

# Public Policy Research to Promote High-quality Economic Development

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## Abstract

**For the sustainable growth of enterprises, for the high quality of economic development, we should seek for more long-term strategy of innovation and a more reasonable way of interest allocation, we need to have the innovative spirit of enterprise, we also need to have an eye development of the government, we need to be able to continue to provide more high quality productivity to support sustained economic growth of the family, All of this is supported by stable public policies.**

## Keywords

**High-quality Development; Public Policy; Innovation-oriented Enterprise.**

## 1. Introduction

The High-quality development of economy is to maintain the long-term sustainable and healthy development of economy, and technological innovation will become the original driving force of economic development. In the past, the economy has long relied on the continuous input of production factors such as resources and labor force to exchange for economic growth. In the next stage, the economy will comprehensively rely on technological breakthroughs and quality improvement to obtain the core competitiveness of sustainable growth.

In this context, we seek a more effective public policy to help the economy achieve more stable and sustainable growth and a more equitable distribution of profits across more economic organizations -- businesses, governments, and individuals. We need a theory of production based on Innovation-oriented enterprises to explain how to better encourage economic organizations to invest in productive capacity and improve innovation. Enterprises need to continuously improve its own production capacity, to lower the cost of produce higher quality products, but the improvement of enterprise's production capacity depends on other sectors of the economy, such as government departments and more investment in science and technology research and development, increased the household sector investment in education, to improve the labor quality of society as a whole and production capacity. In modern society, it is not only enterprises that make investment decisions on the productive capacity to provide innovative products and services. Governments and households also need to make investment decisions on improving the productive capacity of enterprises. When the investment decisions of these three economic organizations are coordinated, the whole society can develop closely in the same direction. Innovative enterprises are inseparable from the developmental government and supportive families. Governments invest in schools to help families raise their own children; The government will also invest in basic and applied research to ensure that new technologies continue to be developed and applied. In addition, the government invests in the medical and transportation sectors to ensure the normal life of all people, which are important values embodied by the developmental government. The household sector invests in the education of the next generation so that they can have productive jobs in society and earn the income to support themselves and their families. However, a society with high output value needs a large number of productive labor force, who can constantly improve their work position and improve

production efficiency. After the development-oriented government and supportive households have made early investment and preparation, innovative enterprises should efficiently organize the human and material resources used for production, and these production factors provided by the government and households will eventually be transformed into goods and services within the enterprise.

Innovation-oriented enterprises, supportive families and development-oriented government interact with each other to form a stable and equitable growth model. Families and governments invest in education and productivity with basic labor skills, governments and businesses invest in high-tech knowledge bases, and businesses and families invest in High-quality productivity with innovative capabilities. Such positive interaction among the three sectors is particularly important for the formation of a good labor market and innovative enterprises. Only when the three sectors cooperate with each other, the continuous pursuit of higher quality and lower cost productivity is the key to the overall economic and social prosperity [1]. Among the three sectors, innovative enterprises that can effectively transform productivity into goods and services are the core. Only enterprises can transform the labor force cultivated by families and the high technology developed by the government into actual production value. Businesses continue to support families and government investment in productivity through payments to employees, taxes to the government, and charitable donations. I think whether households and governments can ultimately sustain investment in productivity depends on whether that productivity can ultimately be applied to the practical production of enterprises and produce corresponding value.

Stable and sustainable economic growth comes from the continuous improvement of production capacity, so that enterprises can provide higher quality and lower cost goods or services [2]. And productivity can't continue to rise without sustained investment in productivity by three economic groups: households, governments and businesses.

## 2. Several Ways to Promote High-quality Economic Development

In the past economic theories, it has always been believed that the developed market economy is the main reason to promote economic growth, and the more developed the market, the more developed the economy will be, the perfect competition market is the most efficient market, any behavior that destroys market competition is a market failure, and the government intervention is inefficient or even ineffective behavior. But facts have proved that the theory and reality significant disconnect that we often see out of the government regulation of market is to inefficient, excessive competition, lack of innovation, such as situation, such as the global financial crisis from the United States started in 2008, the housing market of excessive lending, ultimately bear the economic consequences of the household sector, Not the people in financial institutions who profited so much from it [3].

Developed market economy is very important for every economic organization. We need developed markets to create economic benefits, but it is not because developed markets lead to economic growth, but because sustained and stable economic growth leads to developed markets. The past theory holds that the market is efficient and omnipotent. Neither government enterprises nor households can effectively allocate resources. Only the market can, and only the perfectly competitive market can make the most reasonable allocation of resources. But in fact, what we see creating huge economic benefits in the market is not the industries that are infinitely close to the perfectly competitive market, but those very large enterprises, such as Apple, Tencent and Alibaba, etc., which have created huge economic value due to mastering new technologies [4]. It is difficult for us to interpret the wealth code of these enterprises from the perspective of market economy theory. Just as Schumpeter once put forward, innovation is the root that promotes the continuous progress of enterprises, and breaking the market

equilibrium is the healthy normal state. Only the creative destruction of the market equilibrium and innovative discovery of new production combination are the sources for enterprises to continuously obtain excess profits. Innovation is the essential reason for the stable, healthy and sustainable growth of enterprises and even the whole economy.

But widespread controversy on the market is that the ideal theory of innovative enterprise in seeking existence of reasonable reason for monopoly, the past always think that perfect competition market is the most economic efficiency of the market, such competition in the market there are a large number of small-sized enterprises homogeneity, such small firms, which doesn't have the ability to influence the market price, can only be the market equilibrium price takers. This Innovation-oriented enterprise theory is more inclined to large enterprises, which belong to monopolistic or oligopolistic enterprises that have been considered to be opposed by the market in the past. Such large enterprises are more capable of innovation and research and development, and are more capable of cooperating with the government to make further investment in production capacity. But such companies have long been suspected of disrupting fair competition in the market.

