

# Research on the Operation Mode of Scenic Villages under the Background of "Two Mountains" Transformation: A Comparative Study of Four Villages in Zhejiang Province

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**Abstract:** For a long time, Zhejiang Province has consistently and continuously promoted the project of "Demonstration of One Thousand Villages and Renovation of Ten Thousand Villages", and has already created thousands of beautiful villages and achieved remarkable results. Firstly, this paper analyzes the current situation of scenic villages in Zhejiang Province under the background of Two Mountains Theory; then, based on field trip cases, it analyzes four existing operation modes in the scenic villages, i.e., individual economy oriented, collective economy oriented, private capital oriented and multi-share joint venture, and compares the advantages and disadvantages of each mode; finally, it puts forward four corresponding suggestions for the improvement the current operation mode.

**Keywords:** rural revitalization; scenic villages; operation mode

## 1. Introduction

For a long time, Zhejiang Province has consistently and continuously made great achievements in promoting the Demonstration of One Thousand Villages and Renovation of Ten Thousand Villages project and creating thousands of beautiful villages [1]. Now in Zhejiang Province, ten thousand rural scenic spots construction in villages are in full swing. With the intensive attention from Zhejiang provincial Party committee and government, the building of village scenic spots in Zhejiang Province is planned as a whole, guided by typical models and promoted with all efforts. The rural scenic spot village is an area with public service facilities and tourism supporting services, which takes the production and living scope of a specific village, community and its villagers or residents as the core, natural landscape, pastoral scenery, architectural style, historical relics, folk culture, experience activities and characteristic products as the main attractions [2]. Scenic village is the product of combining all-for-one tourism and beautiful rural construction, with the view to building a beautiful village under the background of Rural

Revitalization. The village not only needs the ecological beauty, environmental beauty, humanistic beauty, but also economic booming. The introduction of tourism industry into rural areas can promote farmers to increase income and become rich, comprehensively promote the integration of primary, secondary and tertiary industries in rural areas, and realize the transformation and upgrading of beautiful villages to prosperous villages. The construction of scenic villages is an important measure to implement the Two Mountain Theory, realize the construction of ecological civilization and promote the economic transformation and development in the Post Water Control Era of Zhejiang Province [3].

Based on the varied resource endowment, location, transportation and tourist market of each region, how to effectively leverage the beautiful rural construction, stimulate the motivation of local villagers, introduce professional personnel, innovate the investment, marketing and management mechanism to promote the development of scenic villages, has become a new growth point of rural economy. It also plays an important role in the strategic adjustment of rural economic structure, increasing farmers' income, expanding villagers' employment and so on. Additionally, it provides an effective way to solve the problems of agriculture, rural areas and farmers in this area.

## 2. Four Modes of Operation in Scenic Villages

In order to realize the transformation and upgrading of beautiful villages and optimize the allocation in the industry, land and capital of beautiful villages, the integration mode of scenic villages and beautiful villages in Zhejiang Province has been explored. The diversified investment development pattern of state-owned economy, private capital, village collective economy and individual economy has been put into practice in different scenic villages. According to the sources of investment funds in the varied operation modes, the modes of scenic villages can be divided into four types: individual economy oriented, collective economy oriented, private capital oriented and multi-share joint venture. The following is to

introduce the operation of various modes in Zhejiang Province, by studying 4 cases of typical 3A level scenic villages.

