

THE PRACTICAL LOGIC OF ACHIEVING COMMON PROSPERITY IN RURAL AREAS: A VALUE CO-CREATION PERSPECTIVE

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Abstract: Achieving common prosperity is both the objective and the mission of China, with rural areas serving as the key focal point in this endeavor. Existing studies have predominantly focused on the logic of single-subject intervention, while paying insufficient attention to the operational logic of achieving common prosperity. Guided by value co-creation theory, this study constructs a logical analytical framework of "common prosperity value orientation-multi-stakeholder value co-creation-endogenous transition in rural areas" to examine the operational logic of achieving common prosperity in rural areas. Drawing on the representative case of Gantian Village, the study identifies an integrated mechanism in which governments restructure factor flow mechanisms through top-level institutional design, village collectives collaboratively establish market-oriented operational entities to mobilize land resources, social organizations extend industrial chains via technological capital, and farmers engage in value distribution through multi-dimensional role transitions. This institutional architecture establishes a self-reinforcing cycle of resource revitalization, value creation, and equitable benefit-sharing. By driving the transformation of traditional agriculture into standardized production systems and branded operations, it simultaneously enables coordinated progress in economic productivity, governance innovation, and cultural revitalization.

Keywords: Co-creation of value; Rural area; Common prosperity; Practical logic

1 INTRODUCTION

As articulated in the 20th National Congress Report of the Communist Party of China, Chinese-style modernization fundamentally embodies a modernization pathway toward common prosperity for all citizens. As China advances its common prosperity strategy, a key challenge is transitioning from traditional aid-dependent poverty relief to self-sustaining rural development models—now central to solving contemporary rural revitalization issues. As a defining characteristic of Chinese modernization[1], common prosperity embodies three institutionalized principles: universal participation across societal strata, holistic advancement integrating economic and non-material dimensions, and progressive realization through phased policy frameworks[2]. Zhou analytically demonstrates that the Marxist conception of common prosperity is fundamentally grounded in the dialectical synthesis of productive forces and production relations. Within the framework of socialism with Chinese characteristics, this theoretical paradigm has been operationally realized through institutional innovations that simultaneously ensure equitable wealth generation and distributive justice[3]. Recent studies highlight that common prosperity encompasses both material wealth and spiritual enrichment[4], requiring institutional safeguards for cultural rights[5]. However, the rural areas remain the critical in achieving common prosperity[6], confronting multifaceted challenges that including monocultural economic structures, persistent urban-rural disparities, and recurrent poverty vulnerability[7]. Zhang argues that rural common prosperity must be achieved through value co-creation as an institutional nexus[8], leveraging new-quality productive forces to catalyze industrial transformation, while structurally repositioning farmers as core agents in rural revitalization processes[9].

Current research demonstrates that new-quality productivity and the digital economy serve as critical drivers in advancing common prosperity, fundamentally reshaping traditional development paradigms through technological innovation and institutional restructuring. Emerging through technological innovation, factor reallocation, and industrial upgrading, new-quality productivity constitutes the central driving mechanism of common prosperity, dynamically reshaping production paradigms to achieve equitable wealth creation and distribution[10]. The coupling mechanism manifests in two dimensions: digital technologies driving agricultural modernization[11], and green productivity transformation enabling ecological value realization[8]. Wang et al's empirical study demonstrates that new-quality productivity exerts geographically effects heterogeneous on regional common prosperity, necessitating localized factor allocation optimization based on regional resource endowments[12]. The digital economy acts as an accelerator for common prosperity by bridging the urban-rural information divide and optimizing income distribution mechanisms[13]. Empirical evidence demonstrates that Chinese 'Broadband China' policy has significantly enhanced common prosperity levels in central and western regions[14]. However, digital technologies may inadvertently exacerbate spiritual alienation[15], necessitating institutional safeguards against technological monopolization risks[16].

Regarding the implementation pathways and institutional safeguards for value co-creation, the framework primarily emphasizes multi-stakeholder collaborative governance. Rural common prosperity necessitates establishing a co-creation network encompassing government, enterprises, social organizations, and farmers. For instance, returning

entrepreneurship stimulates endogenous drivers[17], while new collective economic organizations integrate resources[18], jointly establishing benefit-sharing mechanisms. The study emphasizes that digital village initiatives must restructure field relations while enhancing digital literacy to strengthen participatory capacity[19]. Institutional innovation should emphasize efficiency in primary distribution, equity-oriented secondary redistribution, and socially-guided tertiary distribution through philanthropy, while improving essential service provision in education and healthcare [20]. This must be complemented by digital inclusive finance initiatives to bridge urban-rural development gaps[21]. The synergistic development of rural revitalization and new-type urbanization is crucial to avoid the efficiency losses characteristic of political campaign-driven governance[22].

