

The Investigation and Countermeasure Analysis of the Current Situation of the Development of Daqing's Private Economy

Wei Wang*, Guiyan Zhao

College of Economics and Management, Heilongjiang Bayi Agricultural University, 5 Xinyang Road,
163319, Daqing, China

*Corresponding Author: Wei Wang

Keywords: Private economy, industrial structure, investment in science and technology.

Abstract: By combing the previous research results of private economy, on the basis of domestic and foreign research results and development experience of private economy, combined with the investigation of the development of private economy in Daqing City, this study comprehensively expounds the current situation of the development of private economy in Daqing city from the overall scale, industrial structure, investment in science and technology, etc., and puts forward the development of private economy in Daqing City Based on the investigation and analysis results The existing problems and the causes of these problems are analyzed, and the countermeasures and suggestions for the development of Daqing private economy with strong operability and regional characteristics are put forward.

1. Introduction

Private economy plays an important role in China's economic development. Statistics show that private economy contributes more than 50% of tax revenue, more than 60% of GDP, more than 70% of technological innovation achievements, more than 80% of urban labor employment and more than 90% of the number of enterprises.

The domestic and foreign scholars' research on the development of private economy mainly focuses on the constraints of private economy, the development mode of private economy, the existing problems and Countermeasures in the development of private economy. Research on the restrictive factors of private economy. [1] Stiglitz (1994) found that based on the successful experience of township enterprises, the biggest obstacle to the development of private enterprises is to ignore the incentive role. [2] Cui Zhishu (2010) believes that there are institutional defects in the governance mechanism of private enterprises, shortage of human capital, unimpeded financing channels and low industrial level constraints. [3] Ni Liangxin and pan Liquan (2015) analyzed that there are some problems in the private economy, such as the number of market players is significantly less, the volume of private economy is relatively small, the quality of private enterprises needs to be improved, and the energy for sustainable development needs to be enhanced. Research on the development mode of private economy. [4] Thanh Hai Nguyen Quamrul Alam, Daniel Prajgo (2009) conducted a study on Vietnamese SMEs by using the concept model of

“supportive” factors. The results show that under the conditions of Confucian culture and socialist market economy, there are some problems, such as imperfect market factors, imperfect system support structure, and lack of proper coordination between policy-making and policy meaning. The state must have key enterprises that create favorable market conditions Family responsibility. [5]Hong Yinxing and Chen Baomin (2001) showed that the main feature of “Southern Jiangsu model” is that farmers rely on their own strength to develop township enterprises, and the ownership structure of township enterprises is mainly collective economy. [6]Xie Jian (2002) thought that since the reform and opening up, there have been typical models of private economic development, such as Wenzhou model, Southern Jiangsu model, Pearl River model, Zhongguancun model and three city model, which show different changing characteristics. The problems and Countermeasures in the development of private economy. [7] Li Shaomin, Li Shu and Zhang Weiyong (1998) jointly put forward Li Li Zhang model, which holds that China’s privatization process is a process in which the residual sharing right and control right of enterprises are transferred from the government to the manager’s hands; this process is the result of competition among regions in China, and the cause of competition among regions is the decentralization policy in the early stage of economic system reform. [8] Yan Zhongyang (2004) analyzed the status and role of private economy in the development of county economy, found out the reasons and countermeasures that affect the development of county private economy, analyzed and discussed the deep-seated reasons that affect the development of County Private Economy from five aspects of supporting policy, legal environment, management system, development power and development environment, and put forward corresponding countermeasures and suggestions. [9] Xu Lingjie (2018) found through the research on the development of northeast private economy that there are insufficient power structure, strong dependence on natural endowment, low-end and supporting features, and the gap is still very large compared with domestic developed regions.

To sum up, some valuable research results have been achieved in the study of private economy in China, which has played a positive role in promoting the healthy development of private economy in China. However, these studies are mainly concentrated on the macro level, and there are few studies on the development of local private economy. On the basis of previous research results, combined with the current situation of the development of Daqing private economy, this study combs the problems existing in the development of Daqing private economy in the emerging stage, and puts forward the countermeasures and suggestions for the development of Daqing private economy with strong operability and regional characteristics.

2. Investigation on the Current Situation of Private Economy in Daqing

In 2018, the added value of Daqing’s private economy reached 108.6 billion yuan, driving the city’s economic growth by 4.1 percentage points, and the proportion of the city’s GDP was 38.8%. Compared with the growth of various economic added values, the growth of private economy was the highest. However, the private enterprises in Daqing still have some problems, such as low growth index, short life span, low scientific and technological content, and lack of competitiveness. Therefore, it is of great strategic significance for the sustainable and healthy development of the private economy in Daqing to try to put forward solutions for the development of the private economy in Daqing.