### 2.1. The Individual Economy Oriented – Village Jian

The individual economy-oriented operation mode is dominated by the micro enterprises in rural tourism, with the characteristics that rural tourism services such as catering, accommodation, agricultural products and so on are furnished by one farmer household or several farmer households of the same family. The typical case in Zhejiang Province is Jian Village in Wangdian town. Jian Village, located in Xiuzhou District of Jiaying City, is the south gate of Xiuzhou District, adjacent to Haining City, about 3km away from Wangdian exit of Shanghai Hangzhou Expressway and Jiashao Expressway. The scenic area of "Treasure Bay" consists of two natural villages in the village of Jian Lin, with an area of more than 1,000 Mu, and nearly 100 original residential households with more than 340 registered residents live there. Its land circulation rate is 70%. The villages in the scenic spot arrange through the main line with "four gardens and seven bays". In total, 29 million yuan was funded by governments of all levels for the construction of beautiful villages, which greatly improved the supporting basic infrastructure and facilities of rural tourism with beautiful courtyards, tourist centers and smart scenic spots construction. Moreover, it standardized the management of agritainment, bed and breakfast homestay and featured agricultural product workshops, providing good conditions for the tourism operation of the individual economy. There are 9 provincial-level agritainment operators and 2 B & B operators in the villages, each with its own distinguished characteristics. In 2018, it entertained 40,000 visitors of rural tourism. The income of farmers operating in the scenic area also increased significantly. The biggest disadvantage of the individual economy-oriented operation mode is the lack of management ability. Therefore, collectively Jianlin village set up the Jiaying Jubao Bay Tourism Company, with 2 million registered capital (80% state-owned shares, 20% village collective shares). Jubao Bay Tourism Company plays a key role in the brand-building of scenic villages, tourists marketing and establishment of tourism standards. At present, Jubao Bay Tourism Company has no revenue, and it plays a more important role in providing early-stage tourism services for local individual economic organizations like an agent.

The operation mode of individual-oriented economy is mainly based on farmers' independent management, which is relatively independent, and the management level is not high enough. The operation mode retains the original rural culture as much as possible. Tourists can experience the authenticity of the countryside more in the scenic villages, and the original rural culture is inherited as well. Oriented by individual economy, this operation mode supports rather less to the agricultural production supply and rural economy.

### 2.2. Collective Economy Oriented – Lian Village

The self-operated operation mode of collective economy is a kind of rural tourism operation service established by legal means such as self-use of rural collective economic organizations, share-buying, and joint venture. The typical representative of this mode is Lian Village, Fengqiao town. Lian Village is located in the east of Fengqiao town, with 24 villager groups, 1132 households and a total population of 3,848. The land circulation rate is 25%. Lian Village has the scenic spot named as Wangxiangli, which was built in Yuan Dynasty more than 600 years ago, with profound cultural heritage. In 2017, Lian Village invested 14 million yuan to build Wangxiangli scenic spot, involving 80 households in Lian Village. The Sanzhi Hall, agricultural products exhibition center, Red-theme park, farming experience area, Lianfeng Village History Museum and other projects have been completed, and this village became an important stop on the classical red tourism route. It has 10 rural cultural organizations and clubs. Lian Village collectively established Jiaying Lianfeng Tourism Development Co., Ltd. in order to improve the operation ability of the scenic spot. Also, Lian Village introduced professional tourism companies as consultancy to provide professional consulting, planning, management and operation for the scenic spots. The unified and standard management mode was implemented for the tourism industry in the village. The village officials collectively guided farmers to develop featured tourism projects, and gradually formed a unique rural tourism industry cluster. There are 17 farmhouses and 3 B&B homestays in the village. In 2018, its rural tourism entertained 60,000 visitors in total.

The leading operation mode of the collective economy is under the unified and standard management of the village collectively, with great involvement of the villagers. The investment was mainly from the insiders from collective economy, and there is a lack of capital source from outside. The villages under this kind of operation mode are generally rich in cultural and leisure resources and superior in ecological environment. To some extent, it is fair to group members, and there are few conflicts of interest among villagers. Collective unified management and consistent standards are in this mode. This mode has a strong support function for regional agricultural production supply and the rural economy,

### 2.3. Private Capital Oriented—Miao Village

The private capital oriented is that private capital obtains the right of contracted management of land through contracting. And the village collectively transfer to private economic organizations for the subsequent investment and operation of regional rural tourism by means of subcontracting, leasing, exchanging, transferring or other means legally. The private capital is responsible for all the investment and operation in the scenic area, and the collective economy of village earn the income from land subcontracting and leasing. The typical case of this model in Zhejiang Province is Miao village, Dayun town. Miao village is located in the east of Jiashan County, south of Dayun exit of Shanghai-Hangzhou Expressway. The village has 16 villager groups, 1,048 households and a

