

Research on the Financing Capability of Chinese SMEs

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Abstract. The evaluation of financing ability is very important to promote the small and medium-sized borrowing capacity of science and technology, and it is the first premise to clarify the financing obstacles of enterprises. However, the traditional view only emphasizes the role of self-ability and neglects the research of financing environment. With the development of national economy, science and technology-based small and medium-sized enterprises have received extensive attention, mainly because science and technology-based small and medium-sized enterprises are the main force to promote national economic development. Because of their own and external factors, small and medium-sized science and technology enterprises generally have financing problems. Improving the financing ability of small and medium-sized enterprises is an effective way to solve the problem of capital shortage. At the same time, many small and medium-sized enterprises face more risks in their development, and their growth is unpredictable, which makes it difficult for financial institutions such as banks to make loan decisions. However, at present, some small and medium-sized enterprises still have many unsolved problems in the financing process, which affects the development of high-tech small and medium-sized enterprises. This requires relevant departments to pay full attention to the optimization of their financing system, constantly innovate financing methods and lay a solid foundation for their subsequent development.

Keywords: SMEs; Financing; Capability.

1. Introduction

Scientific and technological small and medium-sized enterprises are not only an important carrier to promote technological innovation, accelerate the transformation of scientific and technological achievements and promote social progress, but also an important source of national economic growth[1]. The development practice in recent years shows that science and technology-based small and medium-sized enterprises have become an indispensable part of China's national economy in terms of quantity and quality. They are the main channel to increase social employment and promote the optimization and upgrading of industrial structure[2]. However, small and medium-sized scientific and technological enterprises face many adverse factors in the process of growth: the technological risk, financial risk and market risk of enterprises are large, and the growth is difficult to predict; The business time is short and the business records are not perfect. These factors make it difficult for banks and other financial institutions to make loan decisions, and the phenomenon of loan reluctance is serious, which restricts the healthy development of small and medium-sized enterprises[3]. Therefore, how to provide a strong financial support system for science and technology-based small and medium-sized enterprises has become a common concern of the government and scholars. It is necessary to conduct in-depth and systematic research on the financial theory of small and medium-sized enterprises, analyze the micro and macro determinants of the financing of scientific and technological small and medium-sized enterprises, comprehensively analyze the interaction of factors, find the internal law of financial development, and explore an efficient innovative financial service system suitable for the growth of scientific and technological small and medium-sized enterprises on the basis of international experience and China's national conditions[4].

The research on small and medium-sized science and technology borrowing capacity is an important part of financing analysis of small and medium-sized science and technology enterprises, and it is also an important basic work to improve their financing ability[5]. Through literature review, it is found that the existing research on small and medium-sized high-tech borrowing capacity lacks

a clear definition of the connotation of financing ability, and the weights of financing ability evaluation indexes are mostly determined by subjective assignment method, ignoring the heterogeneity of enterprises themselves and related data characteristics, and also lacking theoretical derivation of system logic, which ultimately leads to different evaluation standards and lack of scientificity and rigor in evaluation basis[6]. In view of the existing problems, this paper starts from scientifically defining the connotation of small and medium-sized science and technology borrowing capacity, and theoretically deduces its connotation strictly and normatively. On this basis, it constructs the evaluation indexes of small and medium-sized science and technology borrowing capacity, decomposes the evaluation indexes one by one, calculates and verifies the weights of each index, and finally establishes the evaluation index model of small and medium-sized science and technology borrowing capacity, so that banks can judge the risk levels of loans to different enterprises, thereby improving the loan efficiency and reducing the loan risks[7].

2. Research on the Characteristics of Financing Demand and Financing Ability of Small and Medium-sized Enterprises

2.1 Characteristics of SMEs' financing needs

The specific characteristics of financing needs of small and medium-sized enterprises are as follows. First, market-oriented characteristics. In the initial stage of establishment, science and technology-based small and medium-sized enterprises will use self accumulation to finance. However, self accumulation can not meet the high investment demand of technological innovation, which requires science and technology-based small and medium-sized enterprises to finance in the market, attract some limited assets, and then form a good financing channel. Second, diversity. Enterprises need to use a variety of channels to raise funds, and then establish a perfect financing system. First, science and technology-based small and medium-sized enterprises will finance through internal financing. Secondly, the financing of small and medium-sized scientific and technological enterprises through external financing mainly includes three aspects: first, indirect financing, that is, financing in state-owned banks and small and medium-sized banks[8]. Second, direct financing is financing in bonds, investment funds, leasing companies and other institutions. Third, policy financing, mainly through government financial support projects, government policy banks, special funds for the development of small and medium-sized enterprises and other aspects of financing. Third, the characteristics of combination. In the process of technological innovation, scientific and technological small and medium-sized enterprises have the characteristics of high risk and high return. However, the risk distribution of technological innovation is unbalanced, and various risk factors are uncertain in the actual development process, which leads to the fact that scientific and technological small and medium-sized enterprises need to carry out relevant work by means of portfolio financing during the actual development period. Fourth, the characteristics of socialization. In the actual development process of scientific and technological small and medium-sized enterprises, they will attract all kinds of idle funds in the society, and some social investors will invest in scientific and technological small and medium-sized enterprises. At the same time, in the actual development process of scientific and technological small and medium-sized enterprises, the government needs sufficient support in the society to ensure the good development of scientific and technological small and medium-sized enterprises. Figure 1 shows the financing characteristics of small and medium-sized enterprises.