Neoclassicism has always regarded small-scale enterprises in a perfectly competitive market as the ideal state of economic efficiency. Such small-scale enterprises and the overcrowding of the market only force enterprises to constantly compress various costs and squeeze the production capacity of labor force, instead of developing in the direction of innovation. While Innovation-oriented enterprises will try to break through the restrictions of market, technology, cost and other aspects, and become the core stabilizing factor of economy. With innovative enterprises breaking through to provide higher quality and lower cost products, the household sector can be provided with stable and fair employment environment; The household sector in such an employment environment will continue to produce a high level of present and future labor force; And the government continues to invest in basic technology and infrastructure based on tax revenues from households and businesses. Such three sectors form a sustainable economic cycle of innovative enterprises, supportive families and developmental government, and push the economy to break through the peak and achieve stability and prosperity.

There are uncertainty, collectivity and accumulation in the process of innovation. Uncertainty lies in the fact that it is impossible to determine whether innovation will be successful or when it will be successful. Therefore, if an enterprise wants to become an innovative enterprise, it needs to take innovation as its goal from the strategic level and make continuous efforts in this direction. Collective lies in the success of the innovation need different levels of the laborers in the extra effort beyond the labor of duty, this process needs to departments of mutual learning and struggle, so a company want to be an innovative enterprise, needs a collective organizational behavior, to integrate employees at all levels of skill and effort to innovation in the process, This kind of organization needs to set reasonable employee welfare and salary system, so that employees' efforts can be reflected in the salary and treatment, and their career satisfaction can be improved, so that employees and the enterprise can keep the same innovation goal and make continuous efforts for it. The accumulation is that innovation requires continuous improvement of technology and production capacity in an enterprise, so it needs to have "patient" capital and financial system to cooperate with it.

Innovative businesses, these innovative strategy could make this kind of enterprises in the prophase high fixed costs of enterprises, faced with the cost of temporary growth process, but once a breakthrough and innovation on technology, innovative companies will have the opportunity to transform the production capacity for the high quality for high production output, so as to break through the limitation of cost, produce better quality goods, In turn, it has the opportunity to enter a wider market and create greater value. For Innovation-oriented enterprises, before the success of innovation, they will face high fixed cost expenses and face the pressure to expand market share. They will convert the high fixed cost expenses into

relatively low average cost. Therefore, the expenditures faced by enterprises are not only used to improve production capacity, but also to expand market share. However, once an innovative enterprise produces higher-quality products, it will occupy a larger market share. Moreover, it can provide customers with higher-quality products and lower their prices, and at the same time, it can also improve the profits of the enterprise, which is difficult for traditional enterprises subject to cost constraints in the past.

Innovative companies investment for production capacity, and promote enterprise's innovation and growth, the enterprise innovation strategy of enterprises to choose to retain what they cultivate innovative talents, therefore, the household sector labor force will be able to get a better salary, from the enterprise business for their Labor spending also will be more stable, tend to be fixed expenses, But the increase in productivity resulting from the investment in labor would produce higher output value than would justify the additional investment in labor. When "working in one company until retirement" becomes the common employment standard, employees' innovation ability will be better stimulated.

Innovative companies willing to pay for the staff's collective and cumulative efforts for innovation investment, the investment in time will translate into higher production efficiency, and then the enterprise will be the innovation brought by the economic benefits, and employee share staff will be more devoted to the innovation of the enterprise organization, thus forming a good economic circulation, but also makes the job market is more stable.

But now we see more in the market is the impact of enterprise agency theory on corporate governance means. Enterprises blindly seeking to maximize shareholder rights and interests, rather than to focus on long-term investment for production capacity, the company executives' shareholders, etc. A few people made excessive profits from the enterprise's growth, but most of the people involved in the business enterprise growth not only cannot receive the corresponding reasonable return, even in her own job risk could be replaced at any time, all of this undermines the ability of companies to innovate and grow sustainably. The profits created by the enterprise should be shared by all the people involved in production and creation, but what is unfair is that most of the profits are now taken by the executives, institutional investors and shareholders in a seemingly reasonable form, while the participants who can really improve the production capacity of the enterprise are not valued. Innovation in the process of collective, cumulative, uncertainty of these factors on profit distribution were completely ignored, thus the profit distribution way to let the market produces a whether to raise production capacity is not important, have the capital to control enterprise is more important to the error value orientation, so as to guide the enterprise no longer attaches great importance to the continued investment in production capacity, Instead, it spends huge amounts of capital to drive up the share price and create maximum value for shareholders, which ultimately leads to the downfall of the company.

### 3. Conclusion

As above mentioned, in order to the sustainable growth of the enterprise, to the high quality of economic development, we should seek for more long-term strategy of innovation and a more reasonable way of interest allocation, we need to have the innovative spirit of enterprise, we also need to have an eye development of the government, we need to be able to continue to provide more high quality productivity to support sustained economic growth of the family, All this cannot be achieved without the support of stable public policies. We need a supporting "patient" financial system, income distribution system and tax mechanism to serve such a complete set of economic cycle. Only by shifting the economic growth from short-term interests to long-term sustainable prosperity and development. Only through the innovative enterprise

system to reward those true enterprise value creators, there is a chance to achieve the long-term goal of High-quality economic development.

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