total population of 3,393. The land circulation rate of Miao village has reached 98%. Lead by the idea of construction of Rural Complex, Miao Village has built an ecological model area with beautiful scenery and green development, and innovated the development of tourism industry, integrating high-quality tourism projects such as Smile Chocolate Village, Dream Oriental, Ten-mile Canal Towns, German Beer Brewery, etc. There are 8 different types of rural leisure tourism spots and 2 national 4A scenic spots in the village. In 2018, it entertained 500,000 rural tourism visitors, and the collective income of the village was 6.1 million Yuan, with the average income of villagers 46,377 yuan. Miao village used part of the village collective economic income to purchase land for circulation and basic endowment insurance for the villagers whose land was requisitioned; It purchased third-party pension services to ensure that the elderly villagers with a sense of security; It signed individualized contract with family doctors to provide convenient medical care for the villagers.

The private capital-oriented mode provides a strong support for the local rural economy. It enhanced economic vitality through external resources, and it attracted relevant enterprises or economic organizations to participate in the operation of rural tourism resources. In the operation mode of the scenic spots in the village, the involvement of villagers in the village collective economy is not that much, but it features with high land circulation rate in the villages adopting this mode, in which the primary, secondary and tertiary industries are integrated, and villagers can be employed nearby. The income of villagers includes not only from the annual rent of land circulation, but also from the salary from employment in the village. On the whole, the collective economy is rich and the villagers are rich as well.

#### 2.4. Multi-share Joint Venture, Pan Village

The mixed mode of multiple shares mainly refers to the operation mode of joint venture of multiple shares jointly owned by investors outside the villages and local village collective economy. This mode is a joint-stock tourism enterprise jointly owned by investors outside the village, local rural residents and rural community collectives (or the government). The enterprise independently develops and operates rural tourism development. The representative village of this mode is Panjiabang Village in Xincheng town. Pan Village, located in Xincheng Town of Xiuzhou district is to the north of Jiahu highway and the end of Dongsheng West Road. It is 5 km to the downtown of Jiaying city and only 10 km to Wuzhen scenic area. There are 13 villager groups, 522 households, with a total population of 2,048, and the land circulation rate is 90%. Pan village is a featured village in the construction of Beautiful Villages in Zhejiang Province and one of the key villages in the pilot program of rural tourism in China. 26 million yuan has been invested in the construction of the entrance landscape park, the ancient pavilion bridge, the sericulture museum, and the rural labyrinth. Pan Village introduced Jiaying Yuanjing Tourism Development Co., Ltd. and established Jiaying Panjiabang Sangzi Rural

Tourism Co., Ltd. with Pan Village Stock Economic Cooperative, which is responsible for the development and operation of Panjiabang scenic spot (Shareholding ratio: Yuanjing 51%, Village Cooperative 49%). With the view to joint operation, and win-win symbiosis, they developed to achieve the integration development of primary, secondary and tertiary industries. The mechanism of introducing rural development talents and the dividend system in the village were improved. The principle of "20% and 80%" was applied to its business forms and business income, that is, it encouraged villagers to operate on their own for 80% of the businesses, and for the rest 20%, it opens to the public society for business invitation. 80% of the income belonged to the cooperatives and villagers, and 20% of the business income was reserved to cover the operation and management costs. And 49% of the operation and management costs were on the account of cooperatives and villagers. This model greatly motivated the enthusiasm of the villagers and investors outside the village. The local villagers have successively invested 35 million yuan in the construction of folk custom and catering in rural tourism, and investors from outside have invested 25 million yuan in the construction of family farms and Rose Sea project. After three years' construction and upgrading in the beautiful countryside, there are a series of facilities and landscapes such as standardized basketball court with lights, high-end villas, cultural auditorium, attractive entrance of rural scenic spot, which can meet the needs of all the tourists. In 2018, Pan Village entertained 368,000 rural tourists, and the income increase of village involved in the tourism operation arranged from 20,000 to 30,000 yuan.

Multi share joint venture integrated outside capital and collective economy organically. At the same time, in order to expand the channels of capital raising, the integration and utilization of spare resources in rural areas were introduced innovatively to connect small market to the large market. At the same time, the joint venture pays attention to both efficiency and fairness. The operation of this mode needs good ecological landscape resources and cultural leisure resources endowment, and it provides strong support to regional agricultural production supply and rural economy. There are also some problems existing in this model, such as the unavailability of shares circulation, the difficulty in the control of the proportion of equity, and so on.

