need to be provided by the government.

3.3.2 Decision structure

In less developed areas, the decision structure of business development service market has centralized decision-making characteristics. Based on the urgent needs of SMEs, the Government gradually establishes local social service system in the form of providing public services, through the SME management or integrated service sector (SME service center).

3.3.3 Driving mechanism

Under the current financial situation and economic development, the power of SMEs Social Service System construction lies in the establishment of SME service center and upgrade of service center functions, relying on the role of management services, link bridges, and combined effect of Service Center, to meet the needs of SMEs. This is the direct path for less developed areas to satisfy SMEs' needs of the development services in the short term; and, this is the requirement of fostering business development services market in the long term.

3.3.4 Information transfer

The information transfer in less developed areas mainly depends on the public information provided by the government's functional department and integrated service sectors. The decision basically considers the needs of the enterprise, the transmission mechanism of price often fail. The reason is that the local SMEs need lower or free service products.

3.3.5 Supporting focus

The selective support of less developed regions is integrated SME services--SME Service Centre and a variety of public welfare services. Therein, the SME Service Centre should choose the mode of substantive operating, mainly providing public service. Government ought to focus on promoting: first, ensure that service center fix the number of people employed, and provide financial support in accordance with their actual need; second, establish effective coordination mechanisms, pass the

national and local SMEs policies on to the service center without delay, service center will timely feed back the new tendency and difficulties in the service field to the government administrative agencies, to provide reference for strategic decision; third, build a reasonable assessment mechanism, to evaluate the effectiveness of SMEs. Therein, some funds come from government fiscal allotment. Assessment should include: the use of funds (is the flow in the specified scope), business performance (the number of services enterprises receiving, degree of satisfaction), self-construction (organization, hardware, etc), service capacity (manager's decision-making ability, team cohesion, adaptability, etc). Evaluation method is the index weight forms; assessment programs should be promptly released. They can select the object of evaluation, by public tender form. Integrated service organization can also receive the uniform identification and assessment of service system.

4 Conclusion

Based on the above analysis, we can sort out the difference of the main propulsion, the decision structure and driving mechanism, information transfer, supporting focus of SMEs social service system, among areas of different economic development levels. We can come to some important conclusions: first, the construction of the SMEs social service system must take into account the level of local economic development, so as to formulate construction program in conformity with local reality; second, the construction of the SMEs social service system is carrying on step by step, the cultivation of business development services market is gradual, so we must make clear the emphasis of the construction in all phases; third, the main propulsion is different among regions, but in the long run, how to cultivate and support social intermediary organizations is an important part of service system construction in all areas.

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