

# Multidimensional Analysis of Rural Economic Development: Exploration of Problems, Reforms and Innovative Models

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**Abstract:** Conducting in-depth analysis on rural economic construction, Firstly, it analyzes the existing problems in current rural economic construction, including the loss of vitality of the household contract responsibility system, incomplete rural land integration reform, inactive land transfer, and difficulty in integrating industrial and commercial capital into rural areas. These problems involve various factors such as labor force, land resources, benefit distribution, and talents. Then, it elaborates on the theory of the "three-share separation" reform model in detail, including its basic definitions, distribution mechanisms, management mechanisms, and decision-making mechanisms. Through the comparison of practical cases of this model in different application directions, such as the failure of the pig farm in Tianxinwei Village, Dacheng Village Committee, Taiping Town, Yangshan County, Qingyuan City, Guangdong Province and the success of the sixth industrial economic cooperative, it shows the advantages of the "three-share separation" model in balancing the interests of all parties, optimizing resource allocation, and promoting the sustainable development of rural economy, providing new ideas for rural economic construction.

**Keywords:** Rural economic construction, Problem analysis, "Three-share separation" reform model, Resource allocation, Case analysis.

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## 1. Introduction

Under the tide of rural strategy implementation, rural development is in full swing. With the continuous development of China's social economy, the Party and the government also have higher requirements for the development trend of the new stage, that is, to promote the comprehensive, harmonious and common development of society. Although there are a large number of people in rural areas of China, there has been no substantial development and improvement for many years. A good financing environment is an important way to promote economic development and can provide impetus for economic development. However, at present, there are many problems in the financing mode and strategy of rural areas in China, which restrict the development of rural economy.

Multiple factors such as the simple household contract responsibility system, rural land integration system reform and the existing distribution and decision-making mechanism have led to the lack of vitality of rural collective economy.

At present, there is a "chronic and stubborn problem" in the rural financial industry, that is, financial repression and exclusion. Therefore, it is necessary to combine the current financial innovation achievements with the actual characteristics of agricultural finance, select appropriate financial strategies, and provide the best scheme for agricultural financial risk control from the perspective of agricultural industry chain and value chain. Through research, it is known that at present, in the agricultural industry, the financial types selected by different business entities include credit cooperative financial sharing, investment-linked financial combination, industry-finance integration, etc., which have obvious effects on solving the problems of "difficult and expensive financing" in rural areas; implementing agricultural insurance, options, agricultural product futures and other combinations has a good effect on

agricultural operation risk control. Therefore, more financial services should be actively guided and encouraged to participate in China's agricultural construction.

The Third Plenary Session of the 18th Central Committee of the Communist Party of China pointed out that we should not only protect the rights of members of farmers' collective economic organizations, but also vigorously develop farmers' shareholding cooperative system and enable farmers to have more property rights to collective assets. The report of the 19th National Party Congress emphasizes that in order to give better play to the role of collective economy, consolidate the main socialist public economy and increase farmers' income, it is necessary to promote the reform of rural collective property rights system and develop and strengthen rural collective economy. Therefore, the focus of current rural reform is to promote the reform of rural collective property rights system, develop and strengthen rural collective economy, increase farmers' property income and mobilize farmers' enthusiasm.

On the other hand, when the original rural land only emphasizes ownership, that is, collective ownership of villages and management contracting rights, that is, two basic rights of land management contracting rights distributed to each peasant household, rural land is difficult to carry out intensive management and application. At present, after the 19th National Party Congress, rural land will implement the separation of three rights, that is, the separation of rural land ownership, contracting rights and management rights. Although the separation of three rights of rural land plays a fundamental role in promoting the synchronous development of new industrialization, informatization, urbanization and agricultural modernization, due to the relatively complex situation in rural areas, in addition to land factors, to develop rural economy and realize rural revitalization strategy, there are also rural farmers' identity factors and capital factors, and a set of solutions that can simultaneously solve the three

major problems of land, population and cash is needed. In previous solutions, generally speaking, to develop rural economy, it is through the establishment of farmers' economic cooperatives or farmers' professional cooperatives. However, these two economic entities can only solve the intensification of one of the problems, or on the basis of one of the only factors of land, population and capital, and restrain the role of the other two elements. These two models have been proved to be difficult to mobilize farmers' enthusiasm, and the economic entities of the above two types in many villages exist in name only.

