Thoughts on the Development Opportunities of Northwest Township Enterprises Under the Rural Revitalization Strategy

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Abstract. The northwest region is relatively inferior to the economic development of the central and eastern regions. The proposal of Rural Revitalization Strategy has brought new opportunities for the development of township enterprises in Northwest China. Talents, technology, investment, and market have all obtained certain achievements on the original basis. This paper aims to analyze the various conditions of township enterprises in the northwest region based on a comprehensive analysis, and to analyze the current development and opportunities of the township enterprises in the northwest through the guiding spirit of Rural Revitalization Strategy.

Introduction

The strategy put forward by President Xi Jinping (2017) in the report of the 19th National Congress of the Communist Party of China on October 18th 2017, promotes the integration of the development of the first, second and third industries in rural areas, supports and encourages farmers to work and start businesses, and broaden the channels for revenue [1]. Chinese Premier Li Keqiang (2018) pointed out in his government work report that it is necessary to vigorously implement the rural revitalization strategy to cultivate new business entities and strengthen social services for small farmers [2]. China will develop "Internet+ agriculture" to increase farmers’ incomes via multiple channels and promote the integration and development of rural industries. Township and village enterprises in the northwest region are the key driving sources for local economic development. Under the strong central government support of the Rural Revitalization Strategy, township and village enterprises have gained new development opportunities.

Foundation: The Characteristics of the Northwestern Township Enterprises Prosperity

The Northwest China geographically covers the west of Da Hingganling Mountains, the north of Great Wall and the Kunlun-Altun Mountains, including the Xinjiang Uygur Autonomous Region, Inner Mongolia Autonomous Region, Ningxia Hui Autonomous Region, northern Gansu Province and northern Qinghai. Different from the small commodity business in the rural areas of east China and the manpower output in the central plains, most northwest rural areas still rely on agriculture and animal husbandry, and most township and village enterprises are mainly engaged in the processing of agricultural and sideline products [3].

Due to the poor transportation in the northwest region, unlike resource-intensive industries, the market of other industries has long been depending on the local area. After the liberation, local industries were not externally affected. Since the reform and opening, the emerging township enterprises in the region have not developed compared to enterprises in the eastern coastal area, they developed slowly on the basic industries based on local resources.

With the end of the planned economy era in the 1980s and the economic booming in the early 1990s, the development of township enterprises showed a west and north oriented trend. Due to the occluded geographical position and low education level, the brain drain is more serious in the Northwest, which leads to the late startup of the local township enterprises and the preliminary business model in the region.
Status Quo: Analysis of the Basic Development Factors of Township Enterprises

The development of an enterprise is inseparable from the human resources, economic foundation, new technology, and product market. If township and village enterprises want to develop, these factors are important pillars and breakthroughs. For enterprise development, human resource is the foundation, economy is the source, technology is the soul, and market is the door.

The northwest region has a large geographical area with small population density. The region suffers from population and brain drain due to economic development constraints [4]. Human resource is a weak factor in the enterprise development. Human resource planning is conducive to realize corporate strategic objectives and to maintain the stability of the human resources management system, which in turn will reduce the labor costs.

Funds are the “blood” of enterprises and the basis for maintaining enterprises. Sima and Feng (2015) contended that the economic foundation of the northwest region is weak, and the source of funds for township and village enterprises is limited [5]. If there is a problem in the operation of the enterprise capital chain, it may trigger a chain reaction and threaten the survival of the enterprise. Most of the funds for township and village enterprises come from individuals. Even with deep pockets, there is a huge gap in the amount of money that a business owner can actually use for growth. As a result, business is struggling.

New technologies and new ideas are the soul of enterprise development. Premier Li Keqiang (2018) proposed at the Davos Forum that China will reply on innovation to facilitate economic development and nurture new development momentum [6]. The technological innovation, concept innovation and management model innovation of township enterprises are all important steps to ensure the enterprise development. In recent years, governments at all levels in the northwest region have also made great efforts to support “public entrepreneurship and innovation” and build a large number of township-level enterprises with development prospects.

Market is essential for the existence of the enterprise. With the market and the sales, the production activities of the enterprise can continue. With the target market, the enterprise has the necessity of existence. At present, the township enterprises in the northwest region have gradually kept up with the tide of national economic development. The target market has beyond the geographical confinement. Some local companies have started to invest across the province, even internationally.
The Future: Development Opportunities and Approaches of Northwest Township Enterprises

The northwest region is the hinterland of the “One Belt and One Road” initiative. With the rural revitalization strategy, township and village enterprises have ushered in new opportunities and challenges. With the development, township and village enterprises will face new challenges. Under the current situation, the transformation of township enterprises themselves is imperative. Only in this way can they survive in the society.

Firstly, at present, it is a great opportunity for enterprise talent development. With the gradual acceleration of economic development in the northwest region, many migrant workers return to their hometowns for business and employment which provide companies a large recruitment pool. In terms of employee training, innovation and entrepreneurship incubators around the country are also very helpful for Northwest township enterprises. In the future development, building a strong business team with talents is the focus of township and village enterprises.

![Figure 2. Schematic Diagram of Rural Revitalization Strategy under the Northwest Township Enterprises Development Opportunities.](image)

It is unsustainable for individual funds to maintain business operations. Under the guidance of the rural revitalization strategy, the government’s support for township and village enterprises has been increasing, and banks have gradually introduced low-interest loans for small and micro enterprises in townships. This is an important guarantee for the development of township enterprises in the northwest region. To develop, enterprises must ensure the smooth operation of the capital chain and must secure the source of funds. Under the current policy support, township and village enterprises must seize the opportunities to develop a comprehensive accounting system.

Staff training is another important part in the rural revitalization strategy. Various skills training and traditional process protection measures are new opportunities for township enterprises to master and develop core technologies. It is also the key to developing markets for local enterprises.
In the digital age, the Internet is an important tool that brings people closer. In recent years, domestic e-commerce has developed rapidly. Yet the application of e-commerce in township enterprises in the northwest region has not yet been fully popularized. Due to various reasons such as location, population density, and consumer group diversities, the market for township and village enterprises is not very extensive. To break through geographical restrictions, Internet+ business is a feasible option. The broader market expansion of township and village enterprises faces unprecedented technological and policy opportunities.

References


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