### 3. Comparative Analysis of Different Operation Mode

In Zhejiang Province, four kinds of rural tourism business models mentioned above co-exist, and the effect of the whole operation is ideal to a certain extent. However, how to realize the sustainable development of rural tourism and prevent the problems such as tourism enclave, tragedy of the commons, etc., is still a research question that need to answer by deeply analyzing the characteristics, significance, content, advantages and disadvantages, and investment income of the existing modes. We should optimize the overall mode, improve the villagers' overall perception of fairness, increase the villagers' support to the village collective, and let them involve more in rural

tourism, so as to create a "sensible village" in an all-round way. (Table 1)

**Table 1.** Comparative Analysis of Operation Modes of Scenic Villages

	Individual economy oriented	Collective economy oriented	Private capital oriented	Multi-share joint venture
Features	Independent management, relatively independent, low management level, weak agricultural production supply and rural economic support.	Village collective management, great involvement of farmers, less investment from outside, strong agricultural production supply and rural economic support.	Company management, farmers' strong engagement, interest imbalance, strong agricultural production supply and rural economic support.	The organic integration of foreign capital and collective economy, introducing rural idle capital creatively, strong agricultural production supply and rural economic support.
Advantages	<ol style="list-style-type: none"> <li>1. Retain the original rural culture;</li> <li>2. Farmers' self-operation with less investment and high rate of return;</li> <li>3. Farmers' land value is added to reduce the employment pressure;</li> </ol>	<ol style="list-style-type: none"> <li>1. Fair distribution of interests, less conflict of interests;</li> <li>2. Easy to have unified management with low investment and high return;</li> <li>3. Farmers' participation in development and management is conducive to motivating their enthusiasm;</li> </ol>	<ol style="list-style-type: none"> <li>1. To realize cross organization and cross regional joint operation;</li> <li>2. Solve the problems of employment for local government;</li> <li>3. High starting point, rapid development rate and large scale;</li> </ol>	<ol style="list-style-type: none"> <li>1. Widen the channels for raising capital and realize the connection between the scattered small businesses households and the large market;</li> <li>2. Capital cooperation and labor cooperation are integrated;</li> <li>3. There is a considerable comprehensive supervision mechanism to supervise the integrity of collective assets;</li> </ol>
Disadvantages	<ol style="list-style-type: none"> <li>1. Farmer' independent operation with low management level; lack of related professional knowledge and skills affect the operation of the whole scenic area;</li> <li>2. Farmers shoulder certain economic risk;</li> <li>3. Small in scale, lack of competitiveness.</li> </ol>	<ol style="list-style-type: none"> <li>1. The village collective form has limitations in management;</li> <li>2. It is difficult to form a strong competitive advantage because of its small scale;</li> <li>3. Lack of funds is not conducive to long-term development.</li> </ol>	<ol style="list-style-type: none"> <li>1. It is difficult for farmers to gain profit from public resources;</li> <li>2. The largest beneficiary is the company itself;</li> <li>3. The contradiction between the company and the farmers is deepening.</li> </ol>	<ol style="list-style-type: none"> <li>1. The property structure of the cooperative system is relatively simple and the share capital cannot be circulated but only exit;</li> <li>2. Problems in equity ratio control.</li> </ol>

In general, the villages in various scenic spots in Zhejiang Province have found a set of models suitable for their own operations based on their own resource endowments, economic and social development stages, and urbanization levels. In each model, there are both advantages and disadvantages. The scenic villages constantly carry forward their own advantages of the chosen operating mode, and at the same time try to overcome the disadvantages of this mode. For example, individual economic-oriented scenic villages try to utilize the power of the village collective to standardize their service standards; collective-economy oriented villages are also actively seeking social funds to optimize the construction of scenic villages in the absence of external funds; Private capital-oriented scenic villages take into account the imbalance of villagers' interests, and use village collective income to make up for the deficiency of medical care and elderly villagers' pension; multi-share joint venture scenic villages have more thoughts on the operation model, and their problems in equity ratio need an in-depth discussion.

