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Exploring the Development of Private Enterprises in China: Insights from Guangdong, Jiangsu, and Zhejiang

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Abstract

The important role of China's private enterprises in economic development has received more and more widespread attention. China's private enterprises are playing an increasingly significant role in many aspects. But at the same time, the development of China's private enterprises has been restricted by many aspects, and their development has not been smooth sailing. Relevant research conclusions on the development of China's private enterprises are contradictory, that is, China's private enterprises have contributed to the development of the overall economy but also face development constraints and difficulties due to various reasons, or there are shortcomings in development. This contradiction raises the question of "how will China's private enterprises develop?" Accordingly, this study uses a multi-case analysis method and selects Guangdong, Jiangsu and Zhejiang provinces in China as research cases to conduct a comparative analysis of the development of private enterprises in the three provinces. The study found that even in economically developed areas, there may still be deficiencies in the development of private enterprises, thus explaining the contradictions between related studies from a realistic perspective. Through research, this article draws the following conclusions: (1) Provinces with high levels of regional economic development may not necessarily have an advantage in the development of private enterprises. (2) In provinces where private enterprises have advantages in development, private enterprises show stronger strength than state-owned enterprises. (3) Compared with traditional industries, private enterprises engaged in emerging industries have achieved better development. Then, this article puts forward implications for the development of China's private enterprises from the aspects of grasping the government's industry-oriented policies, opening horizons and widely expanding business, and achieving transformation through technological innovation.

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INTRODUCTION

In a general sense, the development and growth of private enterprises can make important contributions to the regional economy. The economic development of a country or region is often reflected in the development of private enterprises (Lin and Liu, 2003). From this perspective, the important role of China's private enterprises in economic development has received increasing attention (Zhang and Ke, 2002). Private enterprises are playing an increasingly significant role in promoting healthy market competition, improving social labor and capital efficiency, promoting labor employment, expanding government tax revenue, promoting foreign trade, and achieving technological innovation (Kan, 2008; Shao, 2010; Wu, 2014; Yu, 2016).

But at the same time, more and more relevant studies believe that the development of China's private enterprises faces many difficulties and is subject to various constraints. Private enterprises will face discrimination in credit, interest rates and direct financing in the financial market (Li and Yuan, 2000). Private enterprises have high leverage ratios, and their lack of financing channels exposes their operations to significant risks (Wang, 2021). Private enterprises lack innovative talents, innovative concepts and innovative technologies, and it is difficult to succeed in carrying out innovative activities (Chinese Entrepreneur Survey System, 2015). The effect of state and government policies to support the development of private enterprises is not significant (Li, 2021). China's private enterprises not only play an important role in promoting economic and social development but also have various constraints and problems in the development process.

There is a certain contradiction between the above two views, that is, China's private enterprises have contributed to the development of the overall economy, but they also face development constraints and difficulties for various reasons, or there are development deficiencies. This contradiction directly points to a question, that is, "How is China's private enterprises developing?" In fact, China's total economic output (GDP) has reached 129.43 trillion yuan (about 18.36 trillion US dollars) since 2023, ranking second in the world after the United States (Southern Metropolis Daily, 2024). However, there is still a relatively obvious imbalance in the economic development of different regions and fields in China, and the economic development gap between provinces is large (Fan et al, 2011). Even between provinces with similar economic development levels, private enterprises have differences in their development models, paths and development results (Xie, 2002). This has led to the emergence of the above contradictions to a certain extent. Based on this, this study will compare the development of private enterprises in different provinces in China, draw corresponding conclusions and provide corresponding explanations for the above contradictions and problems.

LITERATURE REVIEW

Since China's reform and opening, private enterprises have developed well and made important contributions to economic development (Yan, 2023). In the early days, the development of private enterprises improved the level of market competition and promoted the efficiency of all enterprises (Yao, 1998). In some provinces with more developed economies in China, the private economy has gradually surpassed the public economy and has become the dominant force in the provincial economy (Liang et al., 2007). The development of private enterprises has increased the proportion of non-state ownership in the economy and improved the labor and capital efficiency of the entire society (Liu and Li, 2001). With the continuous development of China's economy, private enterprises have played an increasingly important role in promoting employment, expanding government tax revenue, promoting foreign trade, and achieving scientific and technological innovation (Kan, 2008). In recent years, the important role of China's private enterprises in economic development is particularly reflected in many aspects such as comprehensively promoting consumption, expanding investment space, and promoting common prosperity (Wu, 2021) .

