

# Supporting Policy of Breeding Unicorn Enterprise in Shaanxi Province

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**Keywords:** Unicorn enterprises; Shaanxi Province; Policy; Emerging Industries

**Abstract:** With the current economic development of China, as the growth power of the new economy, unicorn companies play an important role in upgrading new industrial technologies, new formats, new models and economic restructuring. Firstly, the related concepts and elements of Unicorn enterprises were expounded. Secondly, the current development situation of unicorn enterprises in Shaanxi Province was analyzed. Finally, the supporting policies for the development of regional unicorn enterprises were studied by taking the cultivation scheme of unicorns in Qinhan New City of Xixian New Area of Shaanxi Province as an example. As the vitality of scientific and technological innovation, unicorn enterprises not only play an important role in promoting the economic development of a country or region, but also have great significance in leading scientific and technological, industrial and social changes.

## 1. Introduction

In recent years, with the emergence of new technologies, unicorn companies, as a new business model, mostly gather in the regions where science and technology entrepreneurship or high-end entrepreneurship are developed vigorously at home and abroad. Under the background of the decline of China's economic growth in recent years, as the growth power of the new economy, unicorn enterprises play an important role in guiding the industrial new technology, new format, new model upgrade and economic restructuring. However, some unicorn companies have gradually declined in the fierce market competition due to ignoring the innovative model of emerging markets. Scientific and technological resources, service systems and institutional policy are required to guarantee the sustainable development of unicorn enterprises so as to improve the industrial public service system, enhance the industrial innovation ability, and promote the construction and operation of the public service system. At the same time, the policy support of the state for unicorn enterprises is also needed. At present, Shaanxi Province is in the stage of innovation-driven development. It is urgent to gather innovative resources such as technology, knowledge, capital and talent to form new momentum for development. How to create a good environment conducive to scientific and technological entrepreneurship or high-end entrepreneurship, continuously cultivate a batch of unicorn enterprises, and inject new momentum and vitality into Shaanxi's economic development, is an important issue facing Shaanxi's economic development.

## 2. Development of Unicorn enterprises

### 2.1. Unicorn enterprises

The concept of "unicorn enterprise" was first proposed by Aileen Lee, founder of Cowboy Venture in November 2013. It specifically refers to a start-up company with a short time in the market (no more than 10 years old) and a valuation of more than \$1 billion by investors or valuation agencies [1]. At present, the concept of "unicorn enterprise" which is relatively accepted in China was put forward by the Torch Center of the Ministry of Science and Technology in 2016, including four elements:

- (1) Enterprises registered in China with legal personality.
- (2) The establishment time shall not exceed ten years.
- (3) Private equity has been obtained and has not yet been listed.
- (4) Enterprises are valued at more than \$1 billion.

Unicorn enterprises are mainly divided into two categories. One is the technology-driven Unicorn

enterprise with big data, cloud computing, artificial intelligence and other high-tech as the main driving force, with major technological inventions and the application of the latest technological achievements to produce advanced products leading the industry. The second is the platform ecological unicorn enterprise, which is mainly based on the Internet to build a platform, not directly contacting the real business, focusing on building a platform, providing services, similar to the third party to build a link bridge between the real business and consumers [2-3].

According to statistics, by March 2018, U.S. and Chinese unicorns accounted for 70% of the total 237 unicorns in the world, while the number of U.S. unicorns was in a leading position [4]. According to the industry distribution, unicorn enterprises are mainly distributed in the three fields of high-end manufacturing, Internet and high-tech. These industries are also the main driving force for China's economic development [5].

Table 1 Global Distribution of Unicorn Enterprises

| Country     | Number of Unicorn Enterprises |
|-------------|-------------------------------|
| U.S.        | 118                           |
| China       | 62                            |
| Britain     | 13                            |
| India       | 9                             |
| Germany     | 4                             |
| South Korea | 3                             |

## 2.2. Elements of Development

The development of unicorn enterprises includes five key elements: innovation, finance, talent, information and industry [6]. In terms of innovation, innovation includes not only technological innovation, institutional innovation and mechanism innovation, but also the cultivation of innovative spirit, encourage innovation and environmental support for intellectual property protection. On the financial level, as the foundation of the development of unicorn enterprises, financial support can not only provide guarantee for the transformation of enterprise technology to large-scale production, social application and enterprise venture capital, but also realize the sustainable development of enterprises while promoting the maximum value of venture capital. In terms of talents, high-quality talents are an important guarantee for unicorn enterprises to achieve sustainable development, including management, technology, finance, market and other multi-talented people. In terms of information, in the era of big data, enterprises need to constantly obtain information and build their own information centers to guide the development of enterprises. The last aspect is industry. The growth of unicorn enterprises needs the support of perfect industrial chain [7-8]. As far as China is concerned, most of the unicorn enterprises in China are concentrated in Beijing, Shanghai, Shenzhen and other first-tier cities. The development of unicorn enterprises is not balanced due to the influence of industrial chain in different regions. It can be seen that industrial factors have a great impact on the development of unicorn enterprises.

