

The Role of Government in the Growth of Sme Clusters

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ABSTRACT. *Practice has proved that small and medium-sized enterprises face many disadvantages and risks that they can't overcome in their development. The government can intervene, that is to say, they can play a leading and supporting role in clusters through various ways. Based on the actual situation of the development of small and medium-sized enterprises in China, this paper uses the method of theoretical analysis as the main and case analysis as the auxiliary, explains the characteristics and types of small and medium-sized enterprise clusters, discusses the reasons and principles of government intervention in clusters, and finally summarizes the specific measures for the government to play a role.*

KEYWORDS: *Small and medium-sized enterprises, Cluster, Government intervention, Service policy*

1. Introduction

At present, the research on small and medium-sized enterprise clusters has been quite active. Scholars at home and abroad have conducted beneficial discussions on the basic issues of small and medium-sized enterprise clusters, such as the concept, type division, the significance of clusters and local regional economic development, and the source of competitive advantage of clusters. However, there are few systematic and extensive researches on the growth of small and medium-sized enterprise clusters in developing countries. There are many influential models to explain the growth of small and medium-sized enterprise clusters, there are always some defects, the most important is not considering the important role of the government in the growth of small and medium-sized enterprise clusters. For example, the first mock exam of the theory of elasticity is too much emphasis on specialization, and the other factors of cluster growth are neglected. Potter's diamond model refers to four factors that influence the growth of clusters, that is, factor conditions, demand conditions, related supporting industries and the competitive strategy structure of enterprises, but this model takes the government as an exogenous variable to handle, and obviously ignores the government's role as "land". The global value chain theory emphasizes the importance of cooperation between different countries and regions in the global value chain, and points out that clusters in developing countries are mostly part of the global value chain, but less

attention is paid to the growth of enterprise clusters in developing countries. The cluster effect theory only focuses on the externality and joint banks of clusters. In fact, the growth of enterprise clusters is the result of many factors, and for developing countries, especially those in the transition period of economic system. There should be more key content in the growth mechanism of small and medium-sized enterprises cluster, especially the role of the government. A large number of successful cases of enterprise clusters in developing countries show that governments often play a very important role. Therefore, how to promote the growth of small and medium-sized enterprise clusters in developing countries by the government is worthy of in-depth study. This paper attempts to do some tentative work on this issue.

2. Characteristics and Types of Sme Clusters

Small and medium-sized enterprise clusters have the following main characteristics: spatial geographical aggregation, production specialization, system culture rooted, network and innovation. From the perspective of government participation, small and medium-sized enterprise clusters can be classified into the following categories: first, self-development, spontaneous gathering of enterprises, government intervention in planning and service when the industry meets the conditions of cluster; second, cultivation, strategic planning, supporting facilities and policies provided by the government; third, combination of spontaneous and cultivation, that is, government intervention in industrial cluster at the early stage of cluster formation Group guidance and cultivation[1].

3. The Development Course and Current Situation of Small and Medium-Sized Enterprises Cluster in China

The enterprise clusters in China are mainly composed of endogenous township enterprise clusters and exogenous development zones. For example, Wenzhou in Zhejiang Province is a group of characteristic products and small commodity enterprises that rely on the traditional development of local enterprises' handicraft business, Guangdong Pearl River Delta is an export-oriented processing and manufacturing enterprise cluster driven by foreign investment, Zhongguancun in Beijing and other high-tech enterprise clusters that rely on national high-tech resources. Although the achievements of the construction of small and medium-sized enterprise clusters in China are remarkable, there are many hidden worries behind the prosperity: the low level of traditional small and medium-sized enterprise clusters and the low level of excessive competition caused by the homogeneity of products. The embedded FDI driven SME clusters are not really embedded in the local social economy and culture, the industry is empty and lack of

core competitiveness. The innovation ability of high-tech industrial park is generally deficient, the added value of products is low, the industrial relevance is poor, and the development is lack of Embeddedness and economy [2].

4. The Theoretical Basis of Government Intervention in the Development of Small and Medium-Sized Enterprises Cluster

4.1 Provide the Public Products Necessary for the Development of Small and Medium-Sized Enterprise Clusters to Trigger Agglomeration Effect and Scale Benefit

Good public products and public conditions are the important factors that cause the agglomeration effect. However, the investment cost of public products is large and the cycle is long, so it is difficult for private enterprises to provide them, so they can only rely on the government. The emergence and upgrading of small and medium-sized enterprise clusters are often based on national macro policies, especially the special policy support of local governments.

4.2 Provide the Development Capital of Small and Medium-Sized Enterprises Cluster and Reduce the Transaction Cost of Small and Medium-Sized Enterprises to Promote the Growth of Small and Medium-Sized Enterprises

In the process of small and medium-sized enterprise financing, the service role and intermediary role of government agencies build a convenient bridge for small and medium-sized enterprise financing. The government's industrial policy guidance makes the service system of financing agencies in specific regions more perfect. Coase and other transaction cost economists believe that the uncertainty of the external conditions of transaction can also cause the uncertainty of transaction, which includes the government factors. The reasonable legal policies and excellent service level of the government can bring the savings of transaction costs to small and medium-sized enterprises [3].