2.1. The Contribution of Private Economy to the Economic Growth of Daqing is Significantly Enhanced

In 2018, Daqing’s GDP was 280.12 billion yuan, an increase of 3.5% year on year. 60% of the increase came from private enterprises. The added value of industries above designated size

increased from 411.5 billion yuan to 1039.7 billion yuan.46% of the increase came from private enterprises. The export of foreign trade was 180 billion dollars, and 66% of the increase came from private enterprises. By the end of 2018, 19.8% of tax revenue, 33.8% of GDP, 72% of technological innovation achievements, 44.8% of urban labor employment and 89.7% of enterprises in Daqing were all contributed by the private economy.

The scale of private economic investment in Daqing city is expanding. In 2018, the investment of non-state-owned projects increased by 51.7% year-on-year, accounting for 44.3% of the total investment, driving the city's investment growth by 16.2 percentage points, of which the private investment increased by 56.4% year-on-year, accounting for 43.4% of the city's investment, and driving the city's investment growth by 16.7 percentage points. In the context of the new normal of economy, private enterprises have become an important force to support and promote the economic development of Daqing City, and become the main force of new industrialization, new urbanization and Rural Revitalization.

2.2. Private Economy has Become an Important Force in Daqing's Industrial Transformation and Upgrading

Daqing private enterprises vigorously implement the innovation driven development strategy, cultivate new advantages of transformation and upgrading, and enhance the strength of scientific and technological innovation. By the end of 2018, there were 187 high-tech enterprises recognized by the state, of which private enterprises accounted for more than 90%, 72% of technological innovation achievements were created by private enterprises, and more than 80% of the key industrial projects promoted in Daqing were private enterprises. Private enterprises have gradually become the main body of technological innovation, product innovation, method innovation, process innovation, market innovation and other kinds of innovation.

The agglomeration effect of Daqing Industrial Park is obvious. The high tech Zone has built a number of professional parks, such as auto parts Industrial Park and high-end equipment manufacturing park. At present, it has attracted a number of private enterprises in auto related industries, such as Daqing Volvo, Anyi wheel, long-term logistics, Yanfeng anduo duo seat, Huawei Cloud Computing Data Center The high tech Zone has gathered a large number of scientific and technological private enterprises.

To promote the establishment of close industrial relations with oil chemical enterprises, private enterprises make full use of the idle resources of oil chemical enterprises, increase the private enterprises to undertake the supporting business of petrochemical related industries, provide engineering and technical services, production guarantee services, and technical support services for oil chemical enterprises, and have formed a new type of industrial generation of interest coordination and supply chain interconnection between oil chemical state-owned enterprises and private enterprises State.

2.3. Private Economy has Become an Important Channel to Expand Employment in Daqing

In recent years, with the development of private economy in Daqing, labor-intensive industries such as manufacturing industry, service industry and catering industry have generated huge labor demand, which has absorbed the increment and stock transfer of the vast majority of labor, and has become an important channel to expand social employment.

According to the data of the National Bureau of statistics, 8.9 people can be employed for each new private enterprise. In 2017, the number of urban employees in private economy in Daqing reached 466000, accounting for 44.8% of the city's urban employees, attracting 35000 unemployed, accounting for 81.4% of the registered unemployed in that year.

2.4. Daqing Science and Technology Private Enterprise Develops Rapidly

With the rapid development of science and technology-based private enterprises in Daqing City, the innovation vitality of enterprises has been continuously enhanced, the participation in research and experimental development (R & D) activities and the investment in funds have continued to grow, and the contribution rate of science and technology progress has reached 58.5%, which has made an important contribution to Daqing's economic transformation and upgrading and striving to be the leader of the transformation and development of national resource-based cities.

Daqing high tech Zone has become a gathering area of scientific and technological enterprises, and more than 110 national high-tech enterprises have become the core carrier leading the transformation and revitalization of Daqing resource-based cities. The contribution rate of scientific and technological progress to economic growth has increased year by year. At present, more than 30 private enterprises with core technology have become the leading enterprises, industry standard setters and participants in domestic subdivision fields, promoting enterprises with technological advantages to expand their scale and combine capital, technology and policy resources in a market-oriented way.

