

On the Causes and Countermeasures of Financing Difficulties of Small and Medium-sized Enterprises

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Abstract

The 2020 market status survey and development trend forecast analysis report shows that small and medium-sized enterprises are the basic force to promote innovation and constitute the largest and most dynamic enterprise group in the main body of market economy. The development of small and medium-sized enterprises is related to the adjustment of China's economic and social structure and the transformation of development mode, the promotion of employment and social stability, and scientific and technological innovation, transformation and upgrading. With its flexible operation mechanism and market adaptability, small and medium-sized enterprises have become an important driving force for China's system reform, economic development, social harmony and opening to the outside world. At present, small and medium-sized enterprises have difficulties in financing, enterprises have their own defects, low credit level and imperfect management system. The research on the financing of small and medium-sized enterprises is of great significance to the development of China's economy. The main content of this paper is to analyze the reasons for the financing difficulties of small and medium-sized enterprises, and analyze the corresponding countermeasures for this phenomenon, hoping to help the financing difficulties of small and medium-sized enterprises to a certain extent.

Keywords

Small and Medium-sized Enterprises; Financing Difficulties; Reason; Countermeasure.

1. Introduction

Even in developed countries, the role of SMEs is very important. Since the 1990s, with the deepening of the new economic revolution and international economic integration, developed countries are actively supporting the development and research of small and medium-sized enterprises. The US government calls small and medium-sized enterprises "the backbone of the American economy". President Reagan once pointed out that "small and medium-sized enterprises are the heart and soul of our free economic system". Japanese economists believe that "without the vigorous development of small and medium-sized enterprises, there will be no prosperity in Japan". However, from the perspective of world economic development, small and medium-sized enterprises in various countries have exposed some deep-seated problems in their development. Among them, the difficulty of financing is the key problem restricting the development of small and medium-sized enterprises. Whether in developed countries or developing countries, government officials, economists and management experts all pay attention to it to the strategic height.

Compared with developed countries, China's small and medium-sized enterprises need to face more difficulties in financing. We should not only face the general financing problems, that is, the direct financing gap and the indirect financing gap, but also face the special problems with Chinese characteristics. Especially in COVID-19's normal stage of prevention and control, the financing difficulties of SMEs are obviously obvious. Therefore, the study of SME financing is of great significance for the development of China's economy. The purpose of this paper is to analyze the financing difficulties of small and medium-sized private enterprises, analyze the reasons for the financing difficulties of small and medium-sized enterprises in China from internal and external perspectives, and seek effective ways to solve the problems for a series of reasons.

2. On the causes of financing difficulties of SMEs

2.1 The financing difficulties of SMEs are caused by their own defects

2.1.1 The management system is not perfect and the credit level is low

At present, small and medium-sized enterprises have difficulties in financing, enterprises have their own defects, low credit level and imperfect management system. Many small and medium-sized enterprises have chaotic financial management and imperfect governance structure. Some enterprises have set up several sets of accounts in order to evade taxes or defraud bank loans, and some even have no financial accounts. This makes it difficult for banks to master their real production and operation and capital utilization, and can not distinguish the credit degree of enterprises, resulting in financial institutions' concerns about the reputation of the whole small and medium-sized enterprises. At the same time, the quality of some small and medium-sized enterprise operators is low, and it is difficult to recover many debts even through court judgment.

2.1.2 The information of small and medium-sized enterprises is opaque

There is information asymmetry between banks and enterprises in their understanding of enterprise conditions. The financial system of many small and medium-sized enterprises is not perfect, and they lack the financial statements recognized by the financial audit department and good continuous operation records. Financial information often can not fully reflect the operating status of enterprise assets. Even some enterprises will not disclose their real information.