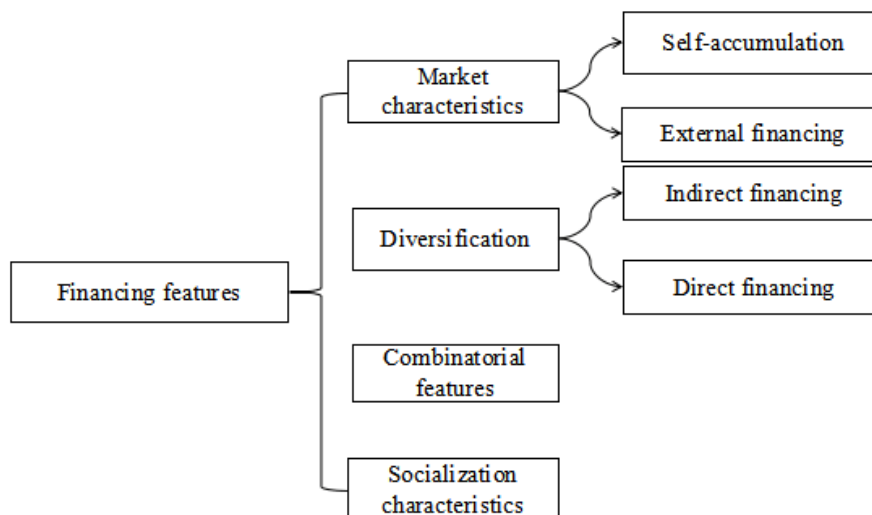


Figure 1. Characteristics of SME financing

2.2 Research on the Financing Capability of Small and Medium Enterprises

Technology-based small and medium-sized borrowing capacity not only depends on the attributes and values of its own resources, but also largely depends on the recognition of its resources by the external environment. Therefore, the connotation of technology-based small and medium-sized borrowing capacity must be considered from both the enterprise itself and the external environment. Enterprise's own endogenous financing is a process in which enterprises constantly convert retained earnings and depreciation into investment. The capital formation of enterprises has the characteristics of primitiveness, autonomy, low cost and anti-risk. It is an indispensable part of the survival and development of enterprises. It is an important form of modern enterprise financing. The endogenous financing mechanism is simple. It is a transformation without the intervention of lending behavior. And interest rates and various financial instruments have almost no influence on the direct conversion mechanism. External environment financing. It is the process that enterprises absorb the savings of other economic entities and turn them into their own investments. It needs to be done by means of certain financial instruments[9]. In the market economy, external financing financial instruments show the trend of "securitization". Including: commercial promissory notes, bills of exchange, bonds, stocks, etc. In the process of economic monetization, credit and securitization, external financing has become the main way for enterprises to obtain funds. Generally speaking, the enterprise's own internal financing is less risky, suitable for the accumulation of original capital, and relatively safe. When the enterprise develops to a certain degree, it has the ability to bear the risk of external capital inflow, provide financing through the external environment, and develop itself with the help of funds. When the development has a certain scale, the proportion of funds provided by the external environment can be gradually reduced, and the risks can be gradually controlled and reduced.

3. Problems and improvement directions of SMEs' financing capacity

3.1 Financing capacity of SMEs

Lack of operation standardization. Most small and medium-sized enterprises are private enterprises. In the initial stage, there are often imperfect management system and financial system or non-standard management. Even if financial institutions have applied big data analysis as a means to judge the financing risk of scientific and technological small and medium-sized enterprises, its internal transactions and real operation information are still difficult to obtain. The implicit concerns brought by this normative problem restrict the enthusiasm of financial institutions. Lack of adequate mortgage and guarantee. Compared with traditional industrial enterprises, small and medium-sized scientific and technological enterprises have less fixed assets for mortgage and guarantee, especially

those established by high-level talents, incubators and maker spaces. Although at present, banks and guarantee institutions have credit products or even pure credit products for enterprises to apply for, when the credit financing used by enterprises reaches a certain scale, it is difficult to increase the amount of debt financing[10]. The social support system is not perfect. In the financing process of scientific and technological small and medium-sized enterprises, due to the imperfect financing socialization support system, there are a variety of financing problems. First of all, although the Chinese government and all sectors of society have set up a special fund for the basic innovation of scientific and technological small and medium-sized enterprises, during the actual financing period of scientific and technological small and medium-sized enterprises, there will be financing difficulties due to the low credibility. Secondly, the development level of some science and technology-based small and medium-sized enterprises in China is low, the lack of a sound and complete credit system, coupled with the non-standard financing institutions, will lead to the lack of more technological innovation funds for science and technology-based small and medium-sized enterprises, affecting the progress of science and technology-based small and medium-sized enterprises. The financing capacity of SMEs is shown in Figure 2.