**4. Suggestions on the Operation and Development of Scenic villages**

**4.1. Promoting Diversified Sources of Investment**

At present, it is so difficult to change the nature of rural farming land that the industrial invitation projects are limited in rural area. However, the reform of rural land system released a large amount of land, and numerous spare land and buildings could not be developed scientifically and reasonably, with low utilization rate.

The land resources were not fully turned into assets to earn income. All the villages should actively explore the reform in which resources change into assets, funds change into shares, and farmers change into shareholders, so as to further strengthen the application of rural contracted land registration and certification. We should improve the policy of spare homestead and rural housing, and explore the "separation of three rights" (homestead ownership, qualification right and use right) [3] so as to promote the development of farmers' cooperative organizations and other new business entities, and improve the degree of organization for farmer.

**4.2. Innovation of Joint Stock Operation Mode**

While arranging the beautiful rural construction, Zhejiang Province focus on supporting the cluster construction with the layout centered around the central and featured villages, and landscape and industrial belt as the axis. The existing scenic villages in Zhejiang Province are all operated independently, and the income of operation belongs only to the village itself. In the next stage, the development of scenic villages should not only pay attention to how to make themselves more suitable for the development of rural tourism, but also need to the radiation function of these pilot villages. For example, in 2018, Pan Village bided the Zhejiang Provincial Rural Complex Project, with the financial investment of 160 million from Zhejiang Province and 160 million from Jiaxing City. The coverage of the rural complex was not only Pan Village, but also five villages in the vicinity of Pan village. With the scope of the rural complex expanded, it involved five villages' collectives, villagers from five

villages, state-owned enterprises, professional consulting companies and other social capital resources. In order to promote the transformation of rural resources into capital shares and realize the transformation of resources into assets, assets into capital, and farmers into shareholders, more attention should be paid to the cooperative operation of multiple scenic villages, and more attention should be paid to the comprehensive guidance of the government and the market as the main body in the operation mode. The operation mode and interest distribution mechanism of "company + N village collectives + N villagers" should be established.

#### 4.3. Training of Scenic Village Operation Talents

The operation mode of scenic villages is greatly limited by the lack of tourism talents of scenic villages. There is a serious shortage of tourism talents at all levels in scenic villages, so it is difficult to attract excellent tourism professionals in the working environment of rural tourism. Scenic villages should start from themselves, give full play to the advantages of role models such as village secretaries and village heads, increase training, learning and communication, broaden their horizons, and improve their management ability. We should actively build a contingent of excellent rural talents. We should vigorously cultivate new professional farmers, strengthen the cultivation of rural professional talents, introduce scientific and technological talents, and encourage talents from all sectors of society to participate in the construction of scenic villages.

#### 4.4. Promoting the Modernization of Village Governance System

The operation mode of scenic villages is not invariable, and the cooperation mechanism consisting of villagers, foreign investors, village collectives and operation companies is also changing and adapting with the requirements of practice. It is necessary to actively build a positive dynamic relationship between autonomous organizations and cooperative organizations with the rural community-level Party leading group cooperation as the core. It should give full play to the major role of rural collective organizations in scenic villages, give full play to the radiation role of village cadres and Party members, give full play to the community-level Party in leading the work, and establish a positive interaction between the Party and the villagers at the village level in rural areas.

We should further improve the publicity of village affairs, improve the transparent system of villagers' autonomy, eliminate villagers' worries about the infringement of interests and unfair distribution of interests, and actively establish an orderly relationship between the cadres and the public with Party Strengthening as the lead, core and also foundation. The sense of belonging of all farmers in the construction of scenic villages should be enhanced, and the vitality and strength of collective economic development should be strengthened, so as to make all the villagers share the fruits of collective economic development.

#### 5. Conclusion

Relying on the advantages of resource endowment, favorable location and transportation, tourist market and urban integration, the scenic villages in Zhejiang Province have made a series of achievements. This paper deeply analyzes the existing four operation modes, providing references for 2,640 existing scenic villages and other 27,458 villages which want to carry out rural tourism in Zhejiang Province. However, the development of rural tourism not only needs to pay attention to the operation mode, but also to the immature industrial mode and business mode, the integration of rural primitive culture and rural tourism, and the unbalanced development of different villages.

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