2.1.3 The stock of assets is limited and it is difficult to provide collateral corresponding to loans

In order to avoid risks, except for a small number of large enterprises, commercial banks almost do not issue credit loans. No matter the length of time and amount, customers must obtain loans based on their previous credit records and go through mortgage guarantee procedures. At the same time, the selection of collateral is generally limited to fixed assets such as land, machinery, equipment and real estate. From the perspective of the asset structure of small and medium-sized enterprises, there is insufficient effective collateral. Most of the newly established scientific and technological small and medium-sized enterprises are leased, and their plants, office sites and even production equipment are rented. There are almost no effective assets that meet the requirements of the bank and can be used for loan mortgage.

2.2 Lack of enthusiasm for financial institutions of small and medium-sized enterprises

2.2.1 Collection of bank loan approval authority

At present, the loan approval authority of all state-owned commercial banks is collected level by level. According to the current loan principle, most of the credit approval authority of commercial banks is collected to provincial branches or head offices. Most of the loan lines applied by small and medium-sized enterprises exceed the approval authority of county banks. In fact, each loan must be submitted to municipal or provincial banks for approval, and the approval procedures are cumbersome. This highly centralized approach to loan approval has brought some negative effects to grass-roots banks and small and medium-sized enterprises. At the same time, the approval is mostly based on quantitative indicators such as collateral, financial indicators, liquidity and capital scale, which leads to a large number of small and medium-sized enterprises unable to pass the approval.

2.2.3 The management concept of scale efficiency causes banks to be "reluctant to lend"

Banking is an industry with typical economies of scale. Affected by the concept of credit and interest driving force, banks are not enthusiastic about credit for small and medium-sized enterprises. The reason is that the development risk of small and medium-sized enterprises is large. At the same time, the number of enterprises that can be included in the national credit preferential industries (such as automobiles, pharmaceuticals, computer components, etc.) is not high. In recent years, the state has formulated a series of preferential credit policies to support small and medium-sized enterprises, but these policies are highly oriented and run counter to the profitability essence of commercial banks to a certain extent. Credit to small and medium-sized enterprises is not only costly, risky, but also inefficient. Therefore, banks do not regard small and medium-sized enterprises as important

customers and are unwilling to have credit relations with small and medium-sized enterprises, Subjectively, it lacks the enthusiasm and initiative to implement loans to small and medium-sized enterprises.

2.2.4 Risk management of banks

Commercial banks link credit risk with the position, salary and bonus of credit personnel, and pursue lifelong responsibility. Loan officers are unwilling to take big risks and bear the responsibility of developing the market of small and medium-sized enterprises. At present, commercial banks still take information such as deposit task, profitability and non-performing loan level as the main assessment quantitative indicators. As for small and medium-sized enterprises, their characteristics of small amount of single loan and high non-performing level lead to their lack of attraction to commercial banks for larger state-owned enterprises.

2.3 Insufficient innovation of financing mechanism

2.3.1 Imperfect guarantee mechanism

In the credit transaction between banks and small and medium-sized enterprises, once there is a problem in the repayment ability of small and medium-sized enterprises, the bank will bear all the risks alone. In this case, banks will worry about the loan repayment ability of small and medium-sized enterprises because they do not have an effective guarantee mechanism to reduce and share risks, resulting in "loan fear" and "loan reluctance".

2.3.2 Imperfect development of capital market

Small and medium-sized enterprises have difficulties in debt and equity financing. As for debt financing, China currently implements the management mode of "scale control, centralized management and hierarchical approval". Due to the strict restrictions on the issuance scale, especially the unfavorable quota requirements for small and medium-sized enterprises, it is difficult for small and medium-sized enterprises to directly finance by issuing creditor's rights. More than 60% of the listed enterprises in China's stock market are large state-owned enterprises, and small and medium-sized enterprises account for a small proportion.

3. On the Countermeasures of financing difficulties of SMEs

3.1 Enterprise internal Countermeasures

3.1.1 Identify the product market positioning

Accurate product positioning can show the characteristics of products and reflect the core value of products. The enterprise itself should timely adjust the product structure, continuously improve its core competitiveness, and refine, refine, specialize and deepen its products according to the differences of funds, equipment, technology, talents and commodities, so as to improve its market competitiveness. At the same time, we should constantly improve our market development ability, be good at discovering new markets, and improve our own risk management ability and business innovation ability.