But at the same time, the development of China's private enterprises has also been constrained in many aspects, mainly reflected in insufficient market demand, difficulty and high cost of financing, and obstacles in transformation and upgrading (Xinhua News Agency, 2018).

First, insufficient market demand . The problem of insufficient market demand faced by Chinese private enterprises is reflected in both the decline in overseas export demand (Liang et al., 2024) and the changes in China's domestic demand structure (Xie and Feng, 2024). The decline in demand has intensified market competition , leading to financial difficulties for private enterprises (Yuan, 2024). In addition, private enterprises are also faced with difficulties such as lack of effective investment demand and overcapacity in the industry (Wang, 2024). The problems in China's private economic business environment have also led to the inability of private enterprises to equally use social resources to participate in market competition (Ji, 2023).

Second, financing difficulties. The difficulty of financing for private enterprises in China is reflected in the high threshold for corporate loans, high financing costs, and low business stability (Liu and Yuan, 2024). China's private enterprises are small in scale, highly financially vulnerable, and weak in risk response , which leads to financing difficulties for enterprises (Shi, 2024). In addition, the low risk appetite of financial institutions for private enterprises and the information asymmetry between financial institutions and private enterprises also lead to financing difficulties for enterprises (Li, 2024) .

Third, transformation and development are difficult. The transformation of private enterprises will lead to excessive sunk costs, which is not conducive to enterprise development in the short term (Xie and Feng, 2024). Chinese private enterprises often take a wait-and-see attitude in the choice of digital transformation (Liu, 2024). Even if the transformation is implemented, private enterprises invest less in technological innovation (Xie et al., 2022; Liu et al., 2015). The transformation and development of private enterprises will suffer from the dual obstacles of insufficient technological level and suppression by developed countries (Li, 2023). At the same time, family-owned private enterprises generally lack the willingness to transform and develop due to the risk of owners pursuing power (Chu, 2002). In addition to the above problems, some scholars believe that the effects of state and government policies to support the development of private enterprises are not significant. Due to various reasons , private enterprises cannot fully enjoy the government's policy benefits (Li, 2021) . There is a large deviation between the short-term implementation effect of government policies and the demands of enterprises (Zhu et al., 2020). Private enterprises need to bear risks caused by uncertainty in government policies (Liu et al., 2017) . Uncertainty in government policies will increase the costs that companies need to pay when disposing of assets (Liu et al, 2019) . In addition, for private enterprises in the growth and decline stages , the impact of government tax incentive policies is not significant (Liu et al., 2020; Chen et al., 2019) .

METHODS AND MATERIALS

3.1 Multiple Case Analysis

This study mainly conducts comparative analysis on the development of several provinces and their private enterprises in China to determine the question of "how the development of private enterprises in each province is". Based on this, this study mainly uses the multi-case analysis method and selects cases from relevant provinces in China for comparative analysis.

The multiple case study method refers to the comparison and analysis of two or more cases under the guidance of theory to identify the similarities and heterogeneity of the analyzed case units, thereby achieving theoretical construction (Eisenhardt, 1989). Compared with single case studies, multiple cases can more accurately describe different constructs and their interrelationships, and determine accurate definitions and appropriate levels of construct abstraction, providing a more solid foundation for theoretical construction (Yin, 2009) . This research method is more suitable for universal theoretical construction (Mao and Chen, 2017).

Multi-case analysis is generally divided into two steps: within-case analysis and cross-case analysis. Within-case analysis usually includes a detailed description of each case. Although it is a simple and pure description, it is very critical for the generation of new insights because it can help researchers start processing massive data as early as possible in the data analysis stage (Eisenhardt, 1989). Cross-case analysis requires researchers to break through the limitations of thinking during within-case analysis, stand from a systematic and global perspective, and use structured and diverse analysis methods to repeatedly compare the concepts that emerge in the cross-case analysis process with existing theories, and use a large number of charts to explore the potential connections between concepts. In the process of continuously improving research findings, gradually achieve the matching of data and theory, enhance the abstractness of the theory, and form a robust chain of causal evidence (Liu et al., 2022).