In order to solve the problem of internal development impetus that the three elements of farmers, rural land and agricultural-related funds necessary for developing rural economy must be coordinated and promoted with each other, and further improve people's enthusiasm through scientific calculation and distribution management of dividends.

## **2. The Household Contract Responsibility System with Households as Units Loses Vitality**

### **2.1. The Composition of Family Members Changes from Quantitative to Qualitative, And They Are Unable to Contract and Operate**

Due to the implementation of the family planning policy, the number of family members has dropped sharply from five or six people in the past to three people. The labor force has decreased to about half of the original in absolute or relative terms. At the same time, factors such as economic independence among family members, family values and land dependence have also jointly led to the household contract responsibility system with households as units gradually losing vitality.

### **2.2. Rural Labor Force Is Not Enthusiastic and Lacks Centripetal Force**

Due to various reasons, many villages have become hollow villages. At the same time, the income from working in rural areas is low, the vision is more limited, and the living conditions cannot be compared with those in cities. At the same time, factors such as the characteristics of talent gathering and living have led to the low enthusiasm and lack of centripetal force of rural labor force.

## **3. Rural Land Integration Reform Is Not Thorough and Land Transfer Is Not Active**

### **3.1. The Reform of "One Household and One Land" is Not Thorough**

After the 19th National Party Congress, land confirmation entered a crucial stage. Although the policies of land integration and "one household and one land" have had certain effects, in some mountainous areas such as northern Guangdong, the continuous effect is not great. At the same time, the idea of land integration is still not popularized, and the interests of rural resources are still not integrated. Generally speaking, the reform of "one household and one land" is still not thorough enough and the effect it can play is still not obvious.

## **3.2. Land Transfer Is Not Active**

Due to the fact that the expected lease term of rural land is generally long, the use is not clear and difficult to control, which is easy to encourage the "enclosure movement", and the income is relatively not high compared with the current income. At the same time, people are also worried about environmental damage and affecting the ecological balance of rural areas. Therefore, land transfer is not active and cannot play its due role.

## **3.3. The Property of Rural Resources Is Not Strong**

Under the current mechanism, rural resources, especially land resources, cannot obtain benefits many times or even twice. Their status is not high in the overall equity and the effect of maintaining and increasing value is not obvious, resulting in the weak property of rural resources.

## **4. Industrial and Commercial Capital Is Difficult to Integrate into Rural Areas**

### **4.1. Mutual Distrust**

Farmers pursue multiple benefits and do not take risks. Industrial and commercial capital cannot directly enter and develop in rural areas.

### **4.2. There are Many Internal Contradictions Among Villagers, And Resources Are Difficult to Integrate and Invest**

The rural interest holding mechanism with households as units makes the parties with prosperous population and less land and the parties with sparse population but more land have many internal contradictions among all relevant parties, which directly affects resource integration and investment development.

### **4.3. Shortage of Talents**

Compared with the degree of attention paid to talents in industry and commerce, there is a shortage of agricultural talents and they cannot be gathered, making it difficult to form effective utilization.

### **4.4. Lack of Scientific Distribution and Decision-Making Mechanism**

At present, in the development of rural economy, its distribution mechanism is relatively single. It is either the "council decision-making system" based on population, or the "simple land area distribution system", or the "distribution and decision-making system based on cash input ratio", or a simple combination of the two.

