



# Environmental Regulation and Financing Difficulties of Small and Micro Businesses in Western China

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## ABSTRACT

The current global economic development has entered the era of environmental regulation. The relationship between environmental regulation and economic development tends to be closer and closer, and attracts more and more people's attention. As the development of western economy is still in an unknown and exploring stage, there are many financing problems which stops the development process of the entrepreneurial small and micro businesses in the western of china. By analyzing the financing difficulties between environmental regulation and the small and micro businesses, and this paper will shows the current existing difficulties objectively for the development of the entrepreneurial small and micro businesses in western china, including the shortage of funds, financing channels for a single, cost increase and some other practical problems. It has certain practical significance for the development of western entrepreneurial small and micro businesses.

**Keywords:** Environmental regulation; Entrepreneurial small and micro businesses; Financing difficulties

## 1. The background and significance of the study

### 1.1 Research background

The reform and opening up of China requires the Eastern economy drives the development of the western economy. The eastern provinces of china have a rapid economic development with much rich industrial developmental

experience. Therefore the western should learn experience from the eastern, and it should not only study their successful experience, but also take their lessons. Today, China is undergoing extensive industrial upgrading, and many enterprises are moving westward due to the cheap labor and abundant resources in the west. This is a good time to develop the western Small and micro businesses' entrepreneurship, western investment should vigorously promote entrepreneurship and economic development of the west. At the same time we should also carry out stringent checks differently in accordance with the environmental requirements and for serious pollution of the entrepreneurial small and micro businesses shall be prohibited from entering. At the same time we should learn the eastern part of the environmental management and industrial construction experience, including technical and

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management experience. The introduction of the advanced technology of eastern environmental governance to govern the western environment.

For China, long persist in taking economic construction as the center, to promote the construction of the national heavy industry, There has always been an unquestioning attitude about environmental controls. [1] For decades, China's economic development and industrial development has made remarkable achievements, But the environmental protection aspect of the whole country has been declining, which is in the opposite direction of our country's economic development. Economic development index cannot be used to measure the environmental protection index, only one country in economic development and environmental protection has been the development of the two-way development is the best. Current status of our country's regional economic development and environmental protection is out, the south-east although has made great achievements in economic development, but the air pollution, poor air quality, and the disadvantages of forest coverage rate reduce. Southeastern parts of the city economic construction has made great achievements, while also has an important impact on the world economy, but the sandstorm and atmospheric pollution problems is plagued by urban development. It is fair to say that China is undervaluing the relevant research and construction of environmental regulation and regional economy.[2]

Research and analysis of environmental regulation and the correlation of regional economy, on the one hand, can promote the balanced development of western economy, makes the coordinated economic development and environmental regulation. On the other hand, we can accelerate the country's active adjustment of strategies and policies, and accelerate economic development on the basis of environmental regulation. In this way, it is not only for the economic development of the west, but also for the future economic development of the country and innovation. Especially in the west of our country, the third industry is not developed, the secondary industry is facing transformation, and environmental sustainability and protection are extremely important.

### *1.2 Significance of the study*

Research western environmental regulation and the analysis of the correlation of regional economy, can accelerate to reverse the development concept of people, can speed up to change the traditional concept of development, think the environment is service for the development of economy, there is no link between the two. As long as the people's development idea is reversed, the optimization and upgrading of our industry

can be promoted, and the double harvest of economic development and environmental regulation in China will be promoted..

It is of great significance for the economic construction and development in the west of China especially remote areas. Western China is rich in natural resources and has a natural environment, but it is facing the condition of economic backwardness. Western faces a difficult choice at the same time, the problems to be solved is how to turn natural resources make full use of rise, to develop the economy, or continue to adhere to protect ecological environment. We discuss environmental regulation and the correlation analysis of western economy, which can provide a positive and effective guidance for China's development of the western region.

## **2. The relevant theoretical basis**

Eighteen Conference put forward to reduce the government decentralization, narrowing the functions of the government, power to the market, this does not mean that the government regardless of the environment, on the contrary, the government should strictly for the control of environmental pollution. The government needs to make good environmental governance, one is to have the whole idea, the whole idea. The second is to grasp management. It is not only the supervision and administration of environmental management. And management of the development of the economy. Third, we must seize law enforcement. The strict enforcement of law enforcement is the key to environmental governance. Fourth, we should adhere to the principle of "prevention first, prevention and integration". Therefore, the environmental pollution system should be made in the blue phase.

