

Shaping the Business Environment of Shekou Industrial Zone in the Early Period of Reform and Opening Up

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Abstract: This paper firstly lists the business environment overview such as diversifying investment risks can promote the long-term stable development of industrial zones and the rational operation of enterprises in Shekou, increasing the convenience for foreign businessmen to negotiate projects will reduce the obstacles to the introduction of projects, and lowering the difficulty for foreign businessmen to enter the area can increase the probability of landing projects. Secondly, it is mentioned that the physical construction should take into account the all-round needs of production and life, the affairs should be handled with a sense of enterprise-centered work, and the policies should be formulated to ensure that the environment should be created in a technological, outward-looking and industrialized direction. The second part of the paper presents the experience of creating an environment that is characterized by growth at the physical level, comprehensiveness at the service level, and openness at the policy level.

Keywords: Reform and Opening Up, Shekou Industrial Park, Business Environment

1. INTRODUCTION

The development of new productivity is the main direction of China's industrial development nowadays. 2023 September, the state pointed out for the first time that "we should lead the comprehensive revitalization of industries with scientific and technological innovation, lead the development of strategic emerging industries and future industries, and accelerate the formation of new productivity". Innovation environment specifically refers to the relationship between various elements within the space where innovation actors are located, and some environmental elements conducive to innovation, such as policy support, infrastructure, market environment, etc. In December 2023, the Central Economic Work Conference emphasized that "the layout of industrial chain around the new quality productivity". The construction of industrial innovation environment has become the key to the realization of new productivity. In

addition to institutional design or learning from other countries' experiences, the construction of innovation environment in industry should also look for answers from history. This study focuses on China's 1st export processing zone, Shekou Industrial Zone, which was established in 1978 under the leadership and promotion of Deng Xiaoping and others, the old proletarian revolutionaries, and which has been regarded as the starting point and beacon of reform and opening-up. The strongest voice of reform and opening-up, "time is money, efficiency is life", appeared in the Shekou Industrial Zone at the beginning of reform and opening-up. General Secretary Xi Jinping proposed that the development of new quality productive forces should start from "expanding high-level openness to the outside world" and "innovating the way of allocating factors of production", etc. Institutional openness, especially the shaping of the business environment, has become an important measure to build an innovative environment for industrial development. Studies have paid in-depth and comprehensive attention to this issue. *Forty Years of Shenzhen Reform and Opening Up* considers that Shekou Industrial Zone has opened up the reform and opening up situation by virtue of the all-round supporting reform of the economic system and administrative management system. *Forty Years of Science and Technology Innovation in Shenzhen*, *Walking with Reform: China's Reform, Opening-up and Great Revival II*, and *The Great Tide of Revelation* focus on the experience of scientific and technological innovation, management reforms, and property rights in the Shekou Industrial Zone, respectively. However, the existing researches have not interacted with history and reality, or focused on the promotion of advanced productive forces by the market economy with less reference to the influence of the innovation environment, or good at drawing nutrients from various current theories and practices without reflecting the value of historical experience. This paper tries to take the business environment behind the development of advanced productive forces in the early period of reform and opening up as the object of research, and draws the historical experience of the development of new quality productive forces from the process of environment construction.

2. ENVIRONMENTAL PROFILE

The improvement of communication system reduces the cost of business communication and information transfer. The communication business of Shekou Industrial Zone has developed greatly after 5 years of

construction (Anshan, 2022), and the communication network of telephone, telegraph, port communication and microcomputer networking has been basically constructed, which provides enterprises with quite complete communication services; after that, on the basis of the original equipments and technologies, there is a plan to carry out technological transformation, and it has been decided to replace 2,000 large-scale telephone exchanges (Tam, 1992), and open up new businesses such as telecommunication, marine communication, computer management network, digital processing system, cell phone system and other new businesses. From the point of view of enterprise operation, the efficient communication system reduces the cost of enterprise in information transmission, communication and coordination, optimizes the process and improves the efficiency, and also reduces the waste of human and material resources in order to further improve the economic efficiency of the enterprise (Goodfellow & Huang, 2022). From the point of view of enterprise and external contact, the integration of telephone, telex and microcomputer networking and other means of communication can provide customers with more diversified and personalized services to enhance customer satisfaction; port communication facilities are established to make it more convenient for enterprises to communicate and cooperate with international trading partners, whether it is the import and export of goods or cross-border project coordination can be optimized through this system. From the point of view of the internal communication of enterprises, the perfect communication network makes the internal information flow smoother and reduces the waiting and delay (Sklair, 1985). A cadre with international vision and advanced management knowledge is the foundation for optimizing the business environment. Mr. Qiao Shengli, General Manager of Shekou Industrial Zone, once said that the initial development of Shekou Industrial Zone was aimed at providing a good investment environment for foreign investors, and this goal has basically been realized; the advantage of Shekou Industrial Zone over the development of mainland industries lies in the fact that it has accumulated a set of experience in the development of an externally oriented economy (Huang, 2020), cultivated a cadre team with good quality that can manage the enterprises according to the international advanced methods, and has the capital conditions for internal and external investment and development. The team is capable of better understanding and implementing the international advanced methods of enterprise management. This team is able to better understand and implement internationally accepted business rules and practices, reduce friction and

delays in the decision-making and implementation process (Wan et al., 2020), and improve the administrative efficiency of government agencies; it is also able to deeply understand and accurately interpret international advanced management concepts and policy directions, ensure that policies and measures conducive to the development of enterprises are effectively implemented, and create a better environment for the development of enterprises. In addition to the advantages of improving administrative efficiency and accelerating policy interpretation, the improved quality of the cadre team means that enterprises can obtain more professional and efficient management and services (Tao & Lu, 2018). This can help enterprises improve their operations and competitiveness, and thus achieve better results in the international market; it can also convey to domestic and foreign investors and markets the government's determination and strength to optimize the business environment, and attract more investment and high-quality resources to flow in. Improved administrative efficiency, faster interpretation of policies and more efficient services will enable Shekou enterprises to better participate in international exchanges and cooperation, learn from advanced international experience, promote the internationalization process of enterprises, and thus promote the optimization of the overall business environment (Du, 2020). Diversification of investment risks can promote the long-term stable development of the industrial zone and the rational operation of Shekou enterprises. At that time, there existed a solution to the industrial zone to optimize the investment environment of the demand for funds gradually weakened (Jian, 2017), but the pursuit of direct investment benefits of the demand for the growing demand for this problem; so the establishment of the Shekou Industrial Zone Investment and Development Company will be the investment behavior from the head office of the functional departments of the head office into the head of the company's subordinate independent with the status of a legal person of the economic entity to be responsible for; Shekou Industrial Zone believes that this practice is conducive to the head office to strengthen the macroeconomic regulation and control, and also to facilitate the micro-management of the investment project (Sklair, 1985). Shekou Industrial Park believes that this practice is not only conducive to the strengthening of macro-control by the head office, but also facilitates the micro-management of investment projects. This practice has many positive effects. In terms of reducing uncertainty faced by investors, unstable business environment, policy changes and other factors may have a negative impact on investors' investment, diversifying investment risk investors can invest their funds in different

fields, regions or asset classes to reduce the impact of a single factor on the entire portfolio (Tao & Lu