Since its inception by Prahalad and Ramaswamy, value co-creation theory has consistently focused on the practical mechanisms through which multiple actors achieve value enhancement through resource integration and collaborative interaction. This theoretical lens provides a novel analytical framework for deciphering complex rural common prosperity practices. Existing studies predominantly examine economic interventions by singular actors, while largely neglecting institutional innovations for polycentric synergy among government-collective-enterprise-farmer stakeholders in rural contexts. This study investigates common prosperity practices of Gantian through an in-depth analysis of its institutional innovations, including government-facilitated guidance, the establishment of XingLv Agricultural Company by a nine-village collective, and the "association + company" model for industrial chain extension. These cases collectively reveal the operational logic of rural common prosperity in China and demonstrate how value co-creation fosters a sustainable ecosystem. Exploring this logic not only helps expand the explanatory boundaries of the value co-creation theory in the field of rural governance, but also provides a practical model for achieving the organic unity of "strengthening villages" and "enriching the people" under common prosperity.

2 THE THEORETICAL BASIS

The concept of value co-creation originated in marketing theory, positing that the resource-integration of both service providers and consumers is essential for generating service value and enhancing welfare for all participants[23]. Public value constitutes a multidimensional construct comprising numerous interrelated components[24]. Moore conceptualizes public value as outcomes generated by the public sector, asserting that the fundamental purpose of public administration lies in creating such value for society. He contends that public managers must respond to citizen demands and aggregate governmental expectations with the same market-oriented responsiveness demonstrated by private sector managers[25]. Lan et al. equate public value with public interest, proposing that the core objective of this theory involves identifying and defining such collective interests or values. This framework emphasizes operationalizing these concepts through organizational, personnel, fiscal, political, and technological strategies to effectively govern government-business-society interactions and achieve public value. Crucially, it focuses not merely on conceptualizing public interest but fundamentally on its practical implementation[26].

From a public value co-creation perspective, enabling endogenous transformation in rural areas and achieving common prosperity requires adopting systemic value co-creation logic as the core mechanism. This approach establishes a dynamic framework integrating three interconnected dimensions of common prosperity value orientation-multi-stakeholder value co-creation-endogenous transition of rural areas (Figure 1).

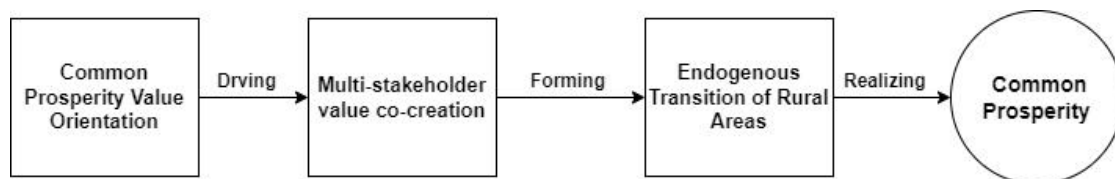


Figure 1 Analysis Framework

First of all, the value orientation of common prosperity defines the fundamental compliance for rural development. The compatibility of fairness and efficiency not only emphasizes narrowing the urban-rural gap through resource redistribution (public value dimension), but also pays attention to stimulating the endogenous power of rural subjects (private value dimension). This dual orientation drives coordinated action among government, market, and societal actors across institutional, organizational, and individual levels. At the macro level, governmental actors generate institutional public value by restructuring urban-rural factor flows mechanisms through top-down institutional innovations, exemplified by land system reforms and optimized fiscal transfer payments, thereby injecting systemic vitality into rural development. At the meso-level, enterprises, cooperatives, and village collectives leverage the compatibility between public and market values to activate rural resources socioeconomic potential through three synergistic mechanisms: industrial chain extension, digital technology adoption, and innovative benefit-sharing arrangements. At the micro-level, individual farmers, motivated by private value considerations, translate personal development aspirations into collective action through participatory decision-making, skills enhancement, and community co-construction initiatives. The endogenous transformation ultimately manifests as a fundamental paradigm shift in rural development: economically through establishing specialty industry-led growth poles, socially via constructing co-governance ecosystems, and culturally by achieving creative integration of traditional resources with modern values. This culminates in a sustainable transition from external dependency to self-sustaining development.

This framework breaks the urban-rural governance dichotomy through balanced value coordination and multi-level stakeholder engagement, providing a theoretical foundation for understanding rural common prosperity mechanisms.