In 2015-2017, 3246 science and technology-based private enterprises were newly added in Daqing, and 410 science and technology-based enterprises with main business income of more than 5 million yuan were newly cultivated. Daqing has a total of 5973 high-tech achievements, 1420 of which have been issued, 62 docking activities have been organized and 258 projects have been put into practice.

3. Problems in the Development of Daqing's Private Economy

The scale of private economy in our city is growing and the number of private enterprises is increasing, which has played a positive role in promoting economic growth, optimizing the upgrading of industrial structure, broadening the channels of social employment, etc., but there are still problems such as weak innovation ability, difficult financing, and serious constraints of talent elements.

3.1. The Innovation Ability of Private Enterprises is not Strong

Although the private enterprises in Daqing have certain independent innovation ability, there are still some problems such as low level of innovation platform, insufficient investment in R & D funds and weak innovation ability. In 2017, the city's internal expenditure for research and test development of Industrial Enterprises above designated size was 2.06 billion yuan, and the R & D investment intensity was 0.66%. Among them, the internal expenditure of research and test development funds of large and medium-sized enterprises accounts for 98% of the internal expenditure of research and test development funds of all industrial enterprises above designated size.

According to the Daqing non-public research report, the R&D investment of private enterprises in Daqing only accounts for 0.75% of GDP, far lower than the national average of 2.11%. Among the industrial enterprises above the non-public scale, only 32 enterprises have invested special funds for scientific research, accounting for 10.8% of the city.

Most of the products produced by Daqing private enterprises are in the middle and low-end of the industrial chain and value chain. The added value of the products is not high, the competitiveness is not strong, the transformation and upgrading are not fast, and the innovation power is insufficient. Some traditional industries with "professional market+factory" as the main business model have obvious industrial cluster characteristics, and the proportion of private

enterprises with core patent technology is relatively low. Entrepreneurs are lack of market awareness, innovation ability, vision and vision, and long-term development plan. As a result, many private enterprises do not do well, do not do well, and lack of motivation for development.

3.2. Financing Difficulties of Private Enterprises

According to Daqing non-public research report, about one third of the enterprises in our city have problems of capital shortage and financing difficulty. Research shows that less than a quarter of the loan amount of Daqing city flows to private enterprises. The main reasons are as follows: first, the loan threshold of financial institutions to private enterprises is relatively high, the procedures are relatively complex, and the audit cycle is long; second, private enterprises have their own governance structure is not perfect, the financial system is not standardized, and the credibility is not high.

This study investigates the financing problems of 50 private enterprises in Daqing city. The results show that most of the financing channels of private enterprises in Daqing city are mortgage loans or guaranteed loans. Most of the enterprises have the problems of small scale and less fixed assets. However, the mortgage guarantee conditions of financial institutions are relatively strict. At the same time, the loan interest rate of small and medium-sized enterprises is significantly higher than that of large enterprises, which increases the financing of enterprises invisibly Capital cost makes it difficult for enterprises to obtain loans from banks.

3.3. Serious Constraints on the Development of Talents in Private Enterprises

The development of enterprises cannot be separated from the support of talents. With the transformation and development of Daqing City, some strategic emerging industries such as mobile Internet, e-commerce, energy and environmental protection, biotechnology and some high-end manufacturing industries continue to increase the demand for talents. However, due to the location conditions of Daqing and the problems of talent incentive policies, as well as the problems of outdated management concepts and extensive management methods in some private enterprises, it is difficult for private enterprises to introduce talents, especially the lack of technical, managerial and innovative talents, which has restricted the high-quality development of private enterprises in our city.

According to the survey, the talent resources of private enterprises in our city are lack of source power. The managers and professional technicians of private enterprises only account for 7.5% and 10.5% of the employees, which is far lower than the average level of developed areas, which restricts the innovation and high-quality development of enterprises.

4. Suggestions on Promoting the Development of Private Economy in Daqing

4.1. Create a Policy Environment for Independent Innovation of Enterprises

According to international experience, it is very difficult for enterprises with technology R&D investment accounting for less than 1% of sales volume to survive for a long time. Enterprises with a proportion of 2% can only be maintained simply, and only enterprises with a proportion of 5% can be competitive. Therefore, the private enterprises in Daqing should increase the investment in technological innovation, promote the sharing of innovation platforms such as Oilfield Chemical Research Center, technological research institute and scientific research infrastructure, and reduce the innovation cost of small and medium-sized enterprises. We will strive to build a new mechanism of industry university research cooperation that is open, flexible, complementary and

mutually beneficial, accelerate the establishment of a modern enterprise system, stimulate the endogenous power of technological innovation of enterprises, give full play to the guiding role of government investment in science and technology, encourage enterprises and society to increase investment in science and technology, create a good policy environment for independent innovation of enterprises, and constantly increase the proportion of investment in science and technology.

