



A Micro-opinion Study of Supportive Policy for Talents in Chinese Small and Middle Sized Enterprises

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Abstract

Talent is the key factor for enterprise development. It is difficult for small and middle sized enterprises to introduce, retain or make good use of talents, which has direct influence on their capability of risk prevention and sustainable development, urgently needing the government's policy support for talents. Based on the micro-opinion analyses of supportive policy for talents needed in small and middle sized enterprises, this paper attempts to provide some policy support measures on human resources management functions such as employee training, compensation management and talent introduction in small and middle sized enterprise, in order to strengthen their capability of preventing various risks and crises.

Keywords: Small and middle sized enterprises, Talent management, Supportive policy

1. Introduction

The small and middle sized enterprises play a vital role in promoting economic development, booming the urban and rural market, increasing financial revenue, expanding social employment, driving technology innovation and optimizing economic structure and so on. According to the report of China SMEs (Small and Middle Sized Enterprises) development (2007), it reveals that China has 42,000 thousand various small and middle sized enterprises in 2006, creating final goods and services value that take up 60% in GDP (Gross Domestic Product), providing over 75% town employment positions, accounting for all of the merchandise exports 68%, all of the industrial and commercial tax revenue paid 53%, all of the invention patent 65% and all of new product development 80%. However, with the further strengthening degree of market internationalization, increasingly fierce market competition and the influence of various risks and crises, small and middle sized enterprises meet a bottleneck restricting the development for the first time due to their natural characteristics that cause weak and labile, needing the government's policy support. Especially, the policy for talents in small and middle sized enterprises must be the key supported object for the government, which has the extremely vital significance to national economy as well as healthy, stable and sustainable social development.

2. Literature Review

The research on SMEs has begun since E. A. G. Robinson defined SMEs in "The Structure of Competitive Industry" in 1931. After the 1950s, the role and research of SMEs has been paid more and more attention. From the 1940s to the 1950s it tends to explore the government support of the development of medium-sized and small-sized enterprises based on market failure, and the primary goal of earlier government action is supporting SMEs to run the business; From the 1970s to the 1980s, the enforcement of science and technology plan becomes the main measure to bring along the innovation development of SMEs; After the 1980s, the government support of the innovation of SMEs turns into system construction period, not only an emphasis on goal effect of single policy, but also more attention to the need of social development, integration and coordination, cooperation and match between policies in order to pursue the total effect of policy system. So far, the government policy support system of developed countries for promoting the development of medium-sized and small-sized enterprises has become three types of support system models: indirect, direct and booting type between both represented by America, Japan and Europe. Meanwhile, the research on SMEs rapidly expands such fields as attribute and mechanism of SMEs (S. Carter, 2006), finance for SMEs, competitive advantages and competitiveness of SMEs (R.J. Rosen, 2007).

In China, the research in this field begins in the second half period of 1980s, mainly about the definition of SMEs, the

significance of SMEs and the studies of SMEs theory introduction from western countries, development experience and its reference (Chen Yongjie, 1997). Since the end of 20th century, the research focuses on some issues of financial leasing, credit and tax preferences about SMEs (Wang Xingyu, 2005), along with a series of published works on SMEs one after another (Lin Hanchuan, 2007).

From the above typical literature, it is clear that there are many high-quality researches at home and abroad but with some obvious deficiencies, mainly including: the research on SMEs at present always pauses in studying what kind of macro environment is suitable for survival and development of SMEs from the angle of macro outer environment characteristics, but little refers to micro-opinion analysis of SMEs self-feature as well as endogenous research on related support policy issues, seriously affecting the enforcement and implementation effect of government's support policy system for SMEs. Especially, the talent competitive disadvantage of Chinese SMEs due to self-feature leads to a serious constraint on human resources, enterprise technology, efficiency improvement and other aspects, while talent is the most important source of enterprise competitiveness today. The government's supportive policy for talents needed in SMEs lies in supporting enterprise human resources system to form enterprise core competitiveness by improving enterprise ability in attracting, encouraging and retain talents, in order to establish an impregnable position in fierce competition and various crises through helping enterprises obtain sustainable competitive advantage.

3. Analysis of Support Policy for Talents in SMEs

3.1 Government's Support Policy Measures for Talent Introduction in SMEs

Talent is the base of enterprise healthy development, but it is difficult for SMEs to introduce talents because, for one thing, SMEs always hope to hire the best talents, for another, SMEs are really confused about what kind of talent that is just the most suitable for enterprise. The government should help SMEs to hire the most suitable talents needed for enterprise scientifically, not only making SMEs employ suitable personnel but also getting talents to find suitable enterprise. Thus, the enterprise can introduce proper talents and also play a role to realize the match of a worker and enterprise, promoting the talents' enthusiasm and initiative.

In addition, the government should encourage the employment of university students to small and medium enterprises just like guiding them to work in the countryside. The country government has released a series of policy measures for university graduates to work in the countryside or run their own business, but there is no feasible preferential policy for university graduates to work in small and medium enterprises. It causes such a situation in which university students are not willing to "marry" SMEs when economic development is thriving and SMEs are not willing to "marry" university students in various crises, seriously affecting sustainable development of national economy and prosperity of the country.