4.2 Encourage the Establishment of Innovation Network System, Avoid Excessive Competition, and Promote Coordination and Cooperation among the Main Bodies in the Cluster

The formation of small and medium-sized enterprise clusters is a network innovation system. It is a practical choice to rely on internal resources to form an innovation system. The regional innovation system is mainly composed of enterprises, universities and research institutions involved in technological development and diffusion, and it is involved by market intermediary organizations and the government to create a good innovation environment. Small and medium-sized enterprises in the network not only compete with each other, but also cooperate with each other, so as to continuously improve the innovation ability of

small and medium-sized enterprises. The performance characteristics of most small and medium-sized enterprise clusters are similar to economic activities. If the cluster competition is allowed, the phenomenon of low-quality products expelling high-quality products will easily occur. The government should carry out macro-control, improve the market of production factors, improve the market mechanism, form the exit mechanism of enterprises, and avoid excessive competition [4].

5. Principles and Strategies of Government Intervention in the Development of Small and Medium-Sized Enterprises

5.1 Strategies of the Central Government

It mainly focuses on the macro and long-term aspects. The central government should formulate a reasonable medium and long-term plan for national economic development, form a clear regional division of labor, and carefully guide the development direction of small and medium-sized enterprise clusters. At the same time, the central government should innovate the financial expenditure structure, strengthen the support for the Communist technology of clusters, and establish a solid foundation for cluster development and scientific and technological innovation [5].

5.2 Local Government Strategy

It is mainly reflected in the micro aspect, and all localities should keep pace with the times and improve the ruling efficiency. The core starting point of local government strategy mainly includes overall optimization of productivity layout, creation of system and mechanism environment for innovative enterprise agglomeration, creation of regional industrial characteristics, cultivation of local brands, and improvement of cluster efficiency [6].

6. Specific Measures and Suggestions for the Government to Promote the Development of Small and Medium-Sized Enterprise Clusters

6.1 Establishing and Improving the Various Factor Markets Necessary for the Development of Small and Medium-Sized Enterprise Clusters

In terms of human capital reserve for promoting the development of small and medium-sized enterprise clusters, the government should establish human capital reserve policies and rules according to the characteristics of local small and

medium-sized enterprise clusters, form a long-term mechanism for cluster talent training, and encourage relevant organizations to train and introduce professional talents. In terms of monetary capital to support the development of small and medium-sized enterprise clusters, the government can provide appropriate financial services, such as bank credit, setting up industrial development fund and so on, to support the entrepreneurship and growth of small and medium-sized enterprise clusters.

6.2 Guarantee Hard Environment Construction Such as Infrastructure and Soft Environment Construction of Investment

With the continuous growth of small and medium-sized enterprises in the cluster and the influx of foreign enterprises, the demand for cluster infrastructure is growing. The government should make regional planning in advance, properly reserve the development space, and timely update according to the actual situation. At the same time, the government departments should rectify the market order, establish the image of honest and trustworthy, good quality and low price, and distinct characteristics of the cluster, enhance the service consciousness of the government, and improve the efficiency and service quality [7].

6.3 Strengthen the Cultural Propaganda and Construction of Regional Enterprise Clusters and Create a Good Regional Brand Image

The brand of clusters is the enrichment and refinement of the essence of many corporate brands. It has strong external effects, and the development of cluster brands can avoid the proliferation of low-end brands and vicious competition in clusters. However, due to the social embeddedness of hitchhiking and the huge marketing cost of cluster brands, individual small and medium-sized enterprises are unable and unwilling to actively participate in the construction. Therefore, the government should actively contact small and medium-sized enterprises, form the public policy of regional marketing, shape a good image of the cluster, coordinate the division of labor, and reduce transaction costs.

6.4 Start the Cluster Statistical System to Provide a Reliable Basis for the Development Choice and Policy-Making of Small and Medium-Sized Enterprises Cluster

Through defining the boundary of small and medium-sized enterprise clusters, determining statistical indicators, training statisticians, formulating monthly or annual report statistical system of industrial clusters, the government can conduct comprehensive data statistics on the industrial layout of small and medium-sized enterprise clusters in the region, the size of enterprises, technical level, credit situation, product sales and other aspects, so as to analyze the development status of

small and medium-sized enterprise clusters And provide reliable and effective basis for relevant policy-making[8].

7. Conclusion

In short, the government is an important factor in the development of small and medium-sized enterprise clusters. The government's policy guidance and the government's construction of the public environment are important reasons to guide and attract small and medium-sized enterprises to gather in a specific region. It is of great significance for the government to give full play to its role in service and do a good job in planning, supporting and guiding the development of industrial clusters, so as to improve regional competitiveness and realize the sustainable development of national economy.

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