

Strategic mode selections on developing productive service industry in shenyang city from swot analysis

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Abstract: With SWOT analysis method, advantage and disadvantage, chance and threat of developing productive service in Shenyang will be analyzed by this paper, indicating that developing productive service industry on the basis of High-Tech is significant for upgrading of industrial structure in old industrial bases. On that basis, this paper continues to bring forward strategic mode selections of economic condition applicable to different cities, i.e. knowledge development mode; cluster development mode; Chain development mode and relying on central market development mode. Their formation mechanism and basis of environmental implementation are analyzed.

Keywords: Productive Service Industry, SWOT Analysis, Strategic Mode

1. Introduction

With the increase of GDP per capital, service industry is increasing on proportion. In our country, people's research of service industry usually adopts research tools and evaluating system of manufacturing industry. According to this theory, modern service industry can be divided into consumer service industry, productive service industry and public service industry. In order to maintain the continuity of industrial production processes, we should promote the development of industry and technology and improve the productivity of service industries including storage, logistics, product maintenance and after-sale service, etc.

As our country's traditional industrial base, Shenyang city has a good foundation to develop productive service industry and faces valuable opportunity. In recent years, based on its comparative advantages including industrial tradition, the land reserve, location and layout, Shenyang has become

an ideal place for the development for international transfer of equipment manufacture.

2. Significance in the Development of Production Services for Economic Growth in Shenyang

2.1 The Development Trend of Manufacturing Industries

In developed countries, high value-added manufacturing products account for a steady declining proportion of national GDP(Qiu, Sen, & Ren,2007), while in developing countries the proportion has risen. Industrial chain division by the vertical division of labor extends to the level of development of producer services face opportunities. Modern logistics, finance, information, research and technology services provide knowledge for rapidly growing technology-intensive production services.

2.2 Productive Service Industry on the Basis Of High-Tech is an Important Tendency to Modern Service Industry Development

The combination between High-Tech industry and service industry, especially, productive service industry, is an important tendency to develop modern service industry. As an industrial city, Shenyang, based on the principle of traditional industry, will have more developing potential to develop productive service industry on the basis of High-Tech. For example, Tiexi district, nationally well-known equipment manufacturing base, has superior condition and foundation. Established in this district, the modern service industry on the basis of High-Tech contributes 32% to economic growth.

2.3 The Significance of Realizing Sustainable Development in Old Industrial Base on Developing Productive Service Industry in Shenyang

To develop productive service industry is the requirement of different departments' coordinated development on national economy. Productive service industry does not satisfy industrial production requirement but it also acquires necessary productive and livelihood material from other departments on national economy(Todaro & Smith,2009;Wvaldman & Jensen,2009). For Shenyang city, one of old industrial bases, to speed up modern service industry development is a major force to improve its comprehensive competitive ability. Meanwhile, the more developed in this city, the more requirement of providing equipment manufacturing capacity, the more demand of productive service industry.

To develop productive service industry is an important method of

transformation from traditional industrial mode to new industrial mode. Even though Shenyang city has a good basis of industry, the problem of upgrading industrial structure is too obvious. Therefore, it can be regarded as an ideal method to revitalize this old industrial base from traditional resource and capital drive to new industry on upgrading technical and knowledge-drive.

To develop productive service industry is a better opportunity to improve city competitive and realize sustainable development. These opportunities brought by developing productive service industry in Shenyang city include: it is beneficial for this core city Shenyang to optimize and upgrade service industry of Shenyang economic zone and regional industrial structure; it is beneficial to promote the position of Shenyang economic zone participating in international and interior labor division and nurture city's competitive dynamic advantage; it is beneficial to increase resource utilization efficiency, construct resource conservation and eco-friendly economy and realize sustainable development on regional economy; it is beneficial for Shenyang city to make better use of talents advantage from university and scientific research institution to accelerate the application of scientific and technological achievements during social reproduction and promote industrial technology.

2.4 Strategic SWOT Analysis On Developing Productive Service Industry In Shenyang

SWOT analysis is a strategic planning method used to evaluate the Strengths, Weaknesses, Opportunities, and Threats involved in a project or in a business venture. It involves specifying the objective of the business venture or project and identifying the internal and external factors that are favorable and unfavorable to achieve that objective. SWOT analysis of developing productive service industry in Shenyang is shown as the following chart:

Table 1: SWOT Analysis on Developing Productive Service Industry in Shenyang

Strengths	Weakness
1. It is the central city in Northeast China 2. It is China's traditional developed industrial base 3. Larger developing space. 4. Regionally convenient travel. 5. Many universities, research institutions, technological professionals gather in the city	1. Development mode based on the principal of industrialization restricts modern service industry progress. 2. Overall scale of industrialization and structure level are relatively low. 3. The development of productive service industry relatively lags behind. 4. Current service industry lacks the characteristic. 5. Lagging behind the current development level of manufacturing production services
Opportunities	Threats
1. Cluster development on manufacturing development is in high speed and large scale 2. The construction of eight logistics center and logistics park offers its development conditions. 3. Development tendency of urban agglomeration in middle Liaoning is good. 4. Strong complementary with surrounding cities resource and industry structure; high degree of technology relevance. 5. Different companies have strong requirement on productive service industry in this region with good potential market development. 6. Great potential on aggregation linkage development between manufacturing industry and modern service industry.	1. Insufficiency in the amalgamation between productive service industry and manufacturing industry; companies are lacking awareness of effects on modern service industry and their conception lags behind. 2. The growth degree of service outsourcing market is relatively low. 3. The attraction between equipment manufacturing industry and productive service industry in other regions is stronger and the threat of competitors' participation is becoming serious. 4. Productive service industry does not match the position of old industrial base and central city. 5. Imbalance between the development of production services and manufacturing