3 CASE DESCRIPTION

Gantian is a traditional settlement characterized by ethnic diversity, migrant populations, and a high-altitude environment. Limited arable land and harsh climatic conditions have hindered economic development, resulting in persistently low living standards for local farmers. In response to the rural revitalization strategy and to strengthen the village collective economy, the local government leveraged regional advantages to encourage farmers to cultivate specialty crops. This initiative fostered a collaborative value co-creation network involving the government, enterprises, social organizations, and villagers, ultimately establishing an agricultural industrialization model centered on high-quality pear production. Acting as a policy facilitator, the government promoted resource integration through top-level planning. Initiatives included organizing township and village officials to study collective economic development models in Ziwu Town, designating key "Plateau Specialty Agricultural Cooperatives" by the government, and allocating funding through the "Science for Rural Prosperity Program". These measures provided institutional impetus for local industrial growth.

Against this backdrop, Xing Lv Agricultural Development was established as a collective enterprise jointly founded by nine village-level economic associations. Operating under government coordination, the company serves as an integrated platform for land consolidation, market development, and capital allocation. Through market-oriented operations including the transfer of 126.5 hectares of land, integration of Lvhe Township market management rights, and contracting of the township government's canteen, the company generated land operation revenue of 90,000 yuan and rental income of 200,000 yuan in 2024. It allocated partial profits to support village collectives, creating a virtuous cycle characterized by "government facilitation, corporate operation, and collective benefit-sharing".

In this process, social organizations play a key role in technology empowerment and industrial linkage. The Gantian Premium Pear Association, a community-based organization with two decades of rural engagement, has consistently conducted technological training, cultivar improvement, and science education with government endorsement and financial support. Having organized over 200 technical training sessions, the association facilitated a remarkable increase in pear yield from 30 to 3,400 tons. It also successfully introduced new cultivars such as Yunnan Red Pear, while achieving pollution-free certification and establishing value-added processing supply chains. The Association has established in-depth collaboration with XingLv Agriculture Development, transforming its decade-long cultivation expertise from the 666.7 hectares pear orchard into the foundation for corporate-scale operations. Concurrently, through establishing Gantian Fruit Processing to develop value-added products such as pear vinegar and fruit wines, it has facilitated the transition of local farmers from traditional cultivation to industrial employment.

Through these mechanisms, villagers secured stable income through land transfer, shared corporate dividends as shareholders of the village collective economic association, and enhanced their cultivation skills under the Association technical guidance, and ultimately becoming both participants and beneficiaries of modern agricultural development. This multidimensional collaborative model-characterized by "government guidance, corporate operation, association support, and villager participation"-has effectively revitalized collective resources in Lvhe Township. More significantly, it establishes a sustainable equilibrium among technological innovation, benefit-sharing, and ecological conservation, offering an exemplary paradigm for rural revitalization strategies in Western China.

4 THE PRACTICAL LOGIC OF RURAL COMMON PROSPERITY FROM A VALUE CO-CREATION PERSPECTIVE

4.1 Value-Oriented Approach to Common Prosperity

From a value co-creation perspective, the value orientation of achieving common prosperity in rural areas is rooted in the essential requirements of socialism with Chinese characteristics. It emphasizes both the pursuit of public value for collective well-being and the realization of private value through individual development opportunities. This value orientation transcends the traditional efficiency-equity dichotomy in development models, conceptualizing common prosperity as an organic unity of robust wealth creation and equitable distribution. The case of XingLv Agricultural Development demonstrates how integrating nine village-level collective economic organizations and establishing a "Party-building leadership + village-led + market operation" collaborative mechanism achieves dual value creation: it embodies public value by revitalizing collective resources and developing specialty industries, while realizing private value through land transfer profit-sharing and job creation for individual farmers. This value co-creation system demonstrates particular efficacy in agricultural industrialization. The Gantian Premium Pear Association facilitates both public value through modernizing traditional agriculture via cultivar improvement, technical training, and market expansion, and private value by ensuring direct farmer benefits from technology adoption and product value-added product activities. This value orientation necessitates establishing an inclusive institutional framework that fosters a symbiotic network for value co-creation among government guidance, market entities, social organizations, and farming communities. By coordinating equitable allocation of public resources with efficiency enhancement of private capital in land remediation, industrial development, and ecological conservation, it ultimately cultivates a rural-specific common

prosperity paradigm.

