

Research on the Business Environment in the Post-pandemic Era: Taking Shenzhen as an Example

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Abstract. The coronavirus broke out in 2019, which quickly swept the world. In such a global environment, the economies of various countries are very sluggish, and the business environment is quite depressed. Now, the world is entering the post-pandemic era. In order to better study the business environment, this paper selects Shenzhen as an example to analyze. Firstly, the paper explored the current situation with a number of official data, including negative aspects, while some progress has also been witnessed. The problems in the business process were also demonstrated by examples and statistics. Some suggestions were provided, hoping to contribute to the future development of Shenzhen's business environment. The paper focused on accurately analyzing the current status and issues of Shenzhen's business environment, providing a better atmosphere for the development of enterprises and promoting the legal and administrative system.

Keywords: Business environment, post-pandemic era, Shenzhen.

1. Introduction

The epidemic which broke out in 2019 has not only done great harm to individuals' health but also posed a threat to the business environment all over the world, including China. Therefore, Shenzhen, as a forefront representative city (since the implementation of the reform and opening up policy in 1978) of China's economic development also suffered a lot. People are supposed to understand the importance of the business environment before analyzing it in Shenzhen. A good economic environment is the driving force for the enterprise, which is also fundamental for a better economy. After suffering from the epidemic for almost three years, the economy of the whole world is depressed, with risks and opportunities coexisting. Shenzhen, as one of the first groups of cities in China to carry out business environment innovation projects, also needs a higher quality business environment to achieve economic progress in these "unprecedented changes in a century". In this paper, the current situation of the business environment in Shenzhen will be further studied, and the opportunities and challenges encountered based on the time of the post-pandemic era will be studied as well. The paper mainly proposed targeted solutions and suggestions for the disadvantages, hoping that the business environment in Shenzhen can be developed more healthily, then the success of the business environment would also benefit a majority of enterprises. Research on literature in the past five years showed that there were not many articles analyzing the business environment, especially in specific regions during the post-pandemic era. Therefore, this paper has an important value for studying the business environment of Shenzhen. At the same time, the pressure of major global business environments in the post-pandemic era is increasingly expanding, Shenzhen also wants to reach the same level as other international first-tier cities. However, through this study, readers will have a clearer understanding of the shortcomings of Shenzhen. In addition, some of the strategies provided in the paper can also be used to tackle developing challenges.

2. The Current Situation of Business Environment in Shenzhen

SMEs (Small and Medium Enterprise) are an important part of the economic structure in China. However, according to statistics, the Small and Medium-sized Enterprises Development Index (SMEDI) in February was 76.4, a sharp drop of 16.2 points compared with the previous month and a record low since the survey was started in the second quarter of 2010 [1]. Therefore, the overall

environment in China was very depressed, and the development of SMEs in Shenzhen is also facing difficulties in the post-pandemic era. First of all, delaying recovery will have a great impact on most SMEs. In a survey, up to 93% of the enterprises in Shenzhen said that the epidemic had different degrees of adverse effects on their production and operation activities [2], mainly reflected in the delay in production progress due to the suspension of business, which made them unable to make profits, and the companies without income sources would soon go bankrupt quickly. The statistics indicate that the vulnerability of SMEs demands a large amount of capital inflow to support their own development, even though the epidemic has disappeared, there are still many projects and companies that have not fully recovered, seriously affecting the development of the economic market. Next, the market shrank and the business constraints caused by the post-pandemic era are more obvious. Once the market shrinks, the impact is long-term. In Shenzhen, all industries have experienced market shrinkage to some extent. For instance, China's labor market is shrinking, and the retail industry also faces labor shortages [3]. Moreover, the property insurance premium income in 2021 decreased by 14.1% compared with 2020 [4].