3.2 Case Selection

This study intends to select several provinces from China's 31 provincial-level divisions (provinces, autonomous regions, and municipalities) as cases to compare and analyze the development of private enterprises in each province. Based on the GDP and per capita GDP of each province in China in 2023 (as shown in Table 1), Guangdong Province, Jiangsu Province, and Zhejiang Province were selected as the objects of multi-case analysis.

This study mainly considers the following aspects when selecting cases:

First, select similar cases in provinces with better regional economic development. It is generally believed that in regions with better economic development, private enterprises will also develop better. This is mainly because the regional economic foundation is solid and the government will provide more favorable policy support and guarantees for private enterprises (Yu, 2002). By selecting cases in this way and conducting comparative analysis, it is possible to find the problems in the development of private enterprises. At the same time, by selecting provinces with better regional economic development as research cases, corresponding development experience can also be obtained. The research results formed may serve as a good reference. Based on this, in Table 1, the provinces with the highest GDP in 2023 (Guangdong, Jiangsu, Shandong, Zhejiang, etc.) can all be selected as research cases.

Second, select relevant cases that have formed relatively mature development models. According to Xie (2002), the development of private enterprises in my country has mainly formed the "Wenzhou Model", "Southern Jiangsu Model" and "Pearl River Model", which correspond to Zhejiang, Jiangsu and Guangdong. Mu (2018) believes that Zhejiang, Guangdong and Jiangsu are large and strong provinces in the development of private economy, and have accumulated a

series of successful experiences in the rapid development of private enterprises, which deserves in-depth analysis and summary. Based on this, this study takes Guangdong, Jiangsu and Zhejiang as research cases and compares and analyzes the development of private enterprises in each province.

Table 1 Economic data of China's provinces in 2023

Province	GDP in 2023 (100 million RMB)	GDP per capita in 2023 (RMB)
Guangdong	135673.2	106985
Jiangsu	128222.2	150487
Shandong	92068.7	90771
Zhejiang	82553.2	125043
Sichuan	60132.9	71835
Henan	59132.4	60073
Hubei	55803.6	95538
Fujian	54355.1	129865
Hunan	50012.9	75938
Shanghai	47218.7	190321
Anhui	47050.6	76830
Hebei	43944.1	59332
Beijing	43760.7	200278
Shaanxi	33786.1	85448
Jiangxi	32200.1	71216
Liaoning	30209.4	72107
Chongqing	30145.8	94147
Yunnan	30021.1	64107
Guangxi	27202.4	54005
Shanxi	25698.2	73984
Inner Mongolia	24627	102677
Guizhou	20913.3	54172
Xinjiang	19125.9	73774
Tianjin	16737.3	122752
Heilongjiang	15883.9	51563
Jilin	13531.2	57739
Gansu	11863.8	47867
Hainan	7551.2	72958
Ningxia	5315	72957
Qinghai	3799.1	63903
Tibet	2392.7	65642

Data source: China Statistical Yearbook 2024

ANALYSIS OF THE DEVELOPMENT

4.1 Analysis of the development of private enterprises in Guangdong Province

(1) Overview of Guangdong Province's Regional Economy

Among all provinces in China, Guangdong Province has always been the "vanguard" of economic growth, and the province's GDP has ranked first in China for 36 consecutive years. From the perspective of regional economy, Guangdong Province has initially built a modern industrial system supported by advanced manufacturing and dominated by modern service industries. At present, Guangdong Province's pillar industries continue to grow, forming seven trillion-level industrial clusters such as electronic information, green petrochemicals, and smart home appliances. Strategic emerging industries are developing rapidly, and the scale of 5G industry and digital economy ranks first in China. Modern logistics, e-commerce, and health services are developing rapidly, and emerging service industries and new formats and models such as cross-border e-commerce and market procurement trade are booming. The regional economic indicators of Guangdong Province in 2023 are shown in Table 2.