## **5. "Three-share Separation" Reform Model Theory**

### **5.1. Basic Definitions**

#### **5.1.1. "Three-share separation" rural collective economic mechanism**

Improve the public ownership as the main body and jointly develop multiple forms of ownership economy. This economic mechanism belongs to the "multiple forms of ownership". This new rural collective economy still takes

rural production factors and personnel factors as the dominant position, and at the same time integrates capital parties to form an economic system. It completely separates capital shares, land shares and population share in investment, management, distribution and decision-making, and at the same time integrates with each other to achieve the purposes of dynamic development, lasting development and mutual restraint.

### 5.1.2. Cash input party - capital stock

The capital party, that is, the cash input party, can be one or more entities. Through certain procedures and processes, relevant individuals or organizations hold the share type of rural economic entities through cash investment. This type of share is only generated by directional financing when developing rural economy.

### 5.1.3. Land input party - land stock

The rural land input party, that is, the landlord, can be a single farmer, multiple farmers, or even join across regions. The shares obtained by rural land management contracting rights, or the owners of contracting rights, and the village collective and other entities through the transfer of land management rights.

### 5.1.4. Rural population factor input party - population stock

The village collective on which it depends includes the stock and dynamic population, as well as the representatives of the capital parties participating in the investment. Based on the villagers with rural household registration in the implemented village, relatives of household registration personnel in the village who are recognized and established as villagers' status after certain procedures and conditions can include relatives of cash shares who invest a certain amount of cash, or "honorary villagers" who have made special contributions and are recognized through certain procedures. It is a share type in which everyone holds shares by head.

The above three types of equity all have characteristics such as dynamic demand, dynamic input, dynamic distribution, dynamic management and dynamic decision-making.

## 5.2. Distribution Mechanism

### 5.2.1. Input and calculate shares

Cash shares, land shares and population shares are independently input and calculated in three lines, and dynamic management is implemented.

Among them, cash shares elect investors to participate in the calculation of population shares according to certain rules. The total number of each type of shares can change dynamically. Processes: input share calculation scheme, share calculation, publicity, determination, recording, etc.

### 5.2.2. Determine the distribution ratio

According to the actual situation of the year, through certain conditions/ratios (such as share subscription documents, land input mobilization schemes, factors of population increase and decrease, etc.), the distribution ratios of the three shares are determined. The distribution ratio can change dynamically every year.

According to the economic development status of the village, the net profit A is obtained by subtracting total expenditure from total income, and the distribute dividend calculated:

$$B = A \times 70\% \quad (1)$$

Management of the distribution ratio of the three types of shares: According to the establishment plan, articles of association and contract at the time of investment, combined with the actual situation of the current period, the distribution ratios of the total shares of the three types of shares of population shares, land shares and cash shares are respectively obtained. The total proportion of population shares is set as C population, the total proportion of land shares is set as C land, and the total proportion of cash shares is set as C cash. After obtaining the distribution ratio report, it is announced together with the report formed by the total shareholding of various types of shares.

### 5.2.3. Calculate the respective total amounts to be distributed of capital shares, land shares and population shares

According to the total amount of distributable profits for the year and the distribution ratios of the three types of shares determined in the above process, calculate the respective total amounts to be distributed of capital shares, land shares and population shares.

### 5.2.4. Calculate the distribution amount per share of the three types of shares

According to the total amount to be distributed of each type of equity calculated in the above process, divide by the current total number of shares of each type to obtain the distribution amount per share of each type of equity.

Calculate the dividend distribution amount of each type of share held by each person according to the following formula:

D population represents the share of population shares held, D land represents the share of land shares held, D cash represents the share of cash shares held, E population represents the total share of population shares, E land represents the total share of land shares, E cash represents the total share of land shares, F total represents the total dividend amount obtained, F population represents the dividend amount obtained from population shares, F land represents the dividend amount obtained from land shares, F cash represents the dividend amount obtained from cash shares;

$$B = A \times 70\% \quad (2)$$

$$F_{\text{total}} = F_{\text{population}} + F_{\text{land}} + F_{\text{cash}} \quad (3)$$

$$F_{\text{population}} = B \times C_{\text{population}} \times \frac{D_{\text{population}}}{E_{\text{population}}} \quad (4)$$

$$F_{\text{land}} = B \times C_{\text{land}} \times \frac{D_{\text{land}}}{E_{\text{land}}} \quad (5)$$

$$F_{\text{cash}} = B \times C_{\text{cash}} \times \frac{D_{\text{cash}}}{E_{\text{cash}}} \quad (6)$$

The current dividend distribution amount of each person and the overall situation are publicized. After the publicity is passed, the shareholders of each category sign, affix seals or press fingerprints to confirm the distribution method and the amount they obtain.