The three-year epidemic has seriously damaged China's foreign trade economy, which is very obvious in the post-epidemic era. Even though all major policies are trying to promote the development of the foreign trade economy in a good direction, the effect is less beneficial. Furthermore, as a representative city of China's foreign trade and economic exports, Shenzhen has also suffered a lot, which caused a fatal blow to Shenzhen's foreign trade, and it cannot be recovered in a short time. According to news reports, the import and export volume of Shenzhen (domestic destination/source of goods) in January 2023 was \$39596108400, a decrease of \$13114766600 compared with the same period in 2022, a year-on-year decrease of 24.8%; Exports to the United States, the European Union and other countries and regions decreased, exports to ASEAN and other regions increased, and the contribution rate of foreign-funded enterprises' import and export and trade surplus decreased significantly [5]. In conclusion, the situation of foreign trade is not optimistic, which is a crisis to be solved in Shenzhen and even in China.

"Lie down" has become a buzzword recently in some Asian countries, which means to be obedient to the social environment and no longer willing to fight in society or start a business by hand. This phenomenon is increasingly obvious in major cities across China in the post-pandemic era, including Shenzhen. Perhaps people have understood the preciousness of life after facing the severe epidemic. They start to spend more time with family and have a trip, rather than being tied up at work. On the other hand, the three-year pandemic has brought too much anxiety and trouble to people. Even in the post-pandemic era, individuals feel too tired to work so they choose to "lie down" instead. However, the phenomenon of "lying down" is clearly not conducive to social development, especially in cities like Shenzhen which rely on innovation and hard work to achieve success.

Although the epidemic has brought numerous inconveniences to the economy, people still find a solution to alleviate it. In the post-pandemic era, the digital economy can effectively promote social development and economic recovery, which is also the main direction that Shenzhen is striving for. Promoting digital transformation will provide a more sustainable operational guarantee for Shenzhen. Firstly, digitalization can provide convenience for enterprise development, offer efficiency to offices, and break the limitations of space and location, which can bring more opportunities for foreign businesses. The digital economy also happens to solve the loopholes in Shenzhen's foreign trade in the post-pandemic era, attracting more foreign investors to invest in Shenzhen. Therefore, Shenzhen can leverage its geographical and industrial advantages to achieve wider openness and promote more opportunities for foreign trade. In the planning and layout of digital economy industrial parks in 22 key areas of Shenzhen, Nanshan District occupies 5 areas and bears the biggest responsibility for the development of Shenzhen's digital economy industry. In December 2020, the Nanshan District Digital Economy Industry Association of Shenzhen was established to leverage the leading capabilities of the digital economy industry and jointly promote high-quality development of the digital economy. It has been proven that Nanshan District bears most of the responsibility for the development of the digital economy industry. Among the 79 registered enterprises for blockchain information services in

the urban area of Shenzhen, 57 are located in Nanshan District, accounting for up to 72% [6]. Furthermore, digital development will stimulate more innovative technologies and innovative business models, such as cloud computing, convenient online payment, and artificial intelligence. However, after the global prevalence of the COVID-19 epidemic, the digitization process has also been deeply accelerated. As a city at the forefront of China's reform and development, Shenzhen is also a top city of China's high-tech innovation and development. The advantages of digital economy development are very obvious. In the post-pandemic era, the Shenzhen government still focuses on high-quality innovative development. For example, Shenzhen High Tech Zone adheres to the two major directions of "developing high-tech and achieving industrialization", focusing on developing the "20+8" strategic emerging industries and future industries. The place creates more outstanding competitiveness and Influential industrial cluster highland, ranked second in the comprehensive evaluation of national high-tech zones in 2021. In addition, it achieved a total industrial output value of 1463.831 billion yuan from January to October 2022 [7]. By analyzing Shenzhen as an example, it is reasonable that China's digital economy has promoted the country's sustainable economic and social development. It has promoted rapid economic growth and improved people's living standards.

