

# Introduction to the Development of China's Micro, Small and Medium-sized Enterprises in Their Own Problems

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## Abstract

In this era of rapid development, our economy is also growing rapidly. Micro, small and medium-sized enterprises (MSMEs) have exceeded 52 million, with an average of 23,800 new enterprises set up every day. However, the growth rate of enterprises is too fast, and company managers do not systematically learn about management, which leads to a lot of management problems that begin to appear in the initial stage of some enterprises, each of which is crucial and is related to the operation and development of MSMEs.

## Keywords

Micro, Small and Medium Enterprises (Msmes); Operations Management; Business Supervision; Personnel Performance; Talent Development.

## 1. Introduction

By the end of 2022, the number of micro, small and medium-sized enterprises (MSMEs) in China had exceeded 52 million, a 51% increase from the end of 2018. With an average of 23,800 new enterprises set up every day in 2022, MSMEs are rapidly growing and expanding. [1] They have become the largest and most dynamic group of enterprises in our country, contributing the most to the national economy. [1] However, due to the large number of MSMEs spilling out, the state is unable to manage them comprehensively, and the enterprises lack a large number of talents to manage the neighboring areas, and thus a lot of problems arise in their operation.

## 2. China's micro, small and medium-sized enterprises in the process of the development of the main issues

### 2.1. Problems in the financial and capital regulation of MSMEs

In 2023, the number of people holding accounting certificates in China is close to 9 million people, but China's small, medium and micro enterprises have exceeded 52 million, which averages out to less than one accountant per enterprise. In order to be able to solve the problem of fewer accountants, the Ministry of Finance as early as November 5, 2017 issued the "Notice on conscientiously doing a good job of publicizing and implementing the work related to the new <Accounting Law>" (Caixian 27) stipulates that, that is, on the date of the implementation of the new "Accounting Law" to cancel the qualification certificate of accounting practitioners, no longer as a proof of engaging in accounting, but can still be used as a proof of the level of competence. [2] After the introduction of this provision, although it can alleviate the problem of many small and medium-sized micro-enterprises accounting employment panic, but most of these accounting personnel holding accounting qualifications are recruited by large enterprises and enterprises and institutions, leaving very few accounting personnel for small and medium-sized micro-enterprises, coupled with small and medium-sized micro-enterprises are limited to the financial difficulties and cost constraints, basically not able to recruit accounting staff

holding accounting qualifications, only to recruit the social accounting personnel not holding accounting qualifications. Instead, they can only recruit accountants who are not holders of accounting qualifications in society, which also leads to another problem - accountants do not have relevant accounting knowledge.

The company's financial department is one of the core departments of the whole company's operation, it is necessary to have professionals to operate, due to their own strength is limited, some small and medium-sized enterprises on the establishment and standardization of the accounting system lack of sufficient understanding of the accounting system, ignoring the role of the accounting function, the existence of the financial department of the organization is not perfect, the personnel do not know what they should do, the financial management of the confusion, the accounting information is incomplete and other issues. [3]

## 2.2. People management issues on MSMEs

Usually, the company now applies for employees mostly "90" after "00", although such people are full of vigor, but the ability to bear hardships and stand hard work is relatively weak compared to "70" after "80", and the work ability is uneven. "Although these people are energetic, their ability to endure hardship and stand hard work is weaker than that of the post-70s and post-80s, and their working ability is uneven. With the full popularization of modern education and the improvement of people's cultural level and knowledge, more and more post 90s and post 00s are beginning to "not eat the boss's pie", and they feel that they are not getting the equivalent pay for their work. They feel that if they can't get the equivalent salary of their work, their work here will lose its meaning, and they start to believe that "the salary is just a little bit, why do you work so hard", "how much money do you spend, and how much money do you have to spend, and how much money do you have to spend, and how much money do you have to spend, and how much money do I have to spend? The boss draws me a big cake, I also give the boss to spend a big cake" and other ideas. In the increasingly competitive environment of the background, if you want to maintain a strong core competitiveness, not only to achieve the purpose of convenience, but also quality and quantity, in the process of improving the quality of service, performance management, incentives system is the most critical two factors, but also affects the normal development of the enterprise's two key indicators. [4] want to let the employees in the company to do it, we must treat the employees as their own relatives, rather than every day to the employees to draw a big cake.

## 2.3. Problems with talent development in MSMEs

Small and medium-sized micro-enterprise talent in education, talent in training is also a major problem, generally ordinary small and medium-sized micro-enterprises should be recruited into the new employees are given to a few old employees with a certain level of seniority, this is not a very good way, the old employees themselves do their own piece of work, but also to teach the new employees, this time the workload of the old employees will also increase a lot. At this time, the efficiency of the old staff will decline, and there is no way to take out more time to train new employees.

New employees come to a new company, he first to adapt to the new company's office model, and new employees "break-in period" is basically the work of the old staff to complete the new employees can only imitate the old staff work mode, there will not be too much innovation and efficiency of the new work mode.