## 3. Development Trend of Unicorn enterprises in Shaanxi Province

### 3.1. Macro environment

Since 2016, the central government has issued a number of friendly support policies related to unicorn enterprises, and has continuously optimized the macro environment for the development of domestic Unicorn enterprises [9].

Table 2 Friendly Support Policies for Unicorn Enterprises Promulgated by the State in Recent Years

| Policy   | Time to issue | Key contents   |
|--|---------------|--|
| Management Measures of Recognition of High-tech Enterprises  | January 2016  | High-tech enterprises enjoy preferential tax deduction and exemption policies. The preferential tax rate is 15% (10 percentage points lower than before), and the tax amount is reduced by 40%.  |
| Outline of National Innovation-Driven Development Strategy   | May 2016      | Scientific and technological innovation is the strategic support to improve social productivity and comprehensive national strength, and the core position of the overall development of the country.  |
| National Science and Technology Innovation Plan for the 13th Five-Year Plan  | August 2016   | We will deepen the reform of the science and technology system in an all-round way and vigorously promote all-round innovation centered on scientific and technological innovation.  |
| Opinions on Strengthening the Implementation of Innovation-Driven Development Strategy and Further Promoting the Deep Development of Innovation for All People | July 2017     | Combined with the major initiatives such as "Internet +", "Made in China 2025" and the development of military and civilian integration, we will effectively promote the development of new technologies, new formats and new modes and optimize and upgrade the industrial structure. |
| Report of the Nineteenth National Congress   | October 2017  | The establishment of a technological innovation system with enterprise-oriented, market-oriented and in-depth integration of industry, education and research  |
| Three-year Action Plan for Promoting the Development of a New Generation of Artificial Intelligence Industry (2018-2020)                                       | December 2017 | Through the introduction of industry planning documents, it opens up policy space for the development of key industries driven by innovation.  |

### 3.2. Current Situation of Unicorn enterprises in Shaanxi Province

On 26 July 2018, the Management Committee of Xi'an High-tech Zone jointly convened the "Hard Science and Technology to Create the Future 2018 Unicorn Enterprise Conference" in conjunction with Great Wall Strategic Consultation. At the meeting, they witnessed that Yeahmobi Network Technology Co., Ltd. became the first Unicorn enterprise in Shaanxi Province. The conference officially issued the "Unicorn Breeding Plan in Xi'an High-tech Zone". The plan pointed out that Xi'an High-tech Zone would fully implement the gradient cultivation plan with "Silk Road Unicorn Base" and "Unicorn Cultivation Workshop" as carriers, explore new economy, new business form and new supply mode, realize the transformation from land and policy providers to innovative and entrepreneurial eco-builders, so as to provide enterprises with all-round, full chain and all-factor services for enterprises, and create a "forest" for the growth of unicorn enterprises [10]. In addition, the conference also issued a list of potential unicorns and unicorn cultivation enterprises, including three potential unicorn enterprises, Xi'an Bright Laser Technologies Co., Ltd., Shaanxi Pu-Si Financial Network Technology Co., Ltd., Xi'an Novastar Electronic Technology Co., Ltd. and 12 unicorn cultivation enterprises such as Xi'an Qixin Photoelectric Technology Co., Ltd. It can be seen that Shaanxi Province is in the stage of innovation-driven development. It is urgent to gather innovative resources such as technology, knowledge, capital and talent to form new momentum for development.