Table 2 Economic Development Data of Guangdong Province, China in 2023

GDP (RMB 100 million)	GDP per capita (RMB)	Added value of primary industry (100 million RMB)	Added value of secondary industry (100 million RMB)	Added value of the tertiary industry (100 million RMB)	Industrialization rate	Urbanization rate
135673.2	106985	5540.7	54437.3	75695.24	0.12%	75.42%

Data source: China Statistical Yearbook 2024

Guangdong Province's future regional economic development plan is mainly centered on building a global advanced manufacturing base and industrial innovation highland, cultivating and developing a number of strategic industrial clusters, striving to create a world-class manufacturing development environment highland, and consolidating and enhancing the pillar status of manufacturing in the province's economy. According to this plan, Guangdong Province will be committed to developing ten strategic industrial clusters in the future, including the electronic information industry, green petrochemical industry, smart home appliance industry, automobile industry, advanced materials industry, modern light industry and textile industry, software and information service industry, ultra-high-definition video display industry, biomedicine and health industry, and modern agriculture and food industry.

At the same time, Guangdong Province will be committed to developing ten strategic emerging industry clusters, including the semiconductor and integrated circuit industry, high-end equipment manufacturing industry, intelligent robot industry, blockchain and quantum information industry, cutting-edge new materials industry, new energy industry, laser and additive manufacturing industry, digital creative industry, safety emergency and environmental protection industry, and precision instrument and equipment industry.

In terms of transformation and upgrading of traditional industries, Guangdong Province will mainly rely on traditional leading enterprises to promote the specialization, branding and internationalization of industries such as textiles and clothing, food and beverages, home appliances and furniture, hardware and building materials.

(2) Development of private enterprises in Guangdong Province

By the end of 2023, the number of private enterprises in Guangdong Province reached 6.7438 million, accounting for 96.57% of all registered legal entities. Among them, the number of industrial private enterprises that achieved the main income and created most of the enterprise performance was 50,821, accounting for 96.90% of all industrial enterprises. In 2023, the total assets of all industrial private enterprises in Guangdong Province were RMB 6897.32 billion, with annual operating income of RMB 6872.77 billion and total profits of RMB 427.36 billion (China Statistical Yearbook, 2024).

The development of private enterprises in Guangdong Province has formed quite significant advantages across China. According to the 2024 "Fortune" magazine's "Fortune 500 Ranking", a total of 6 private companies in Guangdong Province are on the list, including Huawei Investment&Holding, Tencent Holdings, BYD, Midea Group, SF Holding, Luxshare Precision Industry. The information of each company on the list is shown in Table 3.

Table 3 Situation of private enterprises in Guangdong Province, China

listed in Fortune's "Fortune 500" in 2024

Company Name	"Fortune" Fortune Global 500 Ranking	operating income (USD million)	profit (USD million)	Industry
Huawei Investment&Holding	103	99,470.30	12,274.40	Computer, communication and other electronic equipment manufacturing
Tencent Holdings	141	86,028.30	16,275.20	internet
BYD	143	85,082	4,243.50	Electrical machinery and equipment manufacturing industry
Midea Group	277	52,789.60	4,763.20	General equipment manufacturing industry
SF Holding	415	36,502.40	1,163.20	Logistics
Luxshare Precision Industry	488	32,758.50	1,547.20	Computer, communication and other electronic equipment manufacturing

Data source: Sina Finance https://finance.sina.com.cn/zt_d/subject-1722837031/

4.2 Analysis of the development of private enterprises in Jiangsu Province

(1) Overview of Jiangsu Province's Regional Economy

Among all provinces in China, Jiangsu Province has achieved rapid growth in regional economic output for many years. Since 2003, the province's GDP has ranked second in China for 21 consecutive years. Jiangsu Province has a high quality of regional economic development, with a higher per capita GDP than Guangdong Province. From the perspective of regional economic development, Jiangsu Province has cultivated and expanded advanced manufacturing clusters, giving full play to the province's sound manufacturing system and scale technology advantages, and focusing on building trillion-level industrial clusters such as the Internet of Things, high-end equipment, energy conservation and environmental protection, new power (new energy) equipment, biomedicine and new medical devices. The regional economic indicators of Jiangsu Province in 2023 are shown in Table 4.

Table 4 Economic Development Data of Jiangsu Province, China in 2023

GDP (100 million RMB)	GDP per capita (RMB)	Added value of primary industry (100 million RMB)	Added value of secondary industry (100 million RMB)	Added value of the tertiary industry (100 million RMB)	Industrialization rate	Urbanization rate
128222.2	150487	5075.8	56909.7	66236.744.38%		75.04%

Data source: China Statistical Yearbook 2024

Jiangsu Province is committed to making achievements in strategic emerging industries in the future based on the development of existing advanced manufacturing industries. According to this development plan, Jiangsu Province will vigorously cultivate advanced manufacturing clusters such as integrated circuits, biomedicine and new medical devices, high-end equipment, new power (new energy) equipment, engineering machinery, internet, high-end textiles, cutting-edge new materials, marine equipment and high-tech ships, energy conservation and environmental protection, core information technology, automobiles and parts, new displays and green food. The development of some industrial clusters will reach the world's advanced level.

