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# Transforming Rural Communities in China and Beyond

Community Entrepreneurship and  
Enterprises, Infrastructure Development  
and Investment Modes

 Springer

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Development and Investment Modes

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# Preface

Rural communities in China and beyond are severely disadvantaged when compared with their urban counterparts, which has led to rural-urban migration in the promise of a better life, or migration of workers to cities, with concomitant social problems such as the ‘children left behind’. Whilst much attention is focussed on urbanisation and the challenges of burgeoning cities, means of revitalising rural communities have received comparatively less attention. With this in mind and assisted by the Australia-China Science and Research Fund, a multidisciplinary ‘group mission’ was assembled to examine ‘community enterprise development with connected infrastructure systems’. The authors believe this represents one of the first attempts by a multidisciplinary research team, encompassing the disciplines of social science, business, architecture and planning, engineering, and finance and economics, to assist rural communities find sustainable and self-reliant ways for their development and transformation.

The project, led by the Australian Centre for Asian Business at the University of South Australia, involved a team of researchers from universities in China, Australia and Europe who collaborated on planning, fieldwork, workshops and the development of integrated approaches. Poverty-stricken rural communities in remote mountainous areas of China were selected as the focus of investigation, in an effort to find ways to increase their prosperity, diversify jobs and improve their social livelihoods. The research concentrated on opportunities for the development of social enterprises facilitated by social entrepreneurs and community leaders, supported by infrastructure, partnerships, finance and other enabling mechanisms. Whilst acknowledging that community development also requires education, health and other services, empowering and assisting communities to operate their own enterprises are seen as fundamental to employment generation, trade and improving incomes and self-esteem.

Being consistent with the aims of the group mission, namely to build ongoing bilateral relationships between China and Australia that could lead to more intensive investigations, the research team was able to gain a general understanding of the various contexts and challenges, with opportunities for transformation to more prosperous futures, whilst recognising that the knowledge and data are incomplete and more in-depth work is required in the future.

The group mission research focussed on rural China and was later supplemented by fieldwork and discussions within Malaysia, supported by an Australia-Malaysia Institute grant. This work, which sought to build bilateral relationships between Australia and Malaysia on the benefits of information and communications technology (ICT) for rural and remote communities, provided some additional perspectives on approaches to rural community development, which are summarised towards the end of the book.

Therefore, this work is unique and important for decision makers, leaders and entrepreneurs to have access to a wider range of options from which to select appropriate modes of community transformation, especially those which are planned and implemented in a connected-up, synergistic manner. By presenting a conceptual model and systematic planning framework, it aims to stimulate new ways of thinking and to illustrate a multidisciplinary approach to the complex challenges of rural community development. By engaging with, assisting and empowering communities, this is expected to help them uncover connections and synergies between various topics, leading to innovative and breakthrough solutions. For example, interconnected community enterprises based on clean forest products, forest carbon and ecotourism can be underpinned by local infrastructure enterprises (e.g., renewable energy, water, waste management, ICT, transport) and financial mechanisms (e.g., carbon finance), all involving skills development, leadership and social entrepreneurship coupled with partnerships with the corporate sector and investors. These interconnected approaches are expected to generate increased employment and prosperity, improve social livelihoods and benefit the environment.

The book has been prepared as a result of an Australia-China group mission supported by the Australia-China Science and Research Fund. We also wish to thank the Australian Centre for Asian Business, University of South Australia, for supporting the ongoing project administration and are grateful to Tina Morganello and Vanessa Wood for their contribution to its editing and production. The ecological development union international incorporated (EDUI) was instrumental in instigating the research by making Australia-China connections. David Ness (Chair, EDUI) and Ke Xing jointly edited the book. We also appreciate the initiative and interest of Springer in approaching us to produce this book on integrated, multidisciplinary approaches. Not least, we are grateful to the various communities that we visited for assisting so willingly with our research and welcoming us so warmly.

We hope that this volume will stimulate further interest, debate and research on this important topic, and we welcome approaches for collaborative work.

Adelaide, SA, Australia  
 Beijing, China  
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 March 2014

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# Chapter 1

## Introduction

### 1.1 Background

Rural communities across Asia and elsewhere are severely disadvantaged when compared with urban areas, to where population is attracted by the prospect of a better life. Of China's 1.3 billion people, around 500 million are located in rural areas and are generally economically and socially disadvantaged when compared with their urban counterparts. At the same time, there are high levels of poverty in many cities, with many migrants from rural areas struggling to gain employment and improved livelihoods.