The environmental protection department of the People's Republic of China, Liu Guocai has described the relationship between regional development and environmental regulation. He pointed out that active efforts to promote environmental regulation and regional economic development have a positive impact not only on the present, but also in the future. Promoting the integration of the two countries is a green ecological economic development path that China must take in the future, and it is also a requirement for implementing the concept of sustainable development. In Cornell University, Matt Dickinson, in his book "The Economic Development and Environmental Protection," pointed out that a region only to realize win-win situation of environmental protection and economic development, is the right of development, particularly for the backward western regions. Because of the economic development and ignore environmental

protection, can promote the development of economy, and does not bring the progress of the other, and the development of the economy is still can not stand the test of time. And if we develop together, we can not only promote economic development, but also increase the additional progress. New Hans. Darling of the Toronto University has pointed out that if you don't coordinate environmental work in one area and economic work together, there is no valid link between them, It will affect the future of the region and the future of humanity. These theories abound, which are pointed out in the context of the increasingly severe environmental protection problem in the world.

Small and entrepreneurial enterprises need better environment, government oriented policy support system and service platform, reliable source of funds, better start-up atmosphere. Entrepreneurial small micro enterprise soul lies in the innovation strives for the survival and development, innovation is the motive force of social don't dig, created social part of the value of innovation, innovation is the key in small micro enterprise competitiveness. In today's society, it is a competitive and exciting society, and small and small enterprises need to survive in competition, and to develop, they can't live without the support of innovation. In order to improve the innovation of enterprises in the west, we need to improve education and cultivate innovative talents.

In addition, we should create a favorable environment for innovation and entrepreneurship in the west, and invest more in innovation and entrepreneurship. In the west, innovation is the only way to become an innovative region. The western economy is lagging behind, but the overall environment is well protected. The western development is the development opportunity, entrepreneurial small micro enterprise of industrial development in the west at the same time should avoid making mistakes in eastern, ignore environmental protection and devotion to the development of economy. The west should combine economic development with environmental protection. Rather slow down than at the expense of the environment.

### **3. The correlation of environmental regulation and entrepreneur small and micro businesses' financing**

As mentioned earlier, the only way to be competitive is to create an innovative regional economy. Entrepreneurial small micro enterprise mainly consists of small businesses, miniature enterprise, cottage industry enterprise, individual industrial and commercial households these types, professor lang proposed the concept of such a small micro

enterprises. Backward economy in the west and lack of funding, entrepreneurial small micro enterprise financing difficulties, so you need to further broaden the financing way, through the analysis of the financing problem, so that the entrepreneurial small micro enterprise financing improvement measures are put forward. We will improve the sound development of financing methods for small and micro businesses, and solve all kinds of financing difficulties. Appears more and more entrepreneurial small micro enterprises lack of working capital, capital chain tension, and against the high financing cost and financing risk, so companies must use the correct way of financing. [3] Western entrepreneurial small micro enterprises now need to have a clear understanding of the financing cost and financing risk and understanding, can in the development process of can try to reduce the risks and losses, improve the effect of entrepreneurial small micro enterprise financing. [4]

#### *3.1 Financing status of entrepreneurial small and micro businesses*

In the context of China's entrepreneurial economy, there are three key words: innovation, reform and opening. At present a great transformation lies in the gradual improvement of human capital, vigorously develop the technology; leverage and the risk of bubbles, local financing platform and overcapacity predicament, is an obstacle to the transformation. At present, entrepreneurial small and micro businesses especially western entrepreneurial small and micro businesses' financing in the development process of the problem has gradually become a new topic, we describe two kinds of situations as follows.

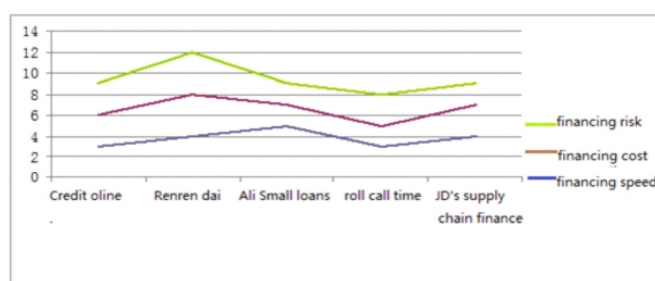
First, the main financing channel of western entrepreneurial small and micro businesses is too narrow. And the development of the securities market requires a higher threshold, the Western venture investment system is not comprehensive enough, leading to funding western entrepreneurial small and micro businesses to the capital market to open. Compared with large businesses, the entrepreneurial Small and micro businesses the development of the continuous operation ability is relatively weak, the development of the financial system is not comprehensive, closure rate is high, the lack of long-term and stable sources of assets, these will increase the bank with the investor's investment risk. Some Western Entrepreneurial Small and micro businesses lack of scientific financing guarantee system, enterprise financial management system is not perfect, the lack of good practices the system of accounting.