At the same time, in terms of strategic emerging industries, Jiangsu Province focuses on cutting-edge fields such as integrated circuits, biomedicine, artificial intelligence, and actively develops new-generation information technology, new materials, energy conservation and environmental protection, new energy, and new energy vehicles.

In terms of transformation and upgrading of traditional industries, Jiangsu Province will focus on advantageous traditional industries such as chemical industry, steel, textile, machinery, etc. The province will accelerate the optimization and upgrading of traditional industries and layout adjustment by adhering to the guidance of intelligence, greenness and high-endization, so as to stimulate the development momentum of traditional industries.

(2) Development of private enterprises in Jiangsu Province

By the end of 2023, the number of private enterprises in Jiangsu Province reached 3.9657 million, accounting for 96.15% of all registered legal entities. Among them, the number of industrial private enterprises that achieved the main income and created most of the enterprise performance was 52,177, accounting for 96.83% of all industrial enterprises. In 2023, the total assets of all industrial private enterprises in Jiangsu Province were RMB 8,198.97 billion, with annual operating income of RMB 7,719.47 billion and total profits of RMB 439.31 billion (China Statistical Yearbook, 2024).

The development of private enterprises in Jiangsu Province has also formed certain advantages. According to the 2024 Fortune Global 500 list, there are three private enterprises in Jiangsu Province on the list, namely Hengli Group, Shenghong Holding Group, Jiangsu Shagang Group. The situation of each listed company is shown in Table 5.

Table 5 Private enterprises in Jiangsu Province, China, listed in the 2024 Fortune Global 500

Company Name	Fortune Global 500 ranking	Operating income (US$ million)	Profit (US$ million)	Industry
Hengli Group	81	114,664.50	980.8	Petrochemical
Shenghong Holding Group	171	74,700.80	548.5	Chemical raw materials and chemical products manufacturing industry
Jiangsu Shagang Group	383	39,241.30	227.7	Steel Manufacturing

Data source: Sina Finance https://finance.sina.com.cn/zt_d/subject-1722837031/

4.3 Analysis of the development of private enterprises in Zhejiang Province

(1) Overview of Zhejiang Province's Regional Economy

Among all provinces in China, Zhejiang Province has also achieved rapid growth in terms of regional economic output over the years. Zhejiang Province's regional GDP has risen from 12th in China at the beginning of reform and opening up to 4th at present, and is one of the fastest growing provinces in China (Yicai, 2018). Zhejiang Province has a high quality of regional economic development, and its per capita GDP is also higher than that of Guangdong Province. From the perspective of regional economic development, Zhejiang Province has implemented actions to rebuild the manufacturing industry base and upgrade the industrial chain, improve the stable supply capacity of network communications, key instruments and equipment, important raw materials, key components and core components, basic software, industrial control systems, etc., and ensure the safe and stable operation of basic industries related to national economy and people's livelihood. Implement actions to cultivate and upgrade industrial clusters to create world-class advanced manufacturing clusters such as new generation information technology, automobiles and parts, green chemicals, modern textiles and clothing. The regional economic indicators of Zhejiang Province in 2023 are shown in Table 6.

Table 6 Economic Development Data of Zhejiang Province, China in 2023

GDP (RMB 100 million)	GDP per capita (RMB)	Added value of primary industry (100 million RMB)	Added value of secondary industry (100 million RMB)	Added value of the tertiary industry (100 million RMB)	Industrialization rate	Urbanization rate
82553.2	125043	2332	33952.7	46268.6	41.13%	74.23%

Data source: China Statistical Yearbook 2024

In terms of future regional economic development planning, Zhejiang Province is committed to building the development of life and health industries and new materials industries , and strives to cultivate and develop emerging industries and future industries. Zhejiang Province's future industrial planning includes the construction of new generation information technology, biotechnology, high-end equipment, new energy and smart cars, green environmental protection, aerospace, marine equipment and other industries, and accelerates the formation of a number of strategic emerging industry clusters. In terms of transformation and upgrading of traditional industries, Zhejiang Province is committed to implementing the 2.0 version of the traditional manufacturing transformation and upgrading plan, accelerating digital, intelligent and green transformation, creating benchmark counties (cities, districts) and characteristic and advantageous manufacturing clusters by industry, and creating a national manufacturing transformation and upgrading demonstration zone.