3.1.2 Improve financial management system

In order to win the trust and support of banks, small and medium-sized enterprises must improve various rules and regulations, strengthen financial management, ensure the authenticity and legitimacy of accounting information, enhance the awareness of honesty and credit, and establish a good image. Earnestly perform the loan contract, maintain good credit and guard the credit order. Small and medium-sized enterprises should establish and improve the system that can fully and correctly reflect the financial situation of enterprises, strengthen daily accounting records, regularly provide comprehensive and accurate financial information to stakeholders, increase the transparency of enterprise operation and finance, reduce information asymmetry, and reduce the credit crisis of banks to enterprises.

3.1.3 Improve the corporate governance structure

Implement a positive exit strategy for small and medium-sized state-owned enterprises and take the road of restructuring and reorganization; We should reform the property rights of collective enterprises and clarify the relationship between property rights; For private enterprises, we should guide the socialization of capital, change the family management mode, and absorb the elements of modern enterprise system and management system. We should strengthen the training of business talents in small and medium-sized enterprises and comprehensively improve the management level of business enterprises. The operators of small and medium-sized enterprises must strengthen their study, master the knowledge of modern enterprise management, and be familiar with the development prospect of the industry. At the same time, we should formulate scientific management systems and measures to promote scientific operation and management and continuously improve the level of enterprise operation and management. Small and medium-sized enterprises should establish and improve the internal talent training policy system and human resource management system, and truly establish a talent team with strong management and technical force through internal training and external introduction.

3.2 From the perspective of financial institutions

3.2.1 Reform the existing commercial bank structure

Compared with enterprise reform, bank reform has lagged behind, and has had an adverse impact on the credit financing of small and medium-sized enterprises. The key to bank reform is the reform of property right structure and governance structure of banks and other financial institutions. Starting from the principle of "easy before difficult" in the reform process, the reform of small and medium-sized financial institutions is relatively simple and has little impact on the macro, so it can be carried out first. Recently, the reform idea of financial institutions should be to combine the development of private banks with the reform of existing small and medium-sized financial institutions. Large state-owned banks should gradually carry out joint-stock reform and further adjust their ownership structure.

3.2.2 Improving the organizational structure of commercial banks

Commercial banks, especially the four major state-owned commercial banks, should change the organizational model of dividing administrative regions into head offices and branches, take the value chain as the core, divide them according to different objects, establish special loan institutions for small and medium-sized enterprises, realize the flattening of bank structure, and make commercial bank services closer to small and medium-sized enterprises.

3.2.3 Improve the internal restraint and incentive mechanism of the organization

First, establish an independent examiner system. It mainly relies on various "soft information" mastered by grass-roots credit managers and the close bank enterprise relationship developed on this basis, implements the customer manager system in the financing of small and medium-sized enterprises, and gives the customer manager corresponding authority. Second, implement the comprehensive credit line for small and medium-sized enterprises, allow enterprises to recycle within the validity period and credit line, borrow and repay at the same time, and accelerate capital turnover. Third, set a certain proportion of risk loss rate for loans to small and medium-sized enterprises, make up for losses with profits, and increase the original driving force of financial institutions' working capital loans to small and medium-sized enterprises. Fourth, on the existing basis, reasonably delegate the authority to approve working capital loans to small and medium-sized enterprises, and delegate the right to issue acceptance bills with full certificate of deposit pledge loans and full margin.

3.2.4 Promoting the internationalization of RMB

Facing the historic opportunity brought by the internationalization of RMB, it will also bring broad development space for financial markets and financing institutions. With the continuous expansion of the scope of cross-border RMB business pilot banks, the demand for cross-border RMB settlement is unprecedented. Domestic pilot banks of cross-border RMB business actively seize policy opportunities, strive to promote the rapid development of cross-border RMB business, and achieve a

business scale equivalent to the market position of excellent pilot banks. In terms of international business philosophy, domestic pilot banks, in combination with the global layout of internationalization strategy, expand and improve the RMB global settlement network of Bank of communications around the overseas network layout of "taking Asia Pacific as the center and Europe and the United States as the two wings". Under the principle of appropriate supervision, domestic banks need to vigorously cultivate and introduce financial innovation talents, and actively explore business innovations such as cross-border RMB project financing and direct investment, so as to improve the comprehensive cross-border and cross industry financial service capacity. At the same time, actively develop new hedging products in the offshore market to help overseas enterprises reduce exchange risk and improve the attractiveness of enterprises to use RMB for settlement.