China's logistics industry also suffered heavy losses during the epidemic period, such as the decline in logistics demand and the shortage of transportation capacity. However, after the outbreak of the epidemic, logistics development increased. Shenzhen is a typical example. Logistics upgrading improves the efficiency and sustainability of Shenzhen's foreign trade. Shenzhen airport has become one of the world's first-class freight hubs. In 2020, Shenzhen Airport achieved a cross-border aviation logistics cargo volume of 460000 tons, a year-on-year increase of 30.8%, driving the airport's freight business to grow against the trend [8]. Accelerating the implementation of services such as "digital currency+commerce" and "digital transfer station" will greatly improve the efficiency of Shenzhen's foreign trade. In addition, in 2020, the total import and export volume of high-tech products in Shenzhen reached 1265.8 billion yuan, a year-on-year increase of 3% compared to before the outbreak of the epidemic. The transportation of electronic products, medical supplies, and hazardous chemicals requires international air transportation, resulting in a monthly average growth rate of 37% in air logistics volume [9], which is an important support for Shenzhen's foreign trade and brings more opportunities and possibilities. At the same time, the "bay area code" China Europe Express, which has been running since August 2020, has now become a new "growth pole" for the development of logistics in Shenzhen, and a stable, smooth, and efficient "steel bridge" for international logistics between Shenzhen and the Greater Bay area of Guangdong, Hong Kong and Macao connecting Europe and countries along the Silk Road Economic Belt. The "Bay Area Code" has operated 107 trains in total, with a total cargo volume of 10258 TEUs and a value of nearly 3 billion yuan. Driven by the "bay area code", in the first half of the year, Shenzhen's import and export to countries along the "belt and road" by rail transport amounted to 9.45 billion yuan, an increase of 29.5%, 5.6, 16.5 and 38.2 percentage points higher than that of road transport, sea transport and air transport, respectively [10]. With the growth of people's demand and the gradual recovery of international transportation activities, the development of the logistics industry in Shenzhen and even in China has brought a more stable, coordinated and sustainable international environment.

3. Problems

3.1. Pollution Seriously Affects Sustainable Development

According to the 2019 Top50 report on China's green city index released by the standard ranking, Shenzhen's comprehensive air quality index in 2018 was 3.15 [11], ranking high among all the cities on the list. However, with the needs of all kinds of industries, Shenzhen's environmental advantage is no longer obvious. The Shenzhen municipal government has tried to continuously optimize the energy structure in response to this phenomenon, but the policy is less effective, and the energy consumption is still very serious. In addition, water resources and noise pollution are also very serious,

and frequent noise pollution during construction in the urban area of Shenzhen has led to many complaints, which are being rectified in Shenzhen recently.

3.2. Inadequate System Supply and Imperfect Laws

The effect of the legalization of Shenzhen's business environment is not perfect enough, and many regulations and rules need to be further updated with modern development. In addition, there are also some gaps in the laws in some important areas. Over the development of a couple of decades, there have been some conflicts and contradictions between the new law and the old law, many laws are not clear enough, with many loopholes that can allow malicious businessmen and enterprises to exploit loopholes and further deteriorate the business environment in Shenzhen

3.3. Serious Brain Drain

Some employees of major enterprises in Shenzhen were laid off and some left the company due to their inadequate development after the epidemic. This is not only forced by the general environment but also the problem of the enterprise itself. The result is that the brain drain is serious and the company collapses faster. According to relevant data, even as an industry leader, the social work industry in Shenzhen has developed rapidly. However, behind the prosperity of the industry in the post pandemic-era, many problems have also been highlighted, with a relatively high talent turnover rate for social workers [12]. Without the support of talents, enterprises will lose competitiveness and innovation ability, which could harm the business environment of a region.

3.4. Administrative Deficiencies

The administration is carried out by people, and the development of the business environment is inseparable from administrative personnel, which also means "the government". However, at present, there are some problems in the personnel structure and management methods of the Shenzhen government. First of all, the quality of law enforcement personnel is uneven, so the way to manage the business environment and promote the development of the city is different from understanding each person. Guiding enterprises to develop in the same direction is a difficult task. The government should be more effective, promoting the vitality of enterprises and actively carrying out policies. To a certain extent, the government of Shenzhen lacks vitality and lacks the use of new digital technology to improve work efficiency and facilitate enterprises to benefit the people.