(2) Development of private enterprises in Zhejiang Province

By the end of 2023, the number of private enterprises in Zhejiang Province will reach 2.3869 million, accounting for 96.81% of all registered legal entities. Among them, the number of industrial private enterprises that realize the main income and create most corporate performance is 47,280, accounting for 97.98% of all industrial enterprises. In 2023, the total assets of all industrial private enterprises in Zhejiang Province will be RMB 5,514.07 billion, with annual operating income of RMB 4,998.93 billion and total profits of RMB 232.1 billion (China Statistical Yearbook, 2024).

Table 7 China's Zhejiang Province's private enterprises

listed in Fortune's "Fortune 500" in 2024

Company Name	"Fortune" Fortune Global 500 Ranking	Operating income (USD million)	Profit (millions of dollars)	Industry
Alibaba Group Holding	70	131,337.90	11,165.10	Software and information technology services
Zhejiang Rongsheng Holding Group	138	86,535.60	74.6	Petrochemical Real Estate
Zhejiang Geely Holding Group	185	70,356.80	812.6	Automotive Manufacturing
Zhejiang Hengyi Group	243	57,468	23.5	Petrochemical and chemical fiber raw materials
Tsingshan Holding Group	265	53,980	1,554.20	Stainless steel manufacturing
Hailiang Group	429	35,701.80	32.2	Non-ferrous metal manufacturing

Data source: Sina Finance https://finance.sina.com.cn/zt_d/subject-1722837031/

The development advantages of private enterprises in Zhejiang Province are also significant. According to the 2024 "Fortune" magazine's "Fortune 500 Ranking", a total of 6 private companies in Zhejiang Province are on the list, namely Alibaba Group Holding, Zhejiang Rongsheng Holding Group, Zhejiang Geely Holding Group, Zhejiang Hengyi Group, Tsingshan Holding Group, Hailiang Group. The information of each company on the list is shown in Table 7.

4.4 Comparative analysis of the development of private enterprises in various provinces in China

Based on the above case description of the development of private enterprises in Guangdong, Jiangsu and Zhejiang provinces in China, this study further conducted a comparative analysis of private enterprises in the three provinces and obtained the following analytical results.

(1) Compared with Jiangsu Province, Guangdong Province and Zhejiang Province have certain advantages in terms of the number and scale of private enterprises and the number of excellent enterprises.

As shown in Table 8, by comparing the indicators and data of Guangdong Province, Jiangsu Province and Zhejiang Province in terms of "regional GDP", "percentage of private enterprises" and "number of Fortune Magazine's 'Global 500' companies", it can be found that: although Zhejiang Province's regional GDP is smaller than that of Guangdong Province and Jiangsu Province, its proportion of private enterprises (96.81%) is greater than that of Guangdong Province and Jiangsu Province, and the number of Fortune Magazine's "Global 500" companies (6) it has is greater than that of Jiangsu Province and is the same as that of Guangdong Province.

The results of the above comparative analysis are supported by some related studies. Chu(2024) believes that the "strength" of Jiangsu's economic development is not reflected in the private economy. The gap between the development of private enterprises in Jiangsu Province and those in Guangdong Province and Zhejiang Province is shocking. It can be

seen that although Jiangsu Province has advantages in regional economic volume and development quality, it does have shortcomings in the development of private enterprises. Zheng and Sun(2021) conducted a comparative analysis of private enterprises in Jiangsu Province and Zhejiang Province, and believed that Zhejiang private enterprises have advantages in terms of income scale, external expansion (implementation of mergers and acquisitions), and risk response. Zhejiang private enterprises are more outward-looking, that is, they are more willing to expand beyond their own region and business areas. In comparison, Jiangsu private enterprises are more focused on internal development and are more content with the status quo, so they lag behind Zhejiang private enterprises in terms of enterprise development.