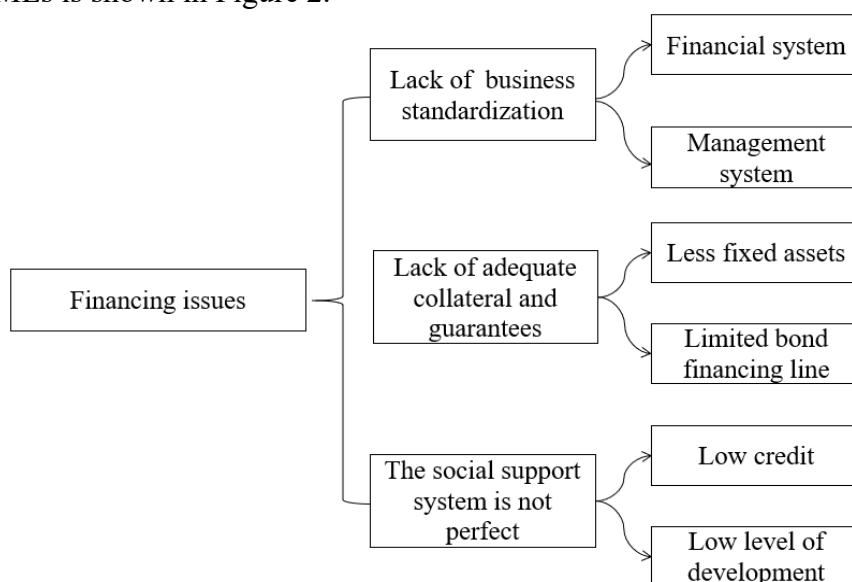


Figure 2. The problem of financing capacity of SMEs

3.2 Financing improvement directions for SMEs

Small and medium-sized enterprises should cultivate and enhance their financing ability mainly by cultivating "internal strength" and appropriately seeking external support. Improve their own management ability. Small and medium-sized science and technology enterprises should consciously standardize management, establish and improve financial, human resources and R&D management systems, continuously improve the credibility of financial statements through standardized operation, and win the trust and support of financial institutions. In addition, enterprises should constantly enhance the level of production and operation, give full play to and constantly consolidate their core competitiveness as a technology-based enterprise. After the improvement of enterprise management level, orderly and standardized on-site order is also conducive to financial institutions to carry out on-site evaluation. Scientifically sort out financing needs. Small and medium-sized science and technology enterprises should focus on the development trend of the industry and their own life cycle, comprehensively consider the business scale and strategic planning of enterprises, make clear the financing needs of each stage, scientifically predict the amount of funds needed, and make clear the specific problems and financing methods that need to be solved urgently at present. Improve technology research and development ability and innovation level. First of all, we should speed up the pace of technological innovation of small and medium-sized scientific and technological enterprises, and constantly improve the technological research and development capability and

innovation level. The contribution of innovation ability to the promotion of small and medium-sized science and technology borrowing capacity is positive, and advanced technology is the comparative advantage of small and medium-sized science and technology enterprises. To maintain or even expand this comparative advantage, it is necessary to vigorously introduce and cultivate high-level technical innovation talents and continuously enhance the sustainable innovation ability of small and medium-sized science and technology enterprises. At the same time, small and medium-sized scientific and technological enterprises should carry out collaborative research on scientific and technological projects through extensive cooperation with scientific research institutes and institutions of higher learning, strengthen the transformation and application of scientific and technological achievements, and continuously improve the level of collaborative innovation.

4. Conclusions

In the process of financing, small and medium-sized enterprises must formulate a perfect financing system and innovate their own financing methods, so as to improve the technological innovation ability of scientific and technological small and medium-sized enterprises, promote the long-term development of scientific and technological small and medium-sized enterprises, and lay the foundation for the improvement of the national economy. First of all, enhance the innovation and R & D ability of the enterprise itself, and make great efforts in hard power to deal with the rapid market development and demand, as well as the favor of external funds. Secondly, we should pay attention to the operation of enterprises and vigorously improve their financial ability. Good financial condition is the most important symbol of the healthy operation of scientific and technological small and medium-sized enterprises. Therefore, the government, banks, social evaluation institutions and enterprises themselves should pay attention to the financial operation of scientific and technological small and medium-sized enterprises from the aspects of asset quality, capital structure, profitability, profit quality and cash flow, constantly improve the financial management system, ensure that enterprises maintain a good financial operation state, and then enhance the financing ability of enterprises. It can also enable enterprises to obtain more choices, so as to improve the success rate and efficiency of enterprise financing and effectively improve the financing difficulties of scientific and technological small and medium-sized enterprises.

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