China's 12th Five Year Plan places a high priority on more equitable wealth distribution, especially between rural and urban areas, to address rising inequality, modernise agriculture, create non-agriculture rural employment and service businesses, accompanied by energy efficiency and environmental protection (NDRC, 2011). To address these inequalities, China has policies to modernise agriculture to create the 'new socialist rural village', with investment in agricultural infrastructure, improved agricultural service businesses and creation of more diversified non-agricultural rural employment. At the same time, China aims to increase the urbanisation rate to 51.5 % by 2015 (China Daily, 2011), although it should be noted that 'urban' does not only include major cities, but also towns in rural areas (Aijun, 2012). Nevertheless, if rural communities and villages can enjoy lifestyles and prosperity that approximate those of their city counterparts, there may be less need for family members to seek work in distant cities—with concomitant social problems such as 'the left-behind children' (Jingzhong & Lu, 2011).

Rural communities in China have experienced rapid changes in recent years under the government's policy of 'new countryside development' (*xin nongcun jianshe*). China is experiencing an increase in social entrepreneurship led by village leaders and capable individuals with an entrepreneurial spirit. These newly established rural cooperatives share a common focus and community values with the aim of achieving common prosperity for all villagers.



Responding to these challenges and opportunities, this book is based on the findings of research by a China-Australia ‘group mission’ on the topic of ‘community enterprise development with connected infrastructure systems in rural China and Australia’, supported by the Australia-China Science and Research Fund. With the goal of enabling stronger communities, it examines how social entrepreneurship may underpin community enterprises and cooperatives that generate employment and improve sustainable livelihoods, when supported by appropriate and inclusive infrastructure systems and enabling technologies such as renewable energy, water, waste management, information technology and built facilities, coupled with economic and financial instruments.

It documents what is transpiring in rural communities undergoing transformation, in the context of a wider society in transition, accompanied by new forces and intersections. It identifies what they are doing in innovative and cooperative ways that could be replicated in China and beyond.

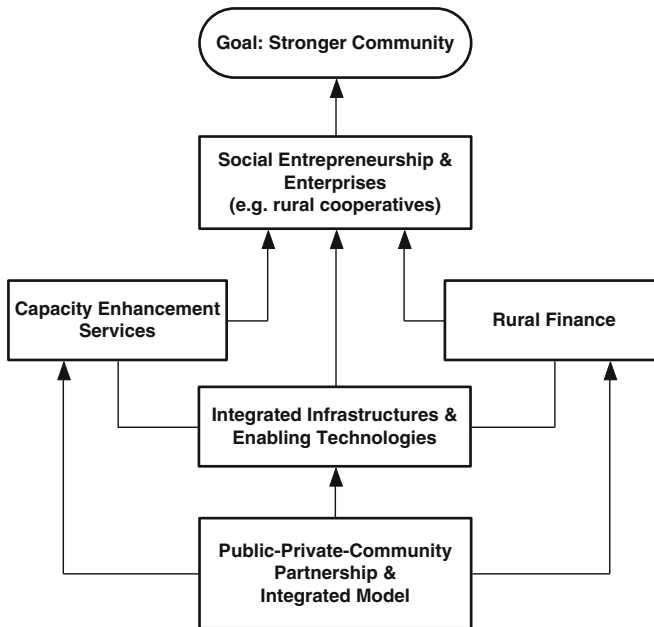
## 1.2 Community Development: Enabling Stronger Communities

Community control of skills, knowledge, organisation, assets and understanding of local deprived communities is ‘at the heart of the definition of community development’ (Craig, 2007, p. 349), and the key to enabling stronger rural communities. According to Craig (2007, p. 352) citing Beazley, Griggs and Smith (2004, p. 6), “The endpoint might thus be ‘less comfortable, more empowered and awkward but self-determined communities’ and a process that maintains that situation”.

It is important to recognise that communities have certain skills, ideas, and capacities, but these are often latent or unacknowledged (Craig, 2007, citing Taylor, 1995). Similarly, to categorise communities as ‘poor’ may be demeaning; although they may lack money and resources, they are often rich in ideas, culture and community spirit. As Thailand’s Community Organisations Development Institute has recognised:

While the poor may be weak in financial terms, they are particularly rich in social terms. In Thailand’s communities of the poor, there is a social force which can and does already deal with most of the economic disadvantages people experience individually. (Community Organisations Development Institute, 2014)

Community development aims to support this social force and help restore, bring to the surface or unleash these skills and ideas, so communities can have control of their own destiny. Social entrepreneurs and social enterprises play a pivotal role in helping disadvantaged rural communities improve socio-economic competencies and capacities, create and sustain local employment, and become self-sufficient and self-dependent. As indicated in Fig. 1.1, the goal of building a stronger and more resilient community can be better achieved by fostering the development of social entrepreneurship and enterprises (often in the form of rural cooperatives) with innovative and effective finance models, various essential capacity enhancement



**Fig. 1.1** Key elements of building a stronger community

services, appropriate infrastructures and enabling technologies, and their integration. The role of external organisations, NGOs, the corporate sector and researchers is to support communities in this process through forming productive partnerships among public, private, and community entities. Thus, the scope of the research is to create a model with connected infrastructure systems for community leadership, governance and partnership with the corporate sector, enabling investment to be attracted to rural and remote areas whilst enabling communities to exercise leadership and retain control of their own destiny.