Table 8 Comparison of private enterprises
in Guangdong, Jiangsu and Zhejiang provinces, China (1)

Province	Regional GDP (100 million RMB)	The proportion of private enterprises	Number of Fortune Global 500 companies
Guangdong	135673.2*	96.57%	6*
Jiangsu	128222.2	96.15%	3
Zhejiang	82553.2	96.81%*	6*

Data source: developed by the author
"Private enterprise share" refers to the proportion of private enterprises in all registered enterprises (including private enterprises and state-owned enterprises)
"*" indicates a more dominant term

(2) Compared with Guangdong and Jiangsu provinces, Zhejiang Province has advantages in terms of the number, scale, investment, revenue and profits of private industrial enterprises.
As shown in Table 9, Zhejiang Province surpasses Guangdong Province and Jiangsu Province in four aspects: "the proportion of the number of private industrial enterprises" (97.98%) , "the proportion of private industrial enterprise assets" (74.37%), "the proportion of private industrial enterprise operating income" (77.90%), and "the proportion of private industrial enterprise total profit" (77.67%). This shows that Zhejiang Province's private industrial enterprises surpass Guangdong Province and Jiangsu Province in terms of both quantity, scale and performance.
From the above analysis, it can be concluded that the development level of private enterprises is reflected in the comparison with state-owned enterprises, that is, private enterprises should have more significant competitive advantages than state-owned enterprises and make greater contributions to economic development. Xie(2002) explained the reasons for the success of private enterprises in Zhejiang Province, that is, private enterprises gave full play to the characteristics of clear property rights and flexible mechanisms. Because the government has less inappropriate intervention in private enterprises and provides stronger supportive policies, private enterprises in Zhejiang appear to be more flexible and vibrant than private enterprises in other provinces. Mu(2018) believes that the development of private enterprises in Zhejiang Province benefits from the local government's streamlining administration and decentralizing power and improving the efficiency of public management, so that the development vitality of private enterprises can be released. In the new period, the government departments of Zhejiang Province have given private enterprises more autonomy, and the development of private enterprises has more inherent advantages and a solid policy foundation.

Table 9 Comparison of private enterprises
in Guangdong, Jiangsu and Zhejiang provinces, China (2)

Province	Proportion of private industrial enterprises	Proportion of private industrial enterprises' assets	Proportion of operating income of private industrial enterprises	Proportion of total profits of private industrial enterprises
Guangdong	96.91%	59.39%	66.02%72.43%	
Jiangsu	96.83%	71.67%	76.37%77.31%	
Zhejiang	97.98%*	74.37%*	77.90%*	77.67%*

Data source: developed by the author
"Proportion of private industrial enterprises' assets", "Proportion of operating income of private industrial enterprises", "Proportion of total profits of private industrial enterprises" refer to the proportion of private enterprises' registered capital, operating income and profits in the registered enterprises' (including private enterprises and state-owned enterprises) capital, operating income and profits.
"*" indicates a more dominant term

(3) Compared with Jiangsu Province, outstanding private enterprises in Guangdong Province and Zhejiang Province are more concentrated in high-tech industries or industries such as communications and information.

As shown in Table 10 , among the private enterprises listed in Fortune magazine's "World's Top 500", Guangdong Province's private enterprises are mainly concentrated in industries such as computer communications, the Internet, and electrical equipment manufacturing. Jiangsu Province's private enterprises are mainly concentrated in industries such as petrochemicals and steel manufacturing. Zhejiang Province's private enterprises are mainly concentrated in industries such as software information technology, petrochemicals, and steel manufacturing. In combination with the plans of each province for future industrial development, the outstanding private enterprises in Guangdong and Zhejiang provinces are more concentrated in high-tech industries and industries that reflect future industrial development trends.

Table 10 Comparison of private enterprises
in Guangdong, Jiangsu and Zhejiang provinces, China (3)

Province	Number of Fortune Global 500 companies	Main industries/sectors
Guangdong	6*	Computer communications* , Internet* , electrical equipment manufacturing
Jiangsu	3	Petrochemical industry, steel manufacturing
Zhejiang	6*	Software Information Technology* , Petrochemicals, Steel Manufacturing

Data source: developed by the author
"*" indicates comparative advantage and high-tech industries

Private enterprises' involvement in high-tech industries often means that they have to carry out transformation and upgrading, which is a huge cost burden for private enterprises. Only those who can successfully transform can achieve long-term development. Xie and Feng(2024) believe that private enterprises' eagerness to transform will lead to excessive sunk costs, and the transformation direction of private enterprises is often not determined in time. Liu (2024) believes that private enterprises always take a wait-and-see attitude in the choice of digital transformation due to considerations of transformation costs, and there are difficulties in enterprise transformation.