The second is the entrepreneurial Small and micro

businesses of private lending is relatively common, a high security risk, the risk of default is very large. The entrepreneurial Small and micro businesses' financing lease has no more credit risk, interest rate risk is high. Generally, the entrepreneurial Small and micro businesses of Internet financial loans began to spread. In 2014, internet banking was first written into the government work report. Our country is gradually establishing capital market refinancing mechanism to carry out small fast, raise public equity financing pilot, encourage Internet banking to better to the entrepreneurial "micro" to provide services.

In the rapid development of the Internet era, the emergence of a variety of network loans, they no longer have loans by financial institutions such as banks, but to use the Internet to set up a simple network lending platform, investment and financing, it is a relatively new development credit lending relationship based on the use of more convenient, speed, the amount of financing the size can be selected according to the current development situation. Because China's current credit system is not perfect, the network lending platform, and did not realize the sharing of resources in data, much more comprehensive and accurate evaluation to the financing side of the credit risk. And lead to that the risk of network lending platform is not easy to control.

Entrepreneurial small and micro businesses, Internet banking, there are technical risks, information disclosure risks, legal risks, etc., as shown in figure 1, the comparison of the five types of online lending methods in financing risk, financing costs and financing speed of the three aspects of the comparison chart.



**Fig. 1. The comparison of the five types of online lending methods of chart**

*3.2 Environmental regulation has a positive relationship with the financing of small and micro businesses in the west*

Take the east coast of eastern China for example. East coast on the economic development depends on the traffic resource advantage, get the good development, but at the same time of economic development, is also faced with many problems of environmental ecology. If put environmental regulation in the eastern coastal areas and

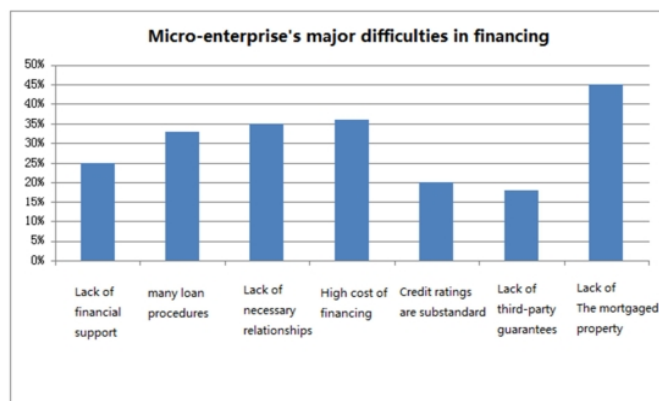
economic development in the same position, adhere to the green hills, water show, the air is fresh, roads clean, can in time to the local natural ecology and tourism resources of moment, so on the level of economic development, and continue to covered with new resources power. As western China, the current relatively backward economic development, but if the blind development, the destruction of natural ecology, will only temporarily meet the current economic development, don't support for too long. If the western beauty inherent in the original ecological resources, reasonable development of green economy, will be on the basis of the original development, added another layer of advantage. Ecological landscape in western China, once you pay attention to environmental regulation, will own green economy all over the country and attract the eastern coastal capital moving westward, and at that time can not only increase the economic income, with reliable, stable source of funds, and can continue to keep the environment without any quality loss. From the above description, it can be concluded that the correlation between environmental regulation and western economy is a positive correlation.

The relationship between environmental regulation and the entrepreneurial small and micro businesses' financing development also presents the relation of mutual inclusion. [5] Environmental regulation is the reasonable good management of environmental conditions in a region, to promote its in a good direction. If the western environment rectification on the existing basis, make the west the sky bluer, the water clearer, more fresh air, while the Western influence and attractiveness will become larger, talents, money, capital will continue to flow to the west, on the one hand to promote the ecological development of the tourism industry, increase the economic total. On the other hand will accelerate the transformation of the western industry and accelerate the birth of more entrepreneurial Small and micro businesses, promote the development of green economy, the third industry will have great development, will lead to more western small and micro businesses entrepreneurial success. In addition, only to western economy A good development, people will meet the consumer at the same time, gradually pursue spiritual enjoyment, which put forward very high requirements for environmental protection will live. [6] So the correlation between economic and environmental regulation in the entrepreneurial small and micro businesses is a mutually inclusive relationship, for each other have a role in promoting. Actively promote green production and green development concept, let the development of the Economic Zone on the western green words, to realize both the

environment control and the western economy, it is also the key to the entrepreneurial small and micro businesses' financing breakthrough.