In case of special circumstances, after confirmation through certain procedures, the proportion G retained in this economic entity is set as 20%-50%, or 10-100%, then the total amount calculation formula for the current period's dividends is:

$$B = A \times (1 - G) \quad (7)$$

## 5.3. Management Mechanism

In the production link, give full play to the role of rural personnel. Production management is mainly completed by

local farmers or new farmers. A new contract responsibility system can be adopted, which is mainly led by population shares.

In brand operation, marketing management, e-commerce, new product research and development and other sixth industrial fields, through professional managers and other mature models in industrial and commercial fields, it is led by capital shares.

In the fields of comprehensive utilization of land, land construction and fields with great changes in land appearance, it is led by land shares.

## 5.4. Decision-making Mechanism

Adopt different decision-making mechanisms according to elements, development plans and transaction classifications. Transaction classification: Establish a decision-making mechanism for classified transactions according to different degrees of dependence and familiarity. At the same time, according to the actual situation, establish a comprehensive decision-making mechanism through certain conditions/ratios (such as share subscription documents, land input mobilization schemes, factors of population increase and decrease, etc.).

## 5.5. Application Directions and Classic Case Analysis

### 5.5.1. Application Directions

(1) Equity reform of new rural economic entities before land integration.

Share reform of farmers' professional cooperatives, family farms' expansion of production, and introduction and share reform of other forms of rural collective economic entities.

(2) Formation of farm economic entities after land integration.

By introducing industrial and commercial capital, solve the internal problems of the village and the sustainable and technological development problems of agriculture, rural areas and farmers in the village simultaneously.

(3) Formation of new entities for the utilization of new agriculture, rural areas and farmers resources.

Including agricultural resource sharing, cross-regional integration of agriculture, rural areas and farmers resources, integration of the sixth industry in modern agricultural industrial parks and generation, management, development and benefit distribution of new entities for solving other complex problems of agriculture, rural areas and farmers.

### 5.5.2. Classic Case

Comparison of two models in Tianxinwei Village, Dacheng Village Committee, Taiping Town, Yangshan County, Qingyuan City, Guangdong Province:

Failure experience of pig farm (the first-generation collective economic model):

In 2013, under the initiative of the village head and others, the village group took out land collectively and villagers voluntarily contributed funds. A total of 2 million yuan was raised to build a modern pig farm with an area of 20 mu and currently the only one in the town that meets the emission standards and is officially approved for more than 2,000 pigs. However, due to the relatively single equity structure, after the intention of the main initiator passed away, the management and operation of the pig farm also had problems. In the process of handover, there were problems in equity inheritance and other aspects. Due to the low shareholding ratio and no agreement on decision-making power, other

shareholders led to consecutive years of losses of the pig farm and finally had to lease it out.

Successful case of the sixth industrial economic cooperative (three-share separation economic model):

Under the investment of industrial and commercial capital such as Guangdong Hengnan Technology Group Co., Ltd., and jointly initiated by the person in charge of the village group and enthusiastic villagers, a new equity structure model based on the separation and integration of cash shares, land shares and population shares was established. The Yangshan Tofu Sixth Industrial Economic Cooperative with a land area of more than 300 mu and an annual output of 3 million catties of Yangshan tofu was successfully established and operated. This new cooperative fully exerts the roles of industrial and commercial capital, rural land and rural talents and other resources, and fully integrates them. The resources and forces of all aspects are fully activated. Its operation effect is very astonishing. In the first half of 2018, the total dividend was 1.02 million yuan, and the value of all resources was well reflected.

