# A Study on the Promotion Mechanism of Innovation Ability of Small and Medium-Sized Private Enterprises--Take Hengyang as an Example

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**Keywords:** Private Enterprises, Small and Medium-Sized Enterprises, Innovation Ability

Abstract: Small and medium-sized enterprises are the basis for the construction and development of large enterprises. Many enterprises are hatched from small and medium-sized enterprises. As a developing city, Hengyang has so many small and medium-sized enterprises. It is worth noting that the rise of innovation of private small and medium-sized enterprises also represents a special track of china's economic construction and development. In order to further promote the construction and development of science and technology entrepreneurship and drive the traditional industrial reform and upgrading, grass-roots units need to make further innovation in combination with the local economic construction and development. This paper analyzes the current situation of the construction and development of local private small and medium-sized enterprises in Hengyang, and puts forward corresponding research on their innovation ability and local innovation mechanism, hoping to lay a foundation for promoting the construction and development of local private enterprises.

#### 1. Introduction

With the continuous development of china's economic construction, china has strengthened the economic construction support of local units. In recent years, small and medium-sized enterprises have become an important channel to drive the local economic development of Hengyang. After a short-term profitable development, many small and medium-sized enterprises also have the problem of overcapacity. On the one hand, the economic development of Hengyang is different from other developed provinces. There are few local technology intensive enterprises, and the development scale is not uniform, which is prone to produce the problems of unbalanced development of industrial structure, weak ability of independent entrepreneurship and vulnerable to the impact of other local economies. Under the influence of many factors, influenced by the severe international economic situation, the export growth rate of small and medium-sized enterprises has been declining, which has also brought a severe test to the local economic development of Hengyang. How to seize the opportunity and reverse the desperate situation has become an important direction for the innovation, construction and development of private small and medium-sized enterprises. This paper investigates the transformation, upgrading and development of small and medium-sized enterprises, and puts forward corresponding measures and suggestions for optimizing the innovation capacity of private small and medium-sized enterprises. Now, the relevant research and analysis are described as follows.

## 2. Analysis of the Current Situation of the Improvement of Innovation Ability of Local Private Small and Medium-Sized Enterprises in Hengyang

Since the 1990s, the value creation of small and medium-sized enterprises in China is three quarters of the new industrial output value, which also represents that small and medium-sized enterprises have become the main driving force of the national innovation value system. Combined with the analysis of the development of local small and medium-sized enterprises in Hengyang, most of enterprises' GDP is mainly contributed by small and medium-sized enterprises. the current situation of the construction of small and medium-sized enterprises is analyzed, which still has an impact on enterprise type, its own scale, industrial technology construction, capital, and talent

management. According to the simple and imitative characteristics of small and medium-sized enterprises and the innovation characteristics of basic private enterprises, it is also difficult to form independent intellectual property products, form independent core technology, and be excluded by the competition of large enterprises in technology, which eventually leads to the weak ability to improve innovation ability.

### 2.1 Analysis on the Characteristics of Economic Subjects of Small and Medium-Sized Enterprises

With the rapid economic development of Hengyang, on the basis of the whole market promotion, small and medium-sized enterprises mainly focus on the cohesion of the grass-roots economic market and form a stable social development foundation. Based on the social and economic development of Hengyang, small and medium-sized enterprises have many incomparable advantages in basic innovation system, innovation efficiency and decision-making operation mechanism. Grasping the construction of market economy and taking innovative technology as the carrier of small and medium-sized enterprises have become an important direction of local technological innovation consciousness. Not only that, strengthening the innovation awareness of small and medium-sized enterprises, improving the technological capacity of enterprises, and improving the construction of technological innovation system, all these can also have important strategic significance for national and local economic development.

## 2.2 Innovation Characteristics of Independent Capacity of Small and Medium-Sized Enterprises

There are three main types of small and medium-sized enterprises in Hengyang. First of all, it is the type of low value-added processing enterprises, whose characteristics are low-end labor and labor export pulling characteristics. Enterprises are at the bottom of the industrial chain, and all their work is mainly engaged in simple export processing and assembly. This kind of processing production industry mode, management mode is very simple and rough, and is more vulnerable to the impact of the market environment. Secondly, small and medium-sized enterprises with technological and industrial advantages are mostly the result of a collective industrial chain. Compared with the conventional small and medium-sized enterprises, these types of small and medium-sized enterprises have technological management and market operation advantages. Finally, there are a large number of new high-tech enterprises in the early stage of entrepreneurship. As the "test stone" of risk control management, most of them are the initial enterprises of innovative technology "incubation" of many large enterprises. This type of enterprises are mostly "lightning" enterprises with short survival period. And most of these types of enterprises are private enterprises, with great innovation ability and high level. The innovation transformation embodied belongs to the ladder type innovation mode.

The innovation characteristics of these enterprises are different. In view of the poor development adhesion and technical innovation characteristics, the technical characteristics of these enterprises are to improve the added value rate and prepare for technical reform. For enterprises with strong technology dependence and good development source power, we should seize the market advantage and technology management, lay the foundation for the development of internal enterprises, and adopt the way of high-tech research to improve the economic construction and technology market dependence of the whole enterprise.

### 3. Analyze the Problems in the Construction and Development of Small and Medium-Sized Enterprises in Hengyang

#### 3.1 Unequal Opportunity Cost

It is worth noting that under the background of modern economic construction and development, people have strengthened their attention to legal management and intellectual property. In terms of technology management, we should seize the opportunity cost of knowledge so as to win more

markets for enterprises and ultimately enhance the core competitiveness. If we lack the awareness of protection of intellectual property (Technology), we will reduce the survival power of enterprise innovation and improve the cost of independent innovation. According to the analysis of the development process of local enterprises, most of the contemporary small and medium-sized enterprises in Hengyang obtain higher cost of income through public relations cooperation, opportunity management and labor squeeze, most of which fail to seize the opportunity cost.