4. Suggestions

4.1. Increase Income and Reduce Expenditure

Firstly, the improvement of air quality requires the cooperation of the government and the public. The government should strengthen publicity efforts, promote green travel, and protect the environment, and the public needs to implement relevant policies and requirements. The second point is about energy optimization. Even if the initial effect is terrible, the government cannot give up and should continue to replace conventional energy with sustainable energy, while improving energy utilization efficiency. Finally, regarding water resources and noise pollution, the government needs to establish new laws to forcibly regulate people's behavior and contribute to a better environment

4.2. Improve the Law And Promote the Vitality of Enterprises

The Regulations of the Shenzhen International Arbitration Court were passed by the 44th meeting of the Standing Committee of the Sixth People's Congress of Shenzhen and officially implemented on October 1, 2020 [13], which will further improve Shenzhen's laws and regulations, safeguard rights and interests, and enhance the independence of international arbitration in the special economic zone. In addition, it provides a strong institutional guarantee for the construction of a stable, fair, transparent and predictable international first-class legal business environment in the Shenzhen Special Economic

Zone. Shenzhen has enacted the Regulations on Optimizing the Business Environment of Shenzhen Special Economic Zone through special zone legislation, which delineates the boundaries between the government and the market [14]. Strengthening the rules of law can help market entities enjoy a better business environment and safeguard their legitimate rights and interests. It also injected a strong impetus into accelerating the creation of a market-oriented, legalized and internationalized first-class business environment. Finally, the government should weigh the advantages and disadvantages between the new law and the old law, actively integrate them, and make them clearer.

4.3. Win-win Strategy

In the current environment, the overall development of the company is not good, but the enterprise can still make adjustments to its own concept development. Enterprises should conduct a practical development blueprint for employees, which could bring motivation and passion for their daily work in this post-pandemic era with poor development prospects, which can also enhance the attraction to talents and stimulate the motivation of talents to contribute to the enterprise. Only by organically combining the development of enterprises and the development of talents, common development and harmonious development, can we form a "win-win" and fundamentally solve the problem of brain drain.

4.4. Optimization of Government Personnel And Functions

The management of administrative personnel can improve their employment quality, by conducting rigorous investigation before selecting talents to enter the position and paying attention to professional background knowledge and coordination of them. After passing the theoretical knowledge, the examiner is also supposed to pay attention to the practice. Therefore, these individuals participating in the selection can serve as interns, practicing for a period of time without directly entering the workforce, which is also a method to leave them time to adapt to the job. As for improving government functions, the staff can make full use of digital development, big data and artificial intelligence, and solve problems at any time.

5. Conclusion

In summary, the business environment of the post-pandemic era in Shenzhen is still in a recovery period, and there are many problems waiting to be solved. In the research of this paper, the current situation of the business environment, such as SMEs, foreign trade, etc., was analyzed. Furthermore, in the process of investigating, the paper also summarized some problems related to the business environment in Shenzhen, and put forward corresponding countermeasures, hoping to help the municipal government of Shenzhen make improvements. The meaning of this paper is to inform people of some problems and suggestions for improvement, such as the Win-win strategy, which may greatly increase employee motivation. Strengthening legal management will provide guarantees for enterprise development. It is also hoped that in future research, more articles will give measures to improve the business environment policy of Shenzhen based on the actual development situation and analyze the changes in the business environment in combination with specific policies such as the international and domestic double circulation and the Belt and Road. The epidemic has eventually come to an end, and people's lives have also been on track again. Therefore, economic depression is only temporary, there are bright future prospects waiting for the society. As long as the government continues to solve current problems, leverage its advantages and adjust policies, the future development of the business environment will become better and better.

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