

**Study on governance model of multi-subject participation in rural industry development – A case study of Shanghai rural revitalization model village**

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**Abstract:** In the process of rapid industrialization and urbanization, the problem of rural decline has become a global trend. Shanghai is the most economically developed city in China, but its rural areas also have rural decline problems. Therefore, since 2018, the Shanghai municipal government has created 112 model villages for rural revitalization as the pilot projects, introducing the city's capital, talent, management, technology and other elements to them, with the core goal of exploring the demonstration model of rural industrial prosperity. This study selected 18 rural revitalization model villages of Shanghai. Through on-site investigation and interviews with relevant subjects, it concluded that: The essential process logic of multi-subject joint participation in rural industrial development is to increase the value of rural land, buildings, facilities and equipment, intangible assets and other assets by introducing elements, achieve industrial introduction, upgrading or scale expansion, and carry out operations, thus generating cash flow and reasonable distribution. There are three typical governance models: The single-subject dominant mode, multi-subject cooperation mode, intervention mode. We analyzed the characteristics, effectiveness, and issues of each approach and provided suggestions for future development.

**Key words:** Shanghai, Rural revitalization model villages, Rural industry development, Governance model, Strategic suggestions

## 1. Introduction

In the process of rapid industrialization and urbanization, the problem of rural

decline has become a global trend. In response to this trend, China's central government put forward the rural revitalization strategy in 2017. Industrial prosperity is the core of the rural revitalization strategy.

Shanghai is the most economically developed city in China, but its rural areas also have problems such as aging, hollowing out and widening economic gap between urban and rural areas. Since 2018, the Shanghai municipal government has created 112 model villages for rural revitalization as the pilot projects, introducing the city's capital, talent, management, technology and other elements to them, with the core goal of exploring the demonstration model of rural industrial prosperity. This process has formed a governance pattern in which multiple subjects such as governments, enterprises, village collectives, villagers, and social organizations jointly participate in the development of rural industries. Clarifying the essential process logic of the common participation of these subjects, integrating the resources and advantages of them and realizing the coordination of their respective rights, obligations and interests, have become the most critical issues to realize the revitalization of rural industries.

This study aims to explore the typical diversified governance models formed by these entities participating in rural industrial revitalization, analyze the characteristics industrial development effectiveness, and existing problems of each model, and provide suggestions for future development.

## **2. Research methods and data**

This study selected 18 rural revitalization model villages of Shanghai. Through on-site investigation and interviews with relevant subjects, we have obtained information on the development status and governance models of the research subjects.

## **3. Three typical governance models**

We found that the essential process logic of multi-subject joint participation in rural industrial development is to increase the value of rural land, buildings, facilities and equipment, intangible assets and other assets by introducing elements, achieve industrial introduction, upgrading or scale expansion, and carry out operations, thus generating cash flow and reasonable distribution. There are three typical governance models: The single-subject dominant mode: The single-subject dominant mode, multi-subject cooperation mode. intervention mode.

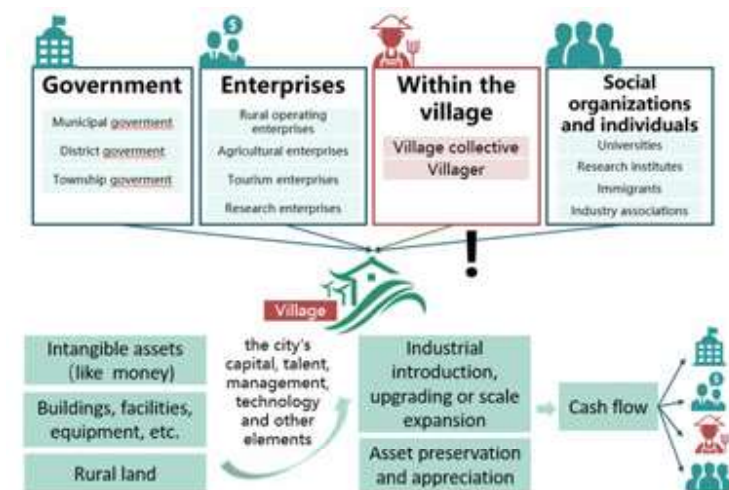


Figure 1. the essential process logic of multi-subject joint participation in rural industrial development

