

# Research on Private Enterprises Promoting Common Prosperity in Rural Areas

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## Abstract

Private economy is an important part of China's economic system. Promoting common prosperity in rural areas with private economy is an important way to comprehensively promote rural revitalization and build a socialist harmonious society. This paper explores the classic cases of private enterprises promoting common prosperity in rural areas and the dilemmas faced by private enterprises in promoting common prosperity in rural areas at present, studies the impacts of private enterprises on the High-quality development of rural economy, explores new ways to improve the mode of promoting common prosperity in rural areas by private enterprises in China, and puts forward corresponding strategies.

## Keywords

Private Economy; Common Prosperity; High-quality Development of Rural Economy.

## 1. Background Explanation

The data show that private enterprises use 40% of resources to create more than 60% of China's GDP, pay more than 50% of taxes and provide more than 80% of jobs. The promotion of rural economic development by private economy is of great significance to the promotion of High-quality development of rural economy, the completion of rural revitalization objectives and tasks, and the expansion of private economy's own development. Strengthening the coupling effect between rural revitalization and the development of private economy is an important way to narrow the gap between urban and rural areas and realize common prosperity. Looking back on the more than 40 years of development and growth of the private economy, various regions have made effective explorations in the specific path of the private economy boosting the common prosperity of the rural areas, but some shortcomings and weaknesses have been exposed in the specific practice, especially in the exploration of the mechanism and path of the private economy boosting the rural revitalization.

## 2. Typical Case Analysis of Private Economy Promoting Common Prosperity in Rural Areas

Since the 19th National Congress of the Communist Party of China, China's economy has begun to operate with High-quality development. Jiangsu and Zhejiang provinces are important representative areas with developed private economy in China. In recent years, they have been continuously optimizing the environment of private enterprise operators. There are both advantages and disadvantages in the process of exploring specific ways for private economy to boost rural revitalization. Only by analyzing and summarizing the existing cases of private enterprises to promote common prosperity in rural areas, can we walk the road of common prosperity.

## 2.1. Suzhou-integrating Private Enterprises into Rural Areas

There are many private enterprises built in the countryside in Suzhou, and some private entrepreneurs themselves serve as village branch secretaries. The model of joint development of private economy and rural economy has achieved remarkable results. For example, Bosideng Group, Menglan Group and Guosheng Group are advanced models of one enterprise driving one village. By coordinating the construction of a new local village with the overall development of the enterprise, they have found a new way to lead the village by enterprises and develop the village enterprises in a coordinated way. Kunshan has been carrying out the activity of "private enterprises supporting villages" for more than two years. Through the cooperation between villages and private enterprises, the rapid growth of the rural economy can be helped, so that local farmers can earn considerable income without having to go out to work in the villages [1]. Private enterprises in Suzhou have made great contributions in supporting local public welfare projects, among which the "1+N" crowdfunding model has played a significant role. Suzhou uses chamber of commerce and enterprises to help rural development—according to incomplete statistics, Suzhou Chamber of Commerce and private enterprises have invested more than 250 million yuan through public welfare donations and consumption poverty alleviation.

## 2.2. Jinhua-Promoting Rural Common Prosperity with Science and Technology

Talent science and technology is the core of enhancing economic innovation. Jinhua City has always been committed to making up the greatest shortage of talents and technology and has established an efficient innovation system in production and learning. Innovative mechanism for introducing more flexible talents—"Hundreds of Talents Enters the Enterprise" has enabled 245 doctors and professors to enter the enterprise as consultants; Actively Integrate into G 60 Scientific Innovation Corridor of Yangtze River Delta. The new materials technology innovation alliance and the collaborative innovation alliance of colleges and universities, which are centered on the demonstration base of technology and scientific and technological achievements transfer, have been set up successively, and the technological advantages of Jinhua's scientific and technological information resources have been further exerted [2].

In 1995, Jinhua planned 3.8 square kilometers of land in the urban area and established the Jinpan Economic Development Zone. It is the country's first "blood-generating" aid park to precisely assist the local rural economic development by way of off-site development. Today, this economic development model, which integrates the functions of development, rural economic assistance and ecological protection, contributes 50% of Panan's industrial output value, contributes more than 1/3 of Panan's tax revenue, and enables Panan to construct a modern industrial system with leisure tourism "No.1 industry" as its leading role. The per capita income ratio of urban and rural residents in the county decreased from 2.9: 1 in 2010 to 2.08: 1 in 2020. Yiwu market has solved the employment problem of nearly 20 million people by connecting with 2 million small and medium-sized enterprises across the country, giving full play to the market advantages, and boosting common prosperity by giving priority to "party building+market+e-commerce+logistics+processing trade", and by following up the assistance model in an all-round way, such as labor cooperation, reform and export, and social assistance; The processing business of supplied materials in Yiwu market has spread to more than 20 provinces such as Henan and Gansu, providing jobs for more than 1.5 million women; Relying on the advantages of the market and logistics, including the support of various goods from several counties, this helps our country to realize common prosperity in rural areas. Jinhua has set a very good example in promoting private economy and common prosperity in rural areas through science and technology, which is worth learning in many areas of China.