### 3. Suggestions for improvement of problems in the development process of MSMEs

Aiming at the above three main problems and combining them with the actual situation of the development of modern micro, small and medium-sized enterprises, we can summarize the problems into three aspects to put forward suggestions for improvement, which are from the supervision of the enterprise, personnel performance and talent cultivation. We will talk about how to solve these three problems from the perspective of the company.

#### 3.1. Recommendations for improvements in financial and capital regulation of MSMEs

Corporate supervision is one of the most important factors in the ability of enterprises to control the flow of funds. The accounting department of the enterprise should be used as a core department, the department should be set up separately, such as bookkeeping positions and cashier positions should be set up separately, etc., to prevent the supervision and theft. The establishment of the supervision department to carry out irregular inspection of accounts, inventory of fixed assets, to prevent the emergence of the company's employees to take the company's assets to sell for cash.

All and enterprise-related financial flows should be communicated and determined with the department head or boss, and timely reported to the financial sector, the financial sector to receive the relevant vouchers in a timely manner for the accounts, shall not be accumulated once all the vouchers in the bookkeeping situation. The emergence of non-operating income needs to be confirmed with the superiors, the financial sector also need to track down non-operating income and non-operating expenditures of the destination, which is also to prevent the funds that should belong to the enterprise but by the company's employees alone.

some small and medium-sized enterprises of the capital constraints, if the enterprise can not set up a complete financial department and accounting system, the best way is to outsource the service, the "professional things to the professionals to do", so that will reduce many labor costs and salaries, there will not be some accounting staff do not have the financial knowledge and thus miss some of the National support policy situation.

#### 3.2. Recommendations for improvements in personnel management in MSMEs

The entire functioning of a company cannot be done without people, who are at the center of the company's operations. Therefore, a good staff performance is the only way to retain people. The company should seize the staff's "heart" to let the staff think "this company is better than the other, I will stay in this company, others dig me I do not go".

Increase salary level. This is the most simple, can be the most effective way to retain people is to raise the salary level, only salary increase, the most basic problem of employees to solve the problem of food and clothing, and there is a surplus of wages to entertainment, the company's employees will be down-to-earth work. Now the bottom of the staff is taking the least salary but do the hardest work, work error but also deduct wages, and finally employees see their own workload is twice as much as others and wages and is half of the wages of others, this employee most likely will not be for the sake of the company, he will think of their own livelihood.

Appropriate rewards and punishments for employees. Appropriate rewards for employees can make the staff to improve efficiency, so that employees know that they are a part of the company, in this case, employees also have a sense of satisfaction, and other employees will also take him as a "standard bearer" to learn from him; appropriate punishment of employees can also stimulate employees to strive for progress, employees, if long-term in the comfort of their positions is very easy to slacken off, and finally Will lead to not be able to handle the higher difficulty of the work. But not too much to reward employees can not be a team as a reward and

punishment mechanism, for example: a person has a mistake the whole team was punished, this situation is prone to the whole team will hate the wrong employees, and finally will let the wrong employees work enthusiasm decline and will become a "company bullying" (and bullying in schools is the same reason), a person's reward for the whole, it is easy to The reward for one person is given to all, this kind of reward is easy to be divided equally among individuals, which makes the hardest working person feel that I am working hard for all people instead of myself, and other people will have the phenomenon of "free ride", which will reduce the motivation of the hardest working employee, and he will start to learn the behavior of "free ride" from the other members of the squad, and the hardest working employee will have the behavior of "free ride". "The hardest working employee will start to get a free ride from the rest of the team, and the hardest working employee will start to get a free ride from the rest of the team.

Pay attention to public occasions. Leaders in the public arena, speak to think, not to "make an example of" in front of the whole staff to denigrate and discredit themselves, without regard to the face of the staff, this will backfire, the staff will form a relatively large rejection of the leadership, and sometimes the staff and the leadership of the conflict, and even make the leadership embarrassed. To correctly guide employees, some things can only be handled privately, if the employee does not rectify after the conversation, you can properly use some punitive mechanisms to help employees rectify.

### 3.3. Suggestions for improvements in talent development for MSMEs

After recruiting a new employee the company can not let him directly receive the company's projects, but to carry on the pre-service training, this is just like the game, each game has its own newbie tutorial. Pre-employment training does not need too many things, it only needs to teach new employees how to work in their future positions how to work, what to do, and do not need to train every position all over again.

If a company is unable to conduct pre-service training because it is too small, has insufficient funds, or does not have enough staff, it can outsource the service. As long as the company develops the training content, the rest can be left to the professionals.

## 4. Conclusion

The biggest problem in the management of micro, small and medium-sized enterprises (MSMEs) is the ideological problem at the leadership level. They are unable to improve the status quo of the enterprise with a very small amount of money, and they are also unwilling to risk their money to improve the status quo of the company, which leads to the fact that many micro, small and medium-sized enterprises (MSMEs) take the maximization of profits as the operational goal of the company, thus ignoring the ideological problem of the employees. In the early stage of business, MSMEs aim to maximize the efficiency of the company: employees are willing to work in the company and follow the leader, the overall operation of the company is steadily improving, the annual profit is steadily increasing, and the company can survive in the event of a major accident. Only in this way can it slowly become a large enterprise; only in this way can it gather talents; only in this way can it create the greatest wealth!

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