The model would need to recognise key elements that contribute to the development of stronger communities, including: self-determination; creation of enterprises that generate employment and income; fostering of local champions, leaders and social entrepreneurs; governance mechanisms with active participation and involvement of community actors; recognising and respecting local culture, natural environment, and context; nurturing and developing local skills, ideas and knowledge; optimising the use of local resources and assets; building relationships and partnerships with external supporters, investors and advisors; ability of the community to become self-sufficient and to sustain itself over time; and enabling mechanisms such as finance, government policies and infrastructure systems.

Such elements contribute to ‘human development’, which comprises three basic elements: the ability of people to live long, healthy and creative lives; to acquire knowledge and skills; and to access resources for a decent standard of living (UNDP, 2013, p. 6).

Thus, using its multidisciplinary expertise, the research team sought to create an integrated model where the parts are interconnected, mutually enhancing and assist the development of stronger communities.

### 1.3 The Research Context

A joint research team was formed, comprising members from the University of South Australia, Renmin University of China, and Vienna University, and the first fieldwork was carried out in several rural communities in Yunnan and Zhejiang provinces in early 2012.

The rationale for selecting these two provinces was based on the consideration of comparing and contrasting rural communities with less developed and more developed regions, as well as between ethnic minority communities with *Han* (majority) communities. Yunnan is located in the south-west and is a less developed region with many remote ethnic minority communities, including the *Bulang*. Zhejiang is located on the east coast developed region with predominately *Han* communities with only one minority *She* community. The team conducted follow-up research in Baisha Country, Hainan, in November 2012, and a concluding workshop at Renmin University, Beijing.

In addition, with the assistance of funding from the Australia-Malaysia Institute, certain members of the team conducted fieldwork in Pahang Province of Malaysia related to community social uplift, the findings of which supplemented the China research (Fig. 1.2).

### 1.4 The Case Study Communities

#### 1.4.1 *Mangjing Village (Bulang Ethnic Minority): Yunnan, Lancang County*

Mangjing village, with a land area of 89.58 km<sup>2</sup>, is located in the southern part of Huimin Township, Lancang County which was listed as the 13th (out of 100) poverty stricken county in the world by the United Nations (2001). On the other hand, with its celebrated cultural heritage of Pu'er tea, Lancang is classified as the world's best preserved ancient tea forest in large plantation. In 2009, a Japanese expert appraised that the ancient tea-tree Jingmai Mountain resembles a world museum of tea tree plantation; thereafter, the mountain was conserved under the legislative protection of Lancang County. In addition, the Chinese Government has designated the landscape of tea forest in Mangjing as a national treasure, and its Pu'er tea was made the choice tea of the 2008 Olympic Games.