### **2.3. Wenzhou --Characteristic Agriculture Adapted to Local Conditions**

Wenzhou has always been a relatively developed area of private economy in China. The combination of private enterprises and agriculture has a long history, so it is of great value to analyze and learn from Wenzhou's experience. Nowadays Wenzhou vigorously develops industry to promote the development of the private economy. Large-scale production and operation are carried out with the characteristics of large market for small products, large cooperation between small enterprises and large industries in small regions. For the rural areas with low economic level, the government has introduced various special policies to help them develop. The Wenzhou municipal government has helped the low-income people with special difficulties rebuild their houses. At the same time, they attach importance to the construction of leisure industry belt in western part of Wenzhou. In rural areas, immigration has become the solution to the problem of increasing income and getting rich in remote mountain villages. According to the statistics of Wenzhou Municipal Bureau of Agriculture and Rural Affairs, from 2004 to 2018, the city completed 304,000 relocations, with an average annual population of more than 20,000 [3]. Through the leading and collaborative demonstration of talents, Wenzhou has built seven characteristic farms, including grapes, sugar cane, cherries, citrus, kiwi fruit, tea and bamboo shoots, which have increased farmers' income. Wencheng has vigorously developed the "China Bee" breeding industry, formulated a new economic development plan and implemented a quantitative support project for China's bee breeding. Relying on the government and village collective economic organizations to realize scientific beekeeping. When the products are sold, the profit linkage mechanism of risk sharing and profit sharing is adopted. Cultivate farmers' ability to get rich, promoting the development of agricultural economy and stimulate farmers' enthusiasm to get rich.

## **3. Problems Faced by Private Economy in Promoting Common Prosperity in Rural Areas**

The coordinated development of private enterprises and rural areas is a new development model. Although its development has received strong support from all walks of life, it lacks experience guidance, and can only keep trying and making mistakes by relying on its own development concept. In this process, many problems have been exposed, and there are still many directions to be adjusted. Among them, the outstanding problems are as follows.

### **3.1. Inadequate Scale Effect**

The number of private enterprises is large but the scale is small, and there is a big gap between listed enterprises and state-owned enterprises. When participating in rural revitalization, the radiation driving ability is relatively weak due to the insufficient scale of its own industry. But also restricted by the factors of production such as capital, land, technology and talents, it is difficult to form an industrial scale effect. Many private enterprises have squeezed into the road of rural revitalization, and the effect of "quantitative change" to "qualitative change" was not very obvious. Among these private enterprises, traditional enterprises accounted for the majority, few new industries have entered, the added value of industries was not high, and the role in promoting rural economic development is low.

### **3.2. The Financing Constraints are Relatively Large**

Private enterprises have always had difficulty in financing. The development of private enterprises into the field of agricultural production also has such problems. The high investment in the agricultural production field, the long time period to obtain revenue, the existence of many uncertain factors and other characteristics make the investment risk higher, the private enterprise's own ability to resist risks is poor, so it is difficult to obtain financing

support from financial institutions [4]. The lack of its own strength has not given enough impetus to the revitalization of the villages, and the development speed is relatively slow [5]. And the tax policy guidance is not perfect. The imperfect policies formulated by the government have brought difficulties to the integration and development of township enterprises and slowed down the pace of rural construction. At present, the financial and taxation policy guidance mechanism is not sound enough, private enterprises lack unified leadership and management in rural revitalization, and the existing industrial and commercial administrative departments can not participate effectively, which makes the development situation very chaotic. The typical propaganda of private enterprises' participation in rural revitalization is insufficient, and the enthusiasm of private enterprises' independent participation is not strong. Land use policies, tax policies, corporate subsidies and bonuses, and personnel training management are still to be addressed.

### **3.3. Talent Shortage in Rural Areas**

The High-quality development of rural economy needs talents with digital literacy. However, due to the shortage of capital, information and other factors of production, the imperfect rural training system, the low return rate of talents, and the lack of existing professional skills training, it is difficult for the private economy to promote the rapid development of rural areas. The revolutionary subversion of the current digital economy on the relations of production and productivity in rural areas has brought unprecedented technological features to the development of modern rural areas and has had a tremendous impact on the traditional production concepts of farmers. The shortage of High-quality talents has brought major obstacles to the High-quality development of the rural economy.

### **3.4. The Concept of Development is not Unified**

In the process of cooperation and development between village and enterprises, the concept of self-interest has brought many problems to both sides. When investing in construction, green development is the first element of rural revitalization, and environment can not be regarded as the cost of rural revitalization. However, some private enterprises waste resources and pollute the rural environment, using development as an excuse to harm the interests of farmers. There are also some villagers who, in order to claim compensation against the enterprise, use the protection of arable land and the environment as an excuse to hinder the normal operation of the enterprise, thus discouraging the enterprise from entering and developing. There are also some grass-roots organizations that have misunderstandings about the development of the private economy and are not enthusiastic about cooperating with some private enterprises that have settled in. The different development ideas of these foundations have brought difficulties to the common development of villages and enterprises..