3.3 Government level

3.3.1 Establishment of enterprise credit guarantee system

As far as private enterprises are concerned, in the case of uneven enterprise quality and economic strength, the "individual selection method" can be selected, that is, the credit guarantee institution shall conduct risk review on the enterprises applying for guarantee one by one and determine some of them as guarantee objects. Specifically, it can be considered from two aspects: first, set up a private enterprise development fund, form a joint guarantee community by private enterprises, jointly raise funds, implement the joint-stock system, and charge a certain handling fee according to the guarantee proportion and amount. If the enterprise is not well managed, the guarantee institution shall share the bank loan risk and play the role of supervision and protection. Second, the implementation of "small joint guarantee" loans. When commercial banks cooperate with each other, the joint guarantee system is implemented for small loans to private enterprises, which not only ensures the capital needs of those promising private enterprises, but also helps to prevent credit risks. The guarantee fund can be established with government funds and the bank can provide supporting special loans. Policy oriented financial guarantee institutions can also be established to recommend loan enterprises with certain policy risks to financial institutions according to the articles of association and guarantee conditions.

3.3.2 Optimizing the legal environment

We should revise and improve the guarantee law, introduce the chattel mortgage guarantee system, expand the scope of chattel collateral, allow accounts receivable and inventory as collateral, allow the establishment of guarantee on ordinary creditor's rights, and introduce the floating guarantee system to enhance the financing capacity of small and medium-sized enterprises.

3.3.3 Establish diversified financing system

To broaden the financing channels of private enterprises, we should first establish a private enterprise venture capital system. Venture capital is the most effective institutional arrangement to promote the industrialization of high-tech and the growth of high-tech small and medium-sized enterprises. We should break the inherent thinking mode and carry out multi-channel and all-round financing. Small and medium-sized enterprises can try to apply for innovation fund and introduce venture capital fund for financing. In addition, we can regulate private financing to broaden private financing channels.

3.3.4 Strengthen personnel training service

Local governments may, according to the actual situation of local small and medium-sized enterprises, entrust universities to organize training and learning for senior leaders and management personnel of small and medium-sized enterprises in different stages and in batches, and learn modern business concepts, business strategies, economic and regulatory policies, etc. The government can provide talent training services to small and medium-sized enterprises, effectively support SMEs to obtain management resources, improve the modernization and rationalization of management of SMEs, and solve the problems of talent training funds and human shortage.

3.3.5 Strengthen the government's support for small and medium-sized enterprises

First, the government should support financial institutions to open up direct financing channels for small and medium-sized enterprises. The government should formulate policies to encourage financial institutions to participate in financing services for small and medium-sized enterprises.

Furthermore, we should build loan guarantee fund or institution to disperse financial risk. Through the establishment of loan guarantee fund or institution of small and medium-sized enterprises, the financial risk can be dispersed, and credit guarantee can be provided for enterprises with insufficient guarantee and insufficient collateral and potential for development. We should also set up venture capital funds, establish policy-oriented small and medium-sized enterprises investment companies, and focus on supporting scientific and technological innovation SMEs. Policy investment institutions should mainly make financial contributions, or by the state-owned assets management institutions at the provincial and local levels which are now established by selling their state-owned assets. We should establish a legal and institutional financial compensation mechanism. Provide financial assistance to credit guarantee institutions and re guarantee institutions. The guarantee agencies or re guarantee institutions can self compensate the annual guarantee or re guarantee losses with the risk reserve they have provided, and the insufficient part shall be compensated by the financial department.

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