

A Socialized Service System for the Medium-sized and Small Enterprises

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How can the medium-sized and small enterprises (MSEs) co-exist with giants of enterprises in the market of acute competition? This is an issue people are deeply interested in. Facts prove that a socialized service system is an important support to the MSEs to play an outstanding role in the large market and co-exist with large enterprises.

The practice in the agricultural sector inspired people. The agricultural production is based on the land, which is characteristic that it cannot be as highly concentrated as in industry. Some family farms, though cover large stretches of land, remain scattered small-scale operation like MSEs in commercial sector compared to industrial production units. How can these family farms adapt themselves to the large market? They rely on the socialized service system.

The so-called agricultural socialized service system means all the related sectors in agriculture form an organic entirety with following features:

- a. So far as function is concerned, these sectors and organizations split off from agriculture and have close connections with agricultural production.
- b. The agricultural involved sectors and organizations and the agricultural sector are mutually dependent, but survive and prosper together with agriculture, and their relations are stable.
- c. The relationship of all the agricultural involved sectors and organizations (except for the government organs) to agricultural sector is one of commodity exchange, a new type of market relationship, thus forming a system of work division of modern agriculture. The system has a very strong incentive and restraining mechanism with great vitality.
- d. The agricultural socialized service system, for the first time in human history, puts the scattered and spontaneous agricultural production under a tightly organized and effective command of the law of market. For thousands of years, farmers would grow whatever they wanted to grow and the market would sell whatever farmers produced. After the formation of the socialized service system, this order has been reversed into one of farmers growing whatever the market needs and farmers producing as much as the market needs.
- e. Owing to the characteristics of agricultural production, it is indispensable for the government to directly support agriculture, the related public organs play a very important role in the agricultural socialized system.

What changes make it imperative for the MSEs demand a socialized service system?

- a. The social work division has been so elaborate as to tiny parts or even a given process in the production (technological procession), which opens a wider space for the survival of MSEs than before. At the same time, this also causes the MSEs to demand strengthening of the socialized service system. The more elaborate the work division, the more enterprises

need service support from outside. Socialized service means, in a sense, organization and coordination of social work division.

b. The characteristics of specialized production plus the characteristics of a given industry and the raise by a large margin of productivity may enable a small enterprise to cover a very large market.

c. The development of economic globalization expands greatly the space of operation of any enterprise. It will be hard for the MSEs to adapt themselves to international operation if they stand alone, short of financial support, consultation and services.

The emerge, development and improvement of the socialized service system for the MSEs is an inevitable product when productivity, social work division, economic internationalization and the operational level of enterprises have developed and reached a certain stage.

The contents of the socialized service system of the MSEs include various aspects such as information, sales, purchase, design, fund accommodation, science and technology, training of personnel, and international marketing. Enterprises in different industries and sectors differ in their demands for services.

The structure of the socialized service system can be divided into market service or government service, or spontaneously organized combination services and external services. There are different levels, the government service is on the top; services from the industrial organizations and transsectoral organizations are in the middle; and the spontaneously organized combination services are at the grassroots. As for the so-called market services, the provider and recipient of the services are both enterprises, which embodies an exchange relationship, both parties have the freedom to choose, thus having a mechanism of competition and optimization. However the government services usually are free of charge or preferential services, which is government support to the weak in the market and at the same time a kind of social return to the contributions the MSEs have made.

The socialized service system for the MSEs plays a very important role in the course of development of the contemporary economy.

a. To a certain extent, it makes up for the inherited defects and weakpoints of the MSEs and enables them to raise their qualification.

b. Small enterprises are in disadvantage in the face of a large market, while the socialized service system provides them with a thinking system, sense organ system, command system and safeguarding system, as well as a self-optimizing mechanism.

c. The socialized service system leads to a fundamental change in the orientation of operations of the MSEs. It provides the MSEs with all kinds of signals timely and orderly, to enable them to regulate their production more and more to the changing needs in the market. They will produce whatever the market needs, thus far reducing the risk from the time lag between demand and production.

d. Socialized service system makes it impossible for large, medium-sized and small enterprises to expel one another, and forms a co-existing and mutually compensating pattern that no one will replace another and consolidate the pattern.

e. All the above mentioned are conducive to the development and progress of the MSEs and is favorable to the raise of the quality of the economic operation.

The socialized service system is a milestone of the development of the MSEs and an indication as well as a lifeline of modern MSEs.