## 6. Results and Discussion

### 6.1. Results

By comparing the two models, it has been proved that the second model can fully mobilize all resources, balance the interests of all parties, restrain and supplement each other, and at the same time, fully combine the actual situation of the year to make more people satisfied in all aspects such as profit distribution, so that this new entity of agriculture, rural areas and farmers can fully realize the optimization of resource allocation, maintain and increase the value of resources, and obtain its own sustained and stable growth and maintain a good development trend to a greater extent.

### 6.2. Discussion

#### 6.2.1. Complexity and Root Causes of Problems in Rural Economic Construction

Currently, problems in rural economic construction are complex and intertwined. The household contract responsibility system has shown limitations with social development. Family planning has led to changes in family size and labor force, and changes in family members' concepts have weakened its vitality.

Land integration reform is fraught with difficulties. The "one household, one land" policy has poor effects in mountainous areas, and the idea has not been popularized, restricting land use and the economic scale effect. Land transfer is inactive due to long lease terms, unclear use, low income, and environmental concerns.

The difficulty of integrating industrial and commercial capital is caused by multiple factors. There is a lack of trust between farmers and industrial and commercial capital. Internal conflicts among villagers over interests hinder resource integration. There is a shortage of agricultural talents, and there is a lack of a scientific distribution and decision-making mechanism to meet the needs of rural economic diversification.

#### 6.2.2. Advantages and Challenges of the "Three - share Separation" Reform Model

##### (1) Advantages

Resource Integration and Diversified Input: This model clarifies the status and roles of the three types of shares, integrates resources, attracts industrial and commercial

capital, quantifies land value, and considers population factors, breaking traditional limitations.

**Scientific Distribution Mechanism:** The distribution mechanism covering multiple links ensures fair and reasonable interests. Dynamic management adapts to element changes, and the retention ratio can be adjusted in special cases, enhancing economic resilience.

**Efficient Management and Decision - making Mechanisms:** In different links, the leading roles of each party are clear, and the decision - making mechanism is scientific, able to cope with complex situations.

## (2) Challenges

**Implementation Difficulty:** It takes time for villagers to accept, and detailed rules are needed for evaluating land value, determining the scope and standard of population shares, and standardizing capital share management.

**Coordinating the Interests of All Parties:** It is not easy to balance the interests of all parties. There may be disputes over interest distribution during economic development, and the long - term rights and interests of villagers need to be protected.

**External Environment Impact:** It is affected by macro - policies and market fluctuations. For example, fluctuations in agricultural product prices and policy adjustments will impact the implementation effect of the model.

## 7. Conclusion

The "three - share separation" reform model provides an innovative and potential solution for rural economic construction. Through in - depth analysis of the problems existing in rural economic development, we can see the limitations of the traditional model and the opportunities brought by the new model. Although there are challenges in the implementation process, its advantages in resource integration, interest distribution, management, and decision - making make it worthy of further exploration and promotion.

In order to better play the role of the "three - share separation" reform model, the government should strengthen guidance and support. On the one hand, through publicity and training, improve villagers' awareness and understanding of this model and promote their active participation. On the other hand, formulate relevant policies and regulations to standardize land evaluation, equity management, and interest distribution in the implementation process of the model to protect the legitimate rights and interests of all parties. At the same time, establish a monitoring and evaluation mechanism to timely discover and solve problems arising during the implementation process and optimize and adjust the model according to changes in the external environment.

In addition, rural economic development requires the joint efforts of all parties. In the practice of the "three - share separation" reform model, industrial and commercial capital, rural collectives, and villagers should be encouraged to strengthen communication and cooperation to form a joint force for development. Only in this way can the sustainable development of the rural economy be truly realized, the rural revitalization strategy be effectively implemented, the income

level of farmers be increased, the rural resources be optimally allocated, and the rural economy be revitalized in the complex and changeable economic environment.

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