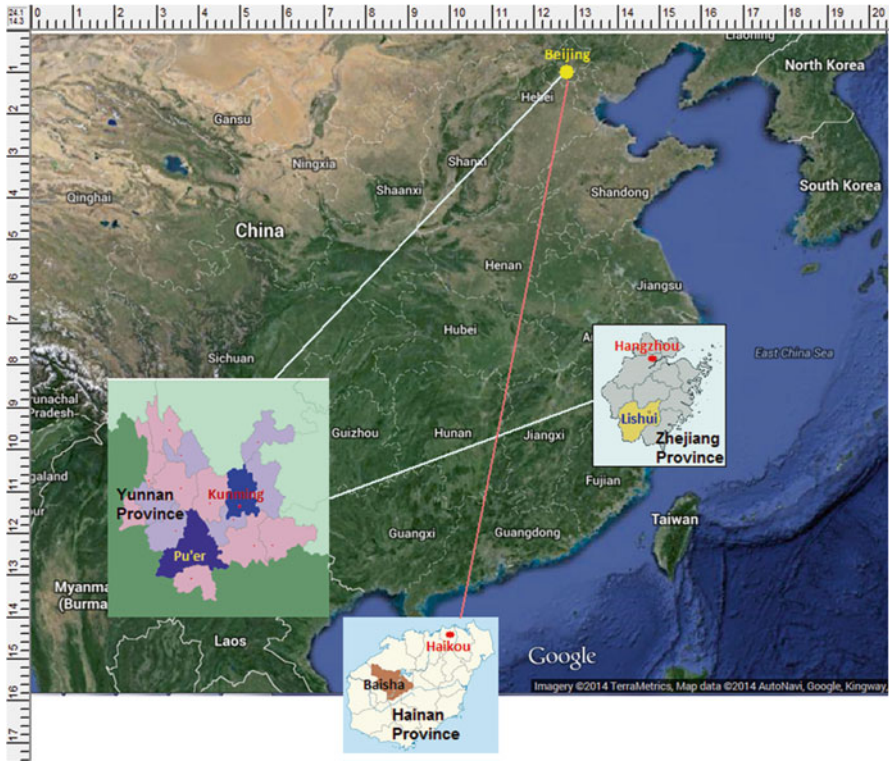


Fig. 1.2 Map showing areas studied

The highest elevation in Mangjing’s mountainous territory is 1,700 m (average altitude 1,275 m) and the area has a subtropical climate. The *Bulang* ethnic population, with 586 households, accounts for about 92.1 % of the total village population of 2,645.<sup>1</sup> The ancient *Bulang* ethnic minority have grown tea in the area for several thousands of years and have colourful costumes and rich traditions, with the area being designated a UNESCO cultural site. The main cash crop is tea production, and Table 1.1 shows expense and income data.

Up until 2003, much terrace tea plantation was in place and chemical fertilisers were used to grow the tea tree. As a result, the quality of tea suffered from over fertilisation, land soil suffered due to mono-culture and many women’s health suffered due to chemical residue contamination when picking tea leaves. The community economy was regressing, poverty was increasing and tea theft was lingering. Consequently, the village administration set up the ‘Ancient tea tree protection association’ in order to uphold the legendary tea culture treasured by the *Bulang* over the

<sup>1</sup> Source: [http://news.china.com.cn/rollnews/2011-07/28/content\\_9213451.htm](http://news.china.com.cn/rollnews/2011-07/28/content_9213451.htm) (retrieved Dec, 2012).

**Table 1.1** Expense and net income by source of rural residents by region

Rural income per capita (year)	Total living expense	Total net income	Wage income	Family business income	Other income property & transfer
Nationwide (2010)	¥(4,382)	¥5,919	¥2,431	¥2,833	¥655
Yunnan (2010)	¥(3,398)	¥3,952	¥930	¥2,510	¥512
Lancang county (2011)	¥(980)	Na	Na	Na	Na
Manjing (2011)	Na	¥7,500	Na	Na	Na
Manjing (before 2004)	Na	¥515	Na	Na	Na

Source: National Statistic Bureau

last 1,800 years. In the meantime, the village sought to conserve the *Bulang* ethnic heritage and to uplift the community spirit.

In 2007, Mangjing village welcomed the establishment of the Brilliant group, which has contributed to local employment and significant export revenues. The group's tea plantation, at the area of 7.26 km<sup>2</sup> (11,000 'Mu'—Chinese acre), accounts for 8.10 % of the land area of Manjing village, where another part of the group's local business scope is in luxury products and services ranging from luxury resorts, boutique spas, facial products (with Pu'er tea ingredients), and also a winery and restaurant. One of the group's elite resort hotels is located on Jingmai Mountain.

By 2008, Mangjing's Pu'er tea was made the choice tea of the Olympic Games; a number of orders were placed to the village cooperative. The Brand 'Abaila' (Tea Soul) was registered to celebrate the *Bulang* heritage entering the Olympic stadium, while vigorous endeavours took place such as investments in the manufacturing building, tree saplings, training programs for production techniques and quality control alongside an aid package provided by the Ford Foundation (RMB 2000 Yuan) (Fig. 1.3).

A new mantra was created, 'One corporative, one brand', to induce five manufacturing principles which emphasised the standardisation of management, raw material collection and processing, pricing, labelling and packaging, and sales marketing. The new mantra eventually didn't survive the test of time—in 2009 many economic cooperatives and brands were formed; some brands such as '*Bulang Princess*' became quite successful while many others didn't work out.

#### **1.4.2 Daxi Village (She Ethnic Minority): Jingning Autonomous County, Zhejiang**

Jingning *She* ethnic Autonomous County is located in the southwest region of Zhejiang Province with a total area of 1,949.98 km<sup>2</sup> and a population of 171,867 people. Nearly 800 mountains, over 1,000 m altitude, spread over the county,