## **4. Suggestions on Promoting Common Prosperity in Rural Areas by Private Enterprises**

### **4.1. Increase the Participation of the Public**

Local governments at all levels should give full play to the role of news, newspapers, television, the Internet and other media, and strengthen the news media publicity activities. All sectors of society have participated in various ways to promote the development of private enterprises, publicize the relevant policies of reform and implement the policy reform of private enterprises. Actively publicize the advanced models of private enterprises in the process of promoting common prosperity in rural areas, and introduce and summarize successful cases, methods and experiences to the society to promote common prosperity in rural areas. It is necessary to mobilize the participation and enthusiasm of the majority of private enterprises and farmers, strengthen the management of private enterprises and encourage private enterprises to take

the initiative to assume social responsibility by establishing the salary incentive system of private enterprises' performance appraisal and the welfare bonus incentive system of grass-roots performance appraisal. Combining the parts of the welfare bonus of the enterprise farmers and cooperatives with the basic performance appraisal remuneration of the employees of the private enterprises can effectively stimulate the willingness and initiative of the private enterprises and farmers to participate voluntarily.

#### **4.2. Improve the Relevant Financing System**

Without exception, all kinds of innovations and developments cannot be separated from the country, market and society. These three forces play different but equally important roles in innovations and developments. The three relationships must be well coordinated to ensure the smooth development of innovation. The government should actively develop micro-credit to rural development, improve incentives for industrial financial services, establish a loan risk subsidy mechanism for private enterprises, actively promote loan support policies for private enterprises, and lower the loan threshold. And we should encourage local farmers to become shareholders themselves and invest idle funds in the development of industries. Financial institutions also provide comprehensive financial services, fully combining with the actual work, to create financial products with the characteristics of private enterprises to promote rural development.

#### **4.3. Improve Relevant Policies and Regulations**

Our country is a socialist country, and the economic construction is led by the government. It is extraordinary necessary to improve relevant policy recommendations in order to promote the common prosperity and orderly development of private enterprises and rural areas. It is necessary to improve relevant laws and regulations, safeguard the legitimate rights and interests of private enterprises, and enhance the legal operation ability of private enterprises. What is more, we have to solve the problems of short land use cycle and high lease cost of private enterprises, increase the satisfaction of private enterprises' investment and the confidence of stable operation, and enable private enterprises to focus on the rural revitalization strategy for a long time. Farmers should also consciously abide by the land transfer agreement, and they should not unilaterally violate the agreement or raise the land price..

#### **4.4. Increase R&D Expenditure, Improve the Introduction of Talent**

The development of private enterprises and rural areas can not be separated from the promotion of talents. The effective allocation of talents can accelerate the development speed. The government have to increase the investment in education and train more skilled talents for rural revitalization, which can effectively solve the problem of "hollowing out" in rural areas at present. For private enterprises, the increase in investment in basic training can better conduct pre-job training for enterprise employees and improve their professional skills, which is beneficial to the subsequent participation in rural revitalization. In addition to vocational skills training, it is also very important to strengthen ideological and moral construction. In addition to having excellent technical skills, it is also necessary to cultivate a group of talents who have responsibilities, achievements and love the countryside and are willing to devote all of their efforts to the revitalization of the countryside. Without doubt, education funds can also be used to learn excellent management experience, introduce excellent science and technology, expand service areas, and boost rural revitalization.

Strengthen the introduction of technical personnel and the cultivation of farmers' basic quality. The High-quality development of rural economy is directly affected by the construction of rural talents. In view of the current shortage of human resources in rural areas, measures can be taken such as raising salaries, introducing human resources and optimizing the system of

professional and technical personnel. It is also possible to conduct regular training for existing personnel to improve the overall level of rural talents. By strengthening the connection between farmers and private enterprises, farmers can enhance their practical experience in local economic development through professional employment training in private enterprises, and participate in local economic construction with a more positive attitude and confidence; For the existing technical personnel in rural areas, it is necessary to regularly carry out business training, carry out training assessment, and judge the working ability, professional skills and professional quality of the personnel; Scientific instructors need to regularly carry out cutting-edge knowledge and technical training activities to ensure that they can continue to play a role in the High-quality construction of rural economy.

## 5. Summary

As an important participant in promoting the economic development in rural areas of our country in the new era, private enterprises should speed up the implementation of the corresponding policies, reduce the obstacles on the road of promoting common prosperity in rural areas and enhance the confidence of private enterprises to participate in the rural revitalization in order to give more effective play to the subjective initiative of private enterprises to participate in the rural revitalization. The coordinated development of villages and enterprises has formed a new type of industrial port, innovated the development model of rural revitalization, actively responded to the development strategy of the country to achieve common prosperity, and made significant contributions to the realization of the great Chinese dream.

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