4.2 Multi-Stakeholder Value Co-Creation

The practice of multi-stakeholder value co-creation for achieving common prosperity in rural areas centers on synergistic interactions among government, market entities, social organizations, and farming communities, reconstructing rural development ecosystems through dynamic equilibrium between public and private values. The operational model of XingLv Agricultural Development demonstrates how the consortium of nine village collective economic associations transcends traditional administrative fragmentation. Through centralized land transfer and professionalized market operations, it achieves integrated resource utilization-simultaneously advancing government-led rural revitalization (public value orientation) and activating collective economic assets (private value realization). The practice of Gantian Premium Pear Association exemplifies a prototypical model, where the association serves as an institutional nexus that fulfills public functions in agricultural technology extension while facilitating corporate investment in cold storage and value-added processing facilities. This creates a tripartite "Association-Company-Farmers" collaborative network. In this model, governments construct industrial frameworks through infrastructure investment and policy support, enterprises optimize resource allocation via market mechanisms, associations deliver technical training and interest coordination services, while farmers achieve income growth through participation in integrated production-processing-marketing chains. The multi-stakeholder value co-creation in LvHe Township land remediation project manifests through an integrated approach: the government oversees planning and compliance standards for the land balance program, XingLv Company implements technical maintenance, village committees mediate land tenure relations, and farmers earn labor income through field management participation-forming a closed-loop system from policy design to grassroots implementation. Critically, the multi-stakeholder collaboration transcends mere functional aggregation, achieving value integration through institutionalized benefit-coupling mechanisms. Examples include combining guaranteed minimum payments with profit-sharing in land transfers, and balancing public order maintenance with commercial interests in market concessions. This embedded value-creation network ensures inclusive rural public services while unlocking market potential, ultimately forging sustainable common prosperity through industrial upgrading, ecological enhancement, and cultural revitalization.

4.3 Rural Areas Achieve Endogenous Transitions

The practical logic of realizing endogenous transition and moving towards common prosperity in rural areas is essentially based on local resource endowment, and activates the endogenous power of rural development through the synergistic resonance of technological innovation, organizational reconstruction and industrial upgrading. Taking the practice of Gantian as an example, the village leveraged its traditional pear industry foundation and, through technological empowerment and organizational innovation by the High-Quality Pear Association, established a closed-loop industrial chain encompassing "variety improvement-standardized cultivation-value-added processing-branding operations". In this process, local farmers transitioned from traditional decentralized cultivation to technology-intensive production. Leveraging the association's 500-ton cold storage and fruit vinegar production line, they converted substandard fruits into high-value-added products, significantly improving resource utilization efficiency. XingLv Agricultural Development adopted a more systematic and innovative approach: by consolidating collective assets from nine administrative villages, it established a coordinated mechanism of "land transfer-scale operation-diversified business development." This model not only revitalized idle land resources but also created non-farming income streams through market operation rights leasing and government service outsourcing.

This endogenous transition is not a simple accumulation of elements, but the reconstruction of production relations through organizational form innovation. The land requisition-compensation balance project created a shared-interest mechanism among the government, enterprises, village collectives, and farmers. Farmers not only received fixed income from land transfers but also transitioned into industrial workers through participation in post-project maintenance. This multi-role integration fostered the emergence of a new generation of professional farmers. More importantly, through 30-years development of its pear industry, Gantian has turned local resources into competitive advantages by establishing both technological standards and brand value. Similarly, XingLv Company modernized LvHe street market by redesigning its layout, tapping into its previously untapped business potential. This transformation stemmed from synergizing rural social and technological capital. It activates dormant assets like regional specialty products and cultural heritage, turning them into tradable, value-growing resources. This process upgrades wealth creation and distribution through industrial restructuring, forming a self-reinforcing cycle of "resource activation-value growth-shared benefits" that sustains rural prosperity.

5 CONCLUSION

This study develops an analytical framework grounded in value co-creation theory, structured as "common prosperity orientation-multi-stakeholder value co-creation-endogenous rural transformation." Using Gantian as a case study, the framework elucidates the practical pathways for achieving common prosperity in rural areas.

The study reveals that common prosperity serves as the foundational logic for rural development. The alignment of

public and private values motivates multi-stakeholder collaboration, ultimately driving endogenous transformation in rural areas. At the macro level, government interventions restructure factor flows through top-level design, injecting institutional public value into rural development. At the meso level, village collectives and enterprises activate land resources via market-driven operations, while social organizations leverage technological capital to extend industrial chains, balancing public and market value. At the micro level, farmers' engagement in value distribution through multi-role transformation, enhancing endogenous development capacity under private-value incentives.

COMPETING INTERESTS

The authors have no relevant financial or non-financial interests to disclose.

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