



## A THREE-STEP STRATEGY TO DEVELOP THE INDUSTRIAL ECONOMY IN CHINA THROUGH ENTREPRENEURSHIP AND INNOVATION.

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### Abstract

The article analyzes a three-step strategy to develop the industrial economy in China through entrepreneurship and innovation. Entrepreneurship and innovation strategies provide executives with the practical knowledge, new skills, and tools to turn strategic ideas into action.. The goal is to strengthen the protection of intellectual property rights for small and medium enterprises, more effective use of intellectual property (hereinafter referred to as IM) in business strategies and to enable firms to declare independently and provide them with more active participation in property technology standards as well as international standards.

**Keywords:** strategy, economy, entrepreneurship, innovation, marketing, competition, competitive advantages, marketing strategies, cost leadership strategy, differentiation strategy.

### Аннотация:

В статье анализируется трехэтапная стратегия развития индустриальной экономики Китая через предпринимательство и инновации. Стратегии предпринимательства и инноваций предоставляют руководителям практические знания, новые навыки и инструменты для воплощения стратегических идей в действия. Цель - усиление защиты прав интеллектуальной собственности для малых и средних предприятий, более эффективное использование интеллектуальной собственности в бизнес-стратегии и дать возможность фирмам заявить о себе независимо и обеспечить им более активное участие в стандартах технологий собственности, а также в международных стандартах.

Ключевые слова - стратегия, экономика, предпринимательство, инновации, маркетинг, конкуренция, конкурентные преимущества, маркетинговые стратегии, стратегия лидерства по затратам, стратегия дифференциации.



It can be considered that the quality and sustainable growth of the national economy of any country depends, first of all, on its stability to ensure its transition to the path of development.

If we look at the Chinese experience, it shows that the process of creation and commercialization of innovations and developments should be fully supported and encouraged by the state. While the management of intellectual property in the modern economy is a basic element of effective management of all innovative processes, many approaches, results developed by world practice in relation to individual stages of these processes are also correct to encourage the commercialization of intellectual property.

Therefore, we have analyzed that the main purpose of holding the “Made in China 2025” exhibition in China is to transform China from a “global factory” to a global innovative technology manufacturer. To this end, we have considered in our research that the comprehensive modernization of Chinese industry, making it more efficient and integrated, will occupy the highest links in global production chains.

The “Made in China 2025” program envisages a three-stage strategy to comprehensively modernize China’s industrial economy and achieve the goal of becoming the world’s leading manufacturer in 2049, marking the 100th anniversary of the founding of the People’s Republic of China. The first step is to achieve significant results - success in innovation, as well as production efficiency to achieve major industrialization by 2025.

The second stage is to be able to compete with the developed production capacity by 2035. To achieve this, the Made in China 2025 program sets clear principles, goals, tools and targeted networks. Its main principles are to ensure that production is innovatively oriented, focusing on quality rather than quantity, achieving green growth, optimizing the structure of Chinese industry, and supporting human talent.

According to the plan, a number of favorable policies will be introduced to deepen institutional reforms, strengthen financial and tax support, improve the multi-level system of training talented personnel and promote the creation of small and micro enterprises. Despite the fact that the state plays an important role in ensuring the overall structure, the use of financial and tax instruments and supporting the creation of innovative production centers (15 by 2021 and 40 by 2025), the plan also provides for the use of market institutions.



The goal is to strengthen the protection of intellectual property rights for small and medium enterprises, more effective use of intellectual property (hereinafter referred to as IM) in business strategies and to enable firms to declare independently and provide them with more active participation in property technology standards as well as international standards. At the same time, an analysis of the main content of the China-Made 2025 Initiative in China shows that it bears a striking resemblance to the Industry 4.0 Plan adopted in Germany in 2013.

The “Made in China 2025” program is somewhat different from the “Medium and Long-Term National Program on Scientific and Technological Development”. First, the focus is on all innovative entrepreneurship in manufacturing and industrial processes. Businesses (especially small and medium enterprises) are expected to play a more important role. Despite these differences, “Made in China 2025” inherits some important parts of the “Medium and Long-Term National Program for Scientific and Technological Development”. The format of a large-scale project still serves as a key mechanism to support scientific and technological projects.

At the Summer Davos 2014 conference in Tianjin, Chinese Premier Li Keqiang proposed the direction of "Mass Entrepreneurship, Comprehensive Innovation" in innovation policy. The new course is aimed at boosting the growth of the Chinese economy and developing the “two engines”: mass entrepreneurship and innovation, as well as improving the quality of public goods and services. Government agencies, including the PRC State Council, the National Development and Reform Commission, the Ministry of Science and Technology, have developed support measures and tools, including financial assistance and state guarantees, as well as tax incentives.

First, the government is optimizing financial support measures for entrepreneurship and innovation. These measures include the creation of investment funds and various tax incentives and subsidies. The State Council of the People's Republic of China has officially approved the establishment of the National Entrepreneurship Investment Fund to develop innovations in this area and improve the sector. The Ministry of Finance of the PRC, together with the State Tax Administration and other organizations, has approved a number of tax incentives, including VAT deferrals, income tax deductions, accelerated depreciation of fixed assets and tax deductions for research costs. Support measures also include guarantees, interest rates and subsidies on government loans. Second, the Chinese government has focused on developing a multi-level



capital market. The measures included the development of local capital markets and the introduction of high-tech companies to encourage access to exchanges within exchange departments (Growht Enterprise Markets, GEM). Financial institutions are developing special offers for startups. The government also supports financial Internet companies and crossfunding projects.

Third, the government is developing institutional mechanisms for the development of mass entrepreneurship and innovation. Support measures are aimed at creating better conditions, developing service infrastructure and encouraging knowledge sharing. A network of exhibition centers is being developed to provide services to small and medium enterprises, as well as to implement measures to reform the education and science and technology sector. Exhibition centers should be commercial and help promote new technologies. The pilot project includes the development of a network of 28 centers, which will be established by 2021.

Another measure proposed by the government is reforms in the education system, which include the introduction of innovative and mechanized mechanisms and the deepening of curricula for the introduction of innovative entrepreneurship courses.

Thus, thanks to government programs to support innovative development, China's scientific and technological power has increased significantly. We believe that for decades, China has been on a par with the leading countries on the world stage.

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