CONCLUSIONS AND IMPLICATIONS

Conclusions

This study takes Guangdong, Jiangsu and Zhejiang provinces in China as research cases, compares and analyzes the development of private enterprises in each province, and draws corresponding conclusions based on this. Through the above analysis, the main conclusions are as follows.

(1) The development of private enterprises in provinces with high levels of regional economic development may not necessarily have an advantage. From the above analysis, it can be seen that Guangdong Province has a high level of regional economic development, and at the same time, the development of private enterprises has also formed a strong advantage. However, by comparing the development of private enterprises in Jiangsu Province and Zhejiang Province, it can be seen that the regional economic development level of Jiangsu Province is higher than that of Zhejiang Province, but the development of private enterprises is relatively weak. Private enterprises in Jiangsu Province lag behind those in Zhejiang Province in terms of quantity, investment scale and performance, and the number of excellent private enterprises is relatively small. Therefore, to a certain extent, it can be considered that the development level of private enterprises in provinces with high levels of regional economic development in China may be relatively low.

(2) In provinces where private enterprises have advantages in the development, private enterprises show stronger strength than state-owned enterprises. From the above analysis, it can be seen that compared with Guangdong Province and Jiangsu Province, private enterprises in Zhejiang Province have more significant advantages. One of the development advantages of private enterprises in Zhejiang Province is that they are stronger than state-owned enterprises. From this perspective, compared with state-owned enterprises, private enterprises in Zhejiang Province have advantages in terms of quantity scale, investment scale, corporate performance, etc., and this advantage is significantly greater than that of Guangdong Province and Jiangsu Province. It can also be believed that the evaluation of the development level of China's private enterprises can be carried out from the perspective of comparison with state-owned enterprises in the region.

(3) Compared with traditional industries, private enterprises engaged in emerging industries and sectors have achieved better development. From the above analysis, we can see that the governments of Guangdong, Jiangsu and Zhejiang provinces have all proposed plans for emerging industries in their future development, which obviously plays an important role in guiding the development of private enterprises. By comparison, it can be seen that the industries or sectors in which the outstanding private enterprises in Guangdong and Zhejiang provinces are concentrated include emerging industries such as communications and information. However, the number of outstanding private enterprises in Jiangsu Province is relatively small, and they are still mainly concentrated in traditional industries or sectors.

Therefore, it can be considered that the future development of Chinese private enterprises should pay attention to the industry-oriented policies given by regional governments, and mainly engage in emerging and strategically significant industries and sectors.

5.2 Implications

Based on the above analysis and conclusions, this study puts forward the following implications for the future development of China's private enterprises.

(1) The development of private enterprises should be based on the understanding and grasp of the government's industrial orientation policies. From the above analysis, it can be seen that the development paths, models and development results of private enterprises in different provinces in China are different. However, most of the private enterprises with better development have catered to the government's industrial orientation policies, especially the development policies on future high-tech industries and strategic industries. Therefore, if private enterprises in China want to achieve development, they should fully grasp and implement the government's industrial orientation policies, conduct business in emerging industries and sectors, and obtain policy dividends.

(2) Private enterprises should open their horizons and expand their business in a wider range of fields. From the above analysis, we can see that in provinces where private enterprises are well developed, private enterprises have more obvious advantages over state-owned enterprises. State-owned enterprises are generally limited to conducting business in the region where they are located and are not allowed to operate across regions, which leaves a wide space for the development of private enterprises. China's private enterprises should be more open-minded and expand their business to other provinces and even wider regions and fields.

(3) Private enterprises should achieve transformation and upgrading through technological innovation. From the above analysis, it can be concluded that private enterprises with better development can implement transformation and upgrading development measures as early as possible, so as to be involved in emerging industries. Therefore, although the transformation and upgrading path is a short-term "pain" for private enterprises, it is extremely beneficial in terms of long-term development. China's private enterprises should actively implement the strategy of technological innovation and rely on scientific and technological means to enable transformation and upgrading in order to achieve long-term development.

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