#### 4. Invironmental regulation promotes the financing strategy of entrepreneurial small and micro businesses in the west

To strengthen and establish the evaluation system of the western economic development and environmental protection benefits. To the western economic development and environmental regulation do regular report and check to see if the western development is based on the green economy, many Western entrepreneurial small and micro businesses, the need for government policy support, first of all to assess whether the damage to as the representative of the development environment and economy in order to obtain the relevant funds. This one index as an important measure of western local government officials, will continue to implement the combination of the two field. Western entrepreneurial small and micro businesses' financing difficulties is obviously a problem, the financing system is not perfect, the lack of government policy support. The loan procedure is complicated, the financial market relationships unfamiliar, credit rating standards, lack of collateral and guarantees to third parties, the high cost of financing, mainly reflected in figure 2.[7]



**Fig. 2. Major financing difficulties of entrepreneurial small and micro businesses**

*4.1 Adhere to the principle of unified planning, implementing with step-by-step, demonstrating with advance model and promoting with all-round.*

As long as the western government play a guiding role, it can bring the development of social entrepreneurship. And the western government increase more investment in the development of the Small and micro businesses and environmental regulation, it can not only drive the

economic development and the environmental protection, but also can promote the transformation of industry development in the future.

Based on their own production and capital condition, the future developmental demands, and the scientific forecasting and decision-making, the western entrepreneurial small and micro businesses adopt a multiple channels to raise funds to ensure the normal business enterprise organization management activities need. Such as funds, loans from commercial banks, policy banks income, risk investment, collateral, hedge, P2P (P2P of China in financing is still in its infancy, which belonging to the grey field, need careful selection and legal), stock ownership, lease financing, project financing and other financing mode. Considering the complicity and variety of the financing mode, it is necessary to adhere to the principle of unified planning, implementing with step-by-step, demonstrating with advance model and promoting with all-round in the future.

#### *4.2 Strengthen social publicity and education to promote transformation of traditional mode*

The publicity and education work is an important project of economic development of entrepreneurial small and micro businesses. In the western area of china, in order to provide a large number of talents for the management innovation, entrepreneurship development and financing environment. the whole staff need to improve the quality of education. And if the overall quality of the people has been risen, the competition also went up, and the new entrepreneurial economy also has been developed. Therefore, propaganda and education is the key to catch up the economic development.

In order to promote the coordinated economic development of the western environmental regulation and regional innovation small and micro businesses, it also needs to strengthen the publicity and guidance in the society. A western puzzle, Sometimes it's a technical drawback, but sometimes there are also some disadvantages of the idea of innovation entrepreneurship. This traditional idea exists in many parts of our country, even deep-rooted. so that people in many regions always indulge in the past concept that as long as the economic development, the rest are "buried". This traditional concept in many areas of our country exist, even have ingrained. Therefore, the Western governments and social agencies and educational institutions, should play a positive guiding role. With the help of different media, strengthen publicity and education of the western people, let the people understand that, only the establishment of a green industry innovation and economic development system,

and to achieve the environmental regulation and western innovation entrepreneurial economic win-win, which is the best ideal and comfort development ways.

## 5. Conclusion

While ensuring the economic development of the western entrepreneurial small and micro businesses, it should ensure the better development of the western environmental regulation, as well. And the main means of environmental regulation is reflected in the following aspects: administrative, law, economy, technology publicity and education and so on. Therefore, the measurement in financing problem of the western entrepreneurial small and micro businesses mainly depends on the administrative support, and through the establishment of the beneficial financing policy, the relevant laws and regulations, and the promulgation of relevant standards, supervision and coordination, which is conducive to the work of environmental regulation implementation and management. To make the environmental control in law, eliminate pollution, and protect the entrepreneurial small and micro businesses get the rational use of natural resources, promote financing, and maintain the western ecological balance. Using those which can help improve labor productivity, decrease the environmental pollution and ecological damage to a minimum of technology and the advanced pollution control technology to achieve the purpose of control of environmental regulation. What's more, the government can strengthen the publicity and education through various media, so that the public understand and familiar with the significance and content of environmental regulation, stimulate the enthusiasm of citizens, to protect the environment, to love and protect nature into conscious action, which forming a powerful public opinion, to prevent the waste of resources, and

decrease the pollute of the environment. So that the Western entrepreneurial small and micro businesses financing has clear and smooth market and both government and public support under the environmental regulation.

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