

Analysis on the Supporting Policies of Smes in Hubei Province under the New Coronavirus Outbreak based on the Multiple Stream Theory

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Abstract. The new coronavirus outbreak puts forward new challenges for SMEs. In the aspect of problem stream, the problems of smes' operation exist for a long time and are suddenly aggravated. In terms of policy stream, the government has always attached importance to and provided support to the operation of SMEs. As to political stream, the government focuses on economic development needs and social welfare. Under the synergistic influence of these three aspects, "policy windows" was opened, and Hubei province issued policies to support the operation and development of SMEs.

Keywords: Multiple stream theory, SMEs, Public policy making.

1. Introduction

On the eve of the Spring Festival in 2020, the outbreak of new crown pneumonia hit Wuhan, Hubei province. Workers returning home led by the Spring Festival and the strict road traffic control caused by the outbreak made workers cannot normally go to work. Therefore, the enterprise's production and operation were suspended, products were overstocked, contracts were breached, operating funds were tight, expenditures were beyond their means, and losses were heavy for a time. In order to help support small, medium and micro enterprises(SMEs) to actively cope with the impact of the epidemic and tide over the difficulties together, Hubei province has introduced policies to help enterprises overcome the difficulties and help SMEs out of the predicament. Based on the multiple stream theory[1], this paper integrates the three analysis elements of problem stream, policy stream and political stream to explain the causes and consequences of the introduction of SMEs supporting policies in Hubei province under the sudden epidemic situation.

2. Problem Stream: The Long-Standing Management Difficulty of Smes Suddenly Aggravates

According to the multiple streams theory, any or more combinations of indicator anomalies, focal events and emergencies may push social issues into the perspective of policy subjects and thus obtain the opportunity to be included in the government's agenda. Here we discuss the long-term existence of smes' business problems and the sudden aggravation of the business difficulties caused by the epidemic.

Firstly, the problem of SMEs' operating difficulties has been widely concerned and discussed for a long time. According to CSMAR statistics, from 2009 to 2010, the average operating cost ratio of 423 listed companies on the new third board was as high as 92.01%, the average cash asset ratio was 24.33%, and the average cash content of operating income was only 2.68%. According to the data of Hubei research center of SMEs, a comparison from 2013 to 2017 showed that the tax cost, financing cost and operating cost are on the decline, while the labor cost and daily operation cost are on the rise.

Secondly, the outbreak has exacerbated the operating difficulties of SMEs. According to the research data of economic daily, more than 90% of SMEs are delayed opening, nearly 80% have been worse than normal performance, mainly due to traffic control, decrease in downstream, the lack of upstream materials supply. Lack of cash flow, reduction of orders, pressure of rigid

expenditure, and impassability of logistics make it serious for enterprises. Relying on their own funds, most SMEs can hardly maintain 3 months.

3. Policy Stream: The Consistency of SME Supporting Policies

Policy stream is the process by which policy proposals are generated, discussed, redesigned and valued. Usually the policy community composed of professionals in specific fields puts forward policy programs and policy propositions. The consistency of supporting policies for SMEs is focused on here.

Hubei Province has always attached great importance to the development of SMEs. On the basis of the "Opinion of the Provincial People's Government Office on Reducing Enterprise Costs to Stimulate Market Vitality" in 2016," the Opinions of the General Office of the Provincial People's Government on Further Reducing Enterprise Costs and Revitalizing the Real Economy" were issued in April 2017. Combined with the actual development of SMEs in the province, 32 highly feasible policies and measures are put forward to reduce energy consumption cost, logistics cost and financing cost. In February 2017, the Provincial Development and Reform Commission issued the Notice on the Issue of the Special Action Programmed for the Reduction of Logistics in Hubei Province (2017-2018) (EFA Reform and Trade Letter No. 49). In April 2018, the Opinions of the General Office of the Provincial People's Government on further reducing the costs of enterprises to enhance the new momentum of economic development. These measures focus on reducing the cost of taxes and fees for SMEs, financing costs, increasing financial support , optimizing the business environment and so on. At the same time, Hubei Province take enterprises cost reducing into the government's monthly key inspection work, to ensure that the cost reduction policies have achieved results[2].

4. Political Stream: Economic Development and Social Welfare Needs

Political stream refers to the political factors that have an impact on the problem solving, which have a significant role in promoting or suppressing the state of the agenda, and the factors that constitute national sentiment, interest groups, the needs orientation of the government, the ideology of political parties. Here we focus on economic development needs and social welfare of government concern.

Firstly, from the perspective of economic development needs, SMEs have been playing a vital role in China's economic development. According to the data of Ministry of Industry and Information Technology, by the end of 2018, the number of SMEs in China has exceeded 30 million, the number of individual industrial and commercial households has exceeded 70 million, contributing more than 50% of taxes, more than 60% of GDP, more than 70% of technological innovation, more than 80% of the working population and 90% the number of enterprises above. In order to pursue stable economic development and avoid large-scale failure of SMEs, the Government needs to take measures[3].

Secondly, from the point of social welfare, if the impact of the epidemic continues, SMEs are likely to change the direction of operation, take a pay reduction and lay off staff. These results will lead to a decline in the quality of life of employees, the loss of jobs on which large numbers of workers depend, higher unemployment and a general decline in social welfare. Influenced by the epidemic, many enterprises began to take the form of online office processing, which is a new challenge to the career of some employees with limited computer level[4].The transformation and upgrading of enterprises will also prompt enterprises to reconsider the personnel structure, resulting in inevitable personnel optimization. Government should take measures to reduce the number of layoffs and to protect the welfare of more employees as much as possible.

5. "Policy Window" Opened, Overview of Hubei Province SME Supporting Policy

Considering the above three aspects, targeted measures are required. In order to ease social contradictions, solve social problems and stabilize economic development, the Hubei provincial government quickly opened the "policy window".

On February 8, 2020, the Hubei Provincial Government Office issued the "notice from Provincial People's Government Office on the issuance of the new coronavirus pneumonia outbreak to support small and medium-sized micro-enterprises to cross the difficulties of the relevant policy measures"[5]. The policy content basically targets the main pain points such as capital, tax burden, rent, employment and energy use. In general the policy dimension includes four aspects. Firstly, to reduce the burden of enterprises, including reducing the price of production energy, granting energy subsidies, rent relief, extending the contract performance period, cleaning up arrears of enterprise accounts and other measures. Secondly, strengthen financial support, including increased credit support, financing costs reducing, guarantee rates reducing, giving corporate loans financial discount support, broadening direct financing channels and other policies[6]. Thirdly, increase fiscal and tax support, including increased technical reform support, tax relief, deferred payment of taxes and other initiatives. Fourthly, increase support for steady-duty employment, including strengthening employment services for enterprises, deferring the payment of social insurance premiums, returning unemployment insurance premiums, increasing employment subsidies and other measures[7].

6. Conclusion

The multiple stream theory model provides a new perspective for the analysis of SMEs' support policy process in Hubei Province, and plays an important role in understanding the policy-making process. To sum up, in response to the impact of the epidemic, the SME support policies formulated by Hubei Province come from the long-standing and suddenly aggravating SME business problems (problem stream), the government's consistent attention and support for SME business (policy stream), economic development needs and social welfare (political stream) that the government pays attention to.

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