3. Strategic Mode Selection on Developing Productive Service Industry in Shenyang

According to practical situation on social and economic development in Shenyang and contents as well as emphasis in different stages on industrial development, to develop productive service industry can select different strategic developing modes.

3.1 Knowledgeable Development Mode

The development of productive service industry can realize the transformation from traditional labor intensive scale to capital intensive scale and to technology and knowledge intensive scale industry. It has an importantly strategic significance to make use of traditional industry base, realize upgrading

industrial structure and sustainable development on regional economy. There are a lot of universities and scientific research institutions in Shenyang. Through developing productive service industry, traditional industry in Shenyang will be transformed and upgraded to become a newly emerging knowledgeable industry. Therefore, it will have an important demonstrating sense for similar cities and regionally economic development in the whole country. During implementation, through a certain quantity of capital investment and industrial policy support; by setting up service center of industrial design technology and productivity promotion center, etc, the development of newly appeared industry like industrial design will be promoted.

3.2 Clustering Development Mode

Lots of same and interrelated industry aggregate in some specific region to form a kind of mutual labour division and mutually cooperative industrial system, which is not only a new tendency on internationally manufacturing development but also a new tendency on modern service industry development. With this industrial development, the increasing chain of productive service industry provides production and management in different companies with vast market and accelerates industrial agglomeration. Tiexi district in Shenyang city serves as a domestic famous accumulation area on equipment manufacturing industry and it is equipped with greater advantage and better foundation on developing productive service industry clustering.

3.3 Chained Development Mode

Modern productive service industry is not to offer productive companies single and periodic service but to form a completely industrial chain on productive service industry surrounded by each link of production and manufacturing. Due to resource or industrial layout towards many old industrial bases in our country, most of them have prominent leading industry. Productive service industry in these cities is appropriate for choosing chained development mode, i.e. surrounding leading industry to form its relatively completely industrial chain. For instance, by means of developing service industry on equipment package, it will make companies extend from singly carrying on production and manufacturing to other service links focusing on self-research, equipment package, brand marketing, etc.

3.4 Development Mode Relying on Central Market

Central market is the support and source of industrial development. With central market, the development on productive service industry can be realized increasingly. Since target customers and business requirements are so many in central market, its development can be brought with other relative industries.

The key point to successfully implement this mode lies in large scale central market and standardized market administration. At present, there are lots of groups of nationally famous specialization markets and their service area includes: automobile, electronic, building materials, chemical industry, etc, with market radiation range throughout Northeast Asia.

4. Environmental Basis of Strategic Implementation on Developing Productive Service Industry in Shenyang

Whatever we choose any one or any other kind of strategic modes, developmental basis of regionally industrial economy needs to be revitalized, especially these following problems:

4.1 Construct Productive Service Industry System Surrounded By Traditionally Competitive Industry

If productive service industry will be made to become regionally economic growth point, it needs to carry out research on developing principle of productive service industry. We should understand basic situation about city's requirement on productive service industry and be clear about locally traditional competitive industry's basic effect on productive service industry construction. On that basis, strategic program of productive service industry development in accordance with regionally economic development characteristics will be formulated in order to provide better service with the link between traditional industry and newly appeared industry.

4.2 Taking Advantage of Regional Space And Enhancing Developing Vitality on Productive Service Industry

Taking advantage of central city to attract domestic and overseas famous companies to access to the locality; to enhance competitive ability and service standard of regionally productive service industry; to support locally relative companies' development and promote regularization and branding development of interior company on productive service industry.

4.3 Improving Environmental Construction and Promoting Productive Service Industry Development

Establishing, improving and developing policy system on productive service industry, for instance, establishing financing guarantee system and social service and cooperation system interrelated with developing requirement on productive service system; setting up sound professional codes of conducting system to play an important role in sustaining and guaranteeing lawful rights in the company; enhancing related legal consultancy service, investment, capital

management, information management and other social system construction.

4.4 Realizing Development On Regional Integration By Regional Cooperation Among Cities

Absorbing and radiation ability of regional economy in central cities should be developed to complement each other's advantage of industrial development between cities. The required production elements on productive service industry development can be freely flowed with making use of resource of different industrial base on regional urban agglomeration and traditionally industrial advantage to realize integration development of industrial advantage complement between cities.

In short, the development of production services for achieving the strategic objectives of reaching the level of developed countries and regions need careful studies in the advanced experience of production service development. By scientifically developing producer services together with deepening economic reform, a policy support system and environment will be established.

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