3.2 Government's Support Policy System for Compensation Management in SMEs

The main reason why SMEs can not retain talents is its irregular compensation management. Since the policy on "invigorating large enterprises and relaxing control over small ones", the government has delegated compensation management to SMEs as the general idea of enterprise decision-making power. Under the circumstances that SMEs lack theoretical guide and policy support, many SMEs still follow traditional methods in compensation management or have very irregular compensation management, which brings about negative effect to the society and causes difficult sustainable and healthy development of SMEs. It is the basic approach of obtaining talent competitive advantage for SMEs to carry out scientific and regular compensation management. Based on the research on government's function mechanism about various dimensions of SMEs compensation strategy, the policy support system for compensation management in SMEs is put forward as shown in Figure1, in order to improve the capability of SMEs in talent competition, preventing various and dealing with crises.

Insert Figure 1 Here

Only if the government participates in support for compensation strategy management system can SMEs have strong guarantee of obtaining competitive advantage for talents, or SMEs just get not the advantage of large-sized enterprise groups (such as attractive benefits, income and decent work) but the disadvantage of enterprise-run society (such as various insurance and arbitrary requisition of donations). The government should provide a series of social safeguard measures for talents employed in SMEs and resolve their actual difficulties. For example, the financial subsidies to promote employment in SMEs must be given to employees themselves, making the talents employed in SMEs become "enterprise persons", "business persons" and "government persons". At the same time, the talents employed in SMEs can benefit from government preferential policy directly, not only lessening the burden of SMEs, but also really improving the work initiative and creativity of talents in SMEs, which strengthens their competitive advantage so as to improve the capability of preventing various risks and crises. It is different from the main point of view advocating the policy such as tax reduction or exemption, which causes SMEs to benefit directly then makes employees benefit indirectly. However, this kind of policy always results into very impossible profit to the employees who benefit directly. Without employee benefit, the enterprise must feel more difficult to encourage employees. It is called that "an enterprise

will be over without employees”, losing the healthy growth base of SMEs. Therefore, the government’s support policy system for compensation strategy in SMEs must focus on logistic support, stable and decent work of employees, in order to improving the enthusiasm of talents to work in SMEs.

3.3 Government’s Support Policy Measures for Training Employees in SMEs

It is difficult to utilize talents because of not only the issues about management basic work in SMEs, but also the conflict of their training employees. In order to help SMEs to solve the problem on utilizing talents, one of government’s support policies is supporting SMEs in training employees. Now the status about staff training for SMEs is just working for others, that is to say, SMEs can retain talents with no training but the employees will soon leave the company to seek development after training. Thus SMEs are not willing to train employees though they know that employees need training well, so as to reduce losses or foster fewer competitors at the cost of cultivating their needed talents. For the government, it is necessary to take direct support measures to train employees in SMEs, establishing expert system about supporting training in SMEs, which may be made up of university talents in related subjects, relevant expert leaders of government departments and entrepreneurs. The government also needs to provide assistance in scheduled or nonscheduled staff training for SMEs within the jurisdiction area. According to the situation of self development, SMEs can mainly take charge of selecting candidates to take part in government’s support in training employees, and strengthen staff training and basic management work employment by means of enterprise self-organization, such as signing employment contracts after training, job adjustment and salary adjustment. By the aid of government’s money or energy, SMEs reap the benefits.

4. Conclusion

The support policy for SMEs is a complicated system project, needing much consideration from all angles. This paper analyzes the support policy for SMEs only based on the micro-opinion, mainly discussing some policy support measures on human resources management functions such as talent introduction, compensation management and employee training in small and middle sized enterprise, in order to help SMEs attract, retain or make good use of talents, strengthening their capability of preventing various risks and crises.

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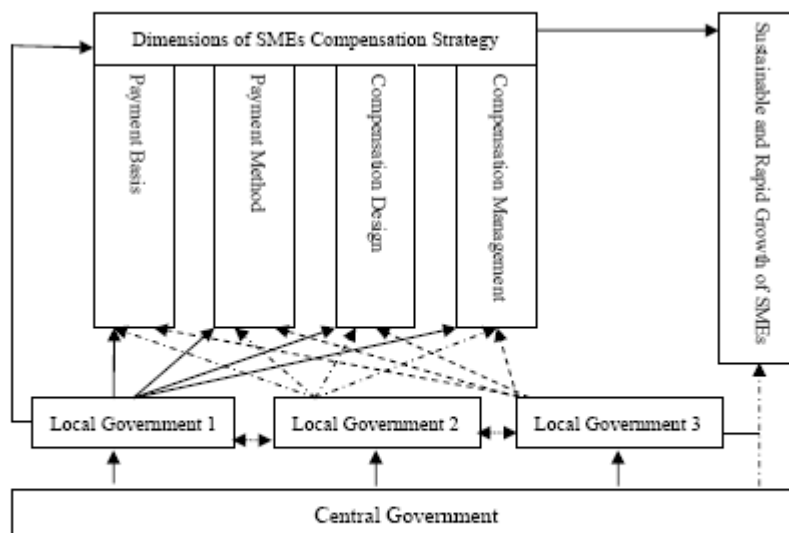


Figure 1. Graph of Government’s Support

Notes: Solid-line arrow represents direct influence relation, Dash-line arrow represents indirect influence relation