Daqing should focus on adjusting the structure of industries and capacity, innovate its potential and increase efficiency, actively resolve its excess capacity, and accelerate the enterprise's independent innovation by means of "Internet plus", and push the industry towards a middle and high end. Adopt corresponding policies to encourage enterprises in key industries of Daqing, such as emerging strategic industries, equipment manufacturing industry, modern service industry, to increase the proportion of science and technology investment and increase its proportion in sales revenue.

4.2. Expand Financing Channels

Daqing should deepen the cooperation between financial institutions and tax departments, transform the tax credit and contribution of enterprises into valuable financing costs, actively explore the establishment of small and micro enterprise credit risk compensation fund, and effectively expand the loan increment of small and micro enterprises. We will strengthen the precise connection between financial institutions and enterprises, focus on supporting qualified enterprises to raise funds through capital market listing, issuance of bills and bonds, actively solve the remaining problems such as the difficulty of handling certificates, and strive to expand financing channels.

We should establish a fund sharing mechanism for private enterprises. We will encourage large oil chemical enterprises to develop supply chain finance, provide order and receivables financing, warehousing finance and other services, and help upstream and downstream private enterprises improve financing efficiency and reduce financing costs.

4.3. Improve the Management Level of Human Resources

The most valuable resource of an enterprise is talents. The talent training of an enterprise is a complex system engineering. We should start from the current situation of human resources of an enterprise, broaden new ideas, take new measures, grasp every link conscientiously, and cultivate a large number of excellent management and technical talents in a down-to-earth manner, so as to provide human resources guarantee for the leapfrog development of an enterprise. Guided by the long-term strategic planning to support the enterprise, the three key links of talent introduction, training and use should be done well, and the training and development of various human resources should be carried out in a targeted way according to the needs of enterprise development planning.

In recent years, in order to make high skilled talents stay, use and play a role, a series of effective human resource management measures have been taken by private enterprises in Daqing, For example, it is necessary to establish a clear goal of enterprise talent training, grasp the core object of enterprise talent training, continuously introduce external excellent talents, establish a perfect talent incentive mechanism, and cultivate a large-scale, reasonable structure and excellent quality enterprise talent team.

5. Conclusion

Based on economic theory, this research has carried out a comprehensive and systematic study on the current situation, existing problems and countermeasures of the development of Daqing's private economy. Research shows that under the background of the new economic normal,

compared with developed cities, Daqing's private economy still has problems such as unsound policy service system, financing difficulties, and lack of innovative talents. Therefore, it should be improved in terms of policy environment, legal level, and enterprise level. The countermeasures for the development of private economy have comprehensively promoted the development of private economy in Daqing.

Acknowledgments

This work was supported by the Daqing City Philosophy and Social Science Planning Research Project (dsqb2020112 Investigation and countermeasure research on the development of private economy in Daqing).

References

- [1] Stiglitz, J.E. (1994) *Economic Growth Revisited*. *Industrial & Corporate Change*, 1, 1.
- [2] Cui, Z.S. (2010) *Constraints on the further development of China's private economy and solutions*. *Seeking truth*, 5, 36-38.
- [3] Ni L.X., Pan, L.Q., (2015) *Analysis of problems and influencing factors in the development of Anhui Private Economy under the new normal*. *Journal of Tongling University*, 2, 42-45.
- [4] Thanh, H.N., Quamrul, A., Daniel, P., etc. (2009) *Public Policy for the Development of Private Sector and SMEs in a Socialist Market Economy*. *Journal of academic research in economics*, 1, 79-92.
- [5] Hong, Y.X., Chen, B.M., (2001) *The new development of Sunan model and comparison with Wenzhou model*. *Reform*, 4, 29-34.
- [6] Xie, J. (2002) *Comparison of development modes of private economy*. *China industrial economy*, 010, 76-82.
- [7] Zhang, W.Y., Li, S.H. (1998) *Regional competition and privatization of state-owned enterprises in China*. *Economic research*, 12, 13-22
- [8] Yan, Z.Y. (2004) *Study on the development of county economy and private economy*. *Zhengzhou University*, 15-18.
- [9] Xu, L.J. (2018) *Research on the development of northeast private economy in the new normal*. *Jilin University*, 40-45.