### 3.1. The single-subject dominant mode

This model generally has a leading body to carry out investment and financing, rural asset management, investment operations and other work. For example, Fengxian District of Shanghai has set up a rural collective assets operation platform "Hundred villages Group" at the district level, which invests through the integration of village collective funds, increases village operational assets, and feeds back the village collective economy with income dividends. At the township and village level, the linkage of collective economic organizations in towns and villages is encouraged, such as the development and establishment of four township platforms in Nanqiao Town, which are responsible for the construction, investment and operation of demonstration villages, the circulation, decoration, leasing, and the investment and operation of village collective and villagers' idle funds. In general, through the "three changes" reform of "resources to assets, funds to shares, farmers to shareholders", the model has formed an effective "state-owned assets to drive collective assets, collective assets to drive farmers to increase income".

### 3.2. The multi-subject cooperation mode

This mode generally means that all types of entities give full play to their resource advantages, jointly carry out project development, construction and

operation, and share benefits. For example, in Maogang Town, Songjiang District, Shanghai, 12 villages collectively raised more than 60 million yuan, which was held by the town asset company, and jointly established a joint venture company with a foreign enterprise. In one of the villages, the collective construction land was invested in the market pilot, the science and technology park was established, and high-quality enterprises in light industry, high-tech research and development, commercial office and other fields were introduced. Many villages share the benefits of housing rental.

### **3.3. The intervention mode**

This mode generally refers to the involvement of foreign subjects in some links of rural industrial development. If foreign new villagers intervene in the rural development mode, it means that people with lofty ideals from all walks of life settle in the countryside for production and life, bring new ideas and impetus to the countryside, and help the rural revitalization and development. For example, Cenbu Village, Jinze Town, Qingpu District, Shanghai, is the first village in Shanghai to form a group of new villagers. The ecological environment in the village is beautiful, and the water sports are rich. At present, there are 62 new villagers, mainly engaged in scientific research, operating kayak clubs, homestays, cafes, aquaculture and so on. The new villagers have brought the drainage effect of new life, bringing diversified industrial development and emerging vitality to the countryside. Some new villagers have built houses with different styles through house rental transformation, adding differentiated characteristics to the rural style.

## **4. Problems with three governance models**

In essence, the single-subject dominant mode is governance under the strong government's dominance. As district-level governments tend to achieve the concentration and visibility of rural revitalization in the shortest possible time, they focus more on accelerating the implementation of the national strategy of rural revitalization at the grassroots level. Therefore, they tend to let local state-owned enterprises with strong profitability participate in the construction of rural collective economy, which is easy to fall into the low efficiency of mandatory distribution by the government, and the participation of village collectives, villagers and small and micro market entities is not high.

The multi-subject cooperation mode: On the one hand, there are relatively high contractual requirements for the various subjects involved in the cooperation, such as how to reasonably distribute the benefits if it succeeds, how to bear the consequences

if it fails, and how to reasonably withdraw if some subjects want to withdraw. On the other hand, it is also difficult to find profitable assets and achieve sustainable operations, because since each entity invests in a common asset, it needs larger assets with higher returns, but such assets are less common in rural areas.

The biggest problem of the intervention mode is the lack of sustainability, because foreign subjects have their own original living places, and rural areas are likely to be only a place for them to stay for a short time, and how to sustainably use the resources they bring to the countryside is a problem. In addition, the contradictions caused by the different living habits of new villagers and local villagers also need to be paid attention to.

##### **5. Conclusion and suggestions**

Conclusion: Different subjects are different in their dominance, power and responsibility distribution, interest needs and income distribution in participating in the revitalization of rural industries. Different combinations lead to different characteristics such as industrial development speed, scale and sustainability. The dominant mode should focus on stimulating the enthusiasm of other participants, the diversified cooperation mode should focus on the establishment of cooperation systems and mechanisms, and the intervention mode needs to consider more sustainability and habit-running. Specific development proposals are as follows:

(1) The establishment of multi-subject joint governance system, whole process supervision mechanism and normal communication mechanism is an effective way to achieve the coordination of co-governance.

(2) In order to realize the revitalization of rural industry, it is necessary to combine the location, resource conditions of the village and the characteristic of each subject to choose, integrate and continue to innovate the governance model.

(3) In particular, for most villages, village collectives and villagers are in a relatively weak position in the co-governance pattern. In the open co-governance pattern, great attention should be paid to the protection of the interests of village collectives and villagers. The village collective governance ability, villagers' self-organization ability, endogenous development motivation and ability should be continuously enhanced.

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