## **4. Cultivation Scheme of Unicorns in Qinhan New City of Xixian New Area of Shaanxi Province**

### **4.1. Scheme Analysis**

Taking the cultivation scheme of unicorns in Qinhan New City of Xixian New Area of Shaanxi Province as an example, a detailed analysis of the supporting policies of unicorn cultivation enterprises in Shaanxi Province was made in this paper. In order to speed up the cultivation of high-tech unicorn enterprises with strong innovation ability, rapid development, new professional fields and great market potential, the Qinhan New City Management Committee of Xixian New Area of Shaanxi Province issued a circular on 25 January 2019 on the "Unicorns Cultivation Scheme of Qinhan New City of Xixian New Area of Shaanxi Province (2019-2021)". The policy focuses on the frontier areas of hard science and technology industry technology, so as to cultivate a number of unicorn enterprises with high technology content, fast growth, strong profitability, new industrial model and great potential for development. It aims to establish a unicorn cultivation enterprise bank in Qinhan New City. A number of technological enterprises with strong innovation ability and manufacturing enterprises with strong desire for transformation and upgrading will be included in the cultivation plan of unicorn enterprises in Qinhan New City with priority support. We strive to cultivate two unicorn seed enterprises and one unicorn growth enterprise by 2021.

### **4.2. Major Tasks and Policies**

The scheme proposes to build a mechanism for selecting and discovering potential and quasi-unicorns enterprises, and formulate the criteria system for the selection and discovery of quasi-unicorns and potential unicorns in New City, so as to establish potential and quasi-unicorns enterprise bank and implement dynamic tracking service. Relying on the existing innovative carriers, we should implement the "Made in China 2025" action plan and vigorously develop new industries. We will focus on cultivating ORCADT, Shaanxi NITYA and other projects, and introduce special support plans to promote the development of hard science and technology unicorn enterprises. We will continuously improve the support policy for scientific and technological innovation, and train and strengthen the team of technological innovation-oriented enterprises. Focusing on different industries of hard science and technology, we should set up a fund for the cultivation and development of unicorn enterprises in Qinhan New City to guide the participation of social capital in a market-oriented way. Also, we should follow up the reform trend of the national capital market, seize the favorable opportunities of the SFC to support the IPO of innovative enterprises, closely coordinate with the SFC and the exchanges, and strive to solve the difficulties and problems affecting the listing of the unicorns. In addition, we should implement 23 new policies for talents in Xi'an, improve the talent policy, increase the introduction of high-level innovation and entrepreneurship teams, and strengthen the incentives for innovative talents. Efforts should be made to solve the problem of the development space of the unicorn, improve the policy of supporting innovation and entrepreneurship, and encourage and support the social capital in the region in accordance with the principle of intensive use of space. The stock industrial housing transformation is used as the entrepreneurship space, so as to solve the problem of office space, production space and development space of unicorn enterprises.

### **4.3. Policy Analysis**

The policy emphasizes the pilot demonstration in national independent innovation demonstration zones. Under certain scale conditions, the average growth rate of income or net profit in the past three years is taken as the main index. Combining innovation capability indicators such as R&D platform, intellectual property rights and R&D team, unicorn enterprises are selected. Tax exemption or financial subsidy support shall be given to selected unicorn enterprises. In particular, we should provide strong intellectual property protection measures for innovative products of Unicorn enterprises, severely crack down on intellectual property infringement that suppresses innovative activities of unicorn enterprises, and support various innovative activities, including technological innovation, application mode innovation, application field innovation and business model innovation.

In addition, in the development of unicorn enterprises, first of all, government departments should encourage innovation, promote more opportunities in the industrial chain, and encourage the formation of ecological circles and industry samples. Secondly, we need to gather industry, resources, talents and technology. After all, it will be better to work with the strong. Finally, enterprises need to innovate boldly and take the initiative to test the water, help the development of new formats, and encourage forward-looking and emerging industries.

## 5. Conclusions

The emergence of unicorn enterprises is the product of information technology progress and innovation globalization. Its enrichment has become an important symbol to measure the level of regional innovation development and the level of enterprise innovation ecological development. Therefore, unicorn enterprises are not only sought after by investors, but also increasingly become the research object of academia and government departments. Based on the development status of unicorn enterprises in China, the supporting policies of unicorn enterprises in Shaanxi Province were studied in this paper. The research shows that the development of unicorn enterprises needs not only the policy support of the national government, but also the aggregation of industries, resources, talents, technology, and bold innovation and development of emerging industries. The spatial distribution of unicorn enterprises is too centralized, and many new economic data are difficult to obtain. Therefore, a preliminary study was made in this paper. With the increase of the number of unicorn enterprises in China, more detailed research work will be carried out from the enterprise level in the future in order to get more valuable conclusions.

## Acknowledgement

2017 Xi'an social science planning fund project: Study on the support policy of unicorn enterprises in Xi'an, (Fund Project Number:19J95)

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