#### 3.2 Insufficient Investment in Innovation Funds

The financial ability of an enterprise is the basic premise to ensure its innovation, and the level of financial investment is also the basic sign to measure the development of an enterprise. Although Hengyang has issued many policies to encourage the innovation of small and medium-sized enterprises, it is limited by economic ability and financial support, resulting in economic innovation and industrial upgrading not obvious. Under the restriction of funds, there are differences in the mode of small and medium-sized enterprises' entrepreneurship and innovation environment, change characteristics and the number of high-tech enterprises. Combined with the analysis of Hengyang's economic development planning, only 10% of modern enterprises have sufficient R & D funds, but more than 90% of them are short of R & D funds, and many of them can only rely on bank loans. Small and medium-sized enterprises have low self-development capacity and credit rating, and they cannot get loans from banks, which leads to great risks in technological innovation of small and medium-sized enterprises.

#### 3.3 High Risk of Innovation

Most private small and medium-sized enterprises are afraid of innovation. They are mostly concerned about innovation consciousness and innovation idea, which leads to the lack of innovation power of enterprises. The main changes are as follows: if we want to innovate, the innovation power of enterprises is insufficient, and innovation will also interfere with the profit cycle of enterprises. And many enterprises think that innovation needs a lot of investment, and it is difficult to get timely return after innovation. It can be seen that innovation not only needs a lot of investment, but also is difficult to get timely return. It is worth noting that many enterprises lack innovation motivation in innovation management, and many staff are not enterprising, unwilling to innovate and afraid of innovation risks. Moreover, many small and medium-sized enterprises and transnational corporations compete at the same level, but their own management ability and human resource management have problems, which lead to the unrealistic innovation, and the whole innovation is facing great pressure. Finally, according to the analysis of the development process of private small and medium-sized enterprises, few enterprises can stand firm in the market, most of which are "ephemeral". It can be seen that courage, technology and ability are the key factors affecting the long-term development of enterprises. To promote the continuous construction and development of private small and medium-sized enterprises, it is necessary to let them abandon the idea of small farmers, expand capital and expand production, so as to improve the innovation ability of enterprises.

#### 4. Suggestions for Optimizing the Innovation and Development of Enterprises in Hengyang

As an open environment for innovation and entrepreneurship, most private enterprises have many problems in construction and development. In view of the macro construction and development of enterprises, most innovative enterprises have poor independent capacity, unbalanced long-term development of enterprises, problems in the development path, innovation ability and innovation construction path of the whole enterprise. As the key point of technological innovation, enterprises with better independent innovation capability need to consider more environmental factors on the basis of development.

### 4.1 Private Small and Medium-Sized Enterprises Should Choose the Development Path Suitable for Their Own Innovation

In the macro sense, the state advocates independent innovation very much. From the perspective of the whole theoretical construction and starting point analysis, enterprises should form an independent innovation spirit, implement the strategic awareness of the national macro development. In order to further clarify the development trend and future construction direction of the enterprise, the corresponding units should in combination with the technology stock and increment of the enterprise, and select the corresponding development path related to technical capacity according to the product characteristics and market environment of the enterprise, so as to reduce their own product characteristics and market environment impact. According to the actual development of small and medium-sized enterprises in Hengyang, the corresponding way is to strengthen the innovation management of enterprises, restrain the impact of innovation and entrepreneurship risk cost, and constantly improve the innovation success rate of enterprises. In view of the actual development of the vast majority of small and medium-sized enterprises, it is more practical to realize re-innovation based on innovation and digestion and absorption, and optimize the secondary development based on the way of work management and business accumulation to deal with the vicious circle, pay attention to absorption and digestion, and form an independent secondary innovation management.

#### 4.2 Enterprises Should Pay Attention to the Investment and Management of r & d Resources

According to the characteristics of work management of small and medium-sized enterprises in Hengyang, enterprises should have the innovation consciousness and management spirit of development concept. On the basis of market opportunity judgment, we should select management technology suitable for ourselves, strengthen technology research and management through technology research and capability research and development, and finally improve independent innovation management from the perspective of technology processing, market analysis and enterprise innovation, and optimize the application of enterprise innovation mechanism. In this regard, small and medium-sized enterprises should grasp the management and training of technical talents, constantly improve the incentive mechanism of enterprises, optimize the green channel through the channels of technology research and development and talent promotion, and finally implement the talent construction and enterprise management through the ways of dividend, share participation and management, so as to ensure the accumulation and stable development and operation of the core technologies of enterprises, and finally implement the enterprises Independent innovation ability management.

#### 4.3 Realize the Reform of Legal Policy

According to the analysis of the government's management and independent innovation, Hengyang needs to give full play to the legal management and independent management construction in order to continuously improve the independent innovation ability of local units at the grass-roots level, and gradually implement the following points. The first is to implement the support and guidance of the government. The local governments at the grass-roots level should strengthen government investment through tax support and financial support. The second is to do a good job in safeguarding intellectual property rights, protect the investment management of internal human and material resources and avoid the infringement of intellectual property rights through the establishment of the environment supervised by the government and the local governments at the grass-roots level.

#### 5. Conclusion

To sum up, in recent years, China's economic construction has developed rapidly. As an innovative industry, Hengyang's construction mode and development scale have been affected by various environments. In order to further strengthen the management and control of human and

material resources of the government and improve the construction and management of basic industries, we need to improve the innovative service mechanism and build a reasonable financing platform to help the development of private small and medium-sized enterprises.

#### Acknowledgment

Outstanding youth scientific research project of Hunan Provincial Department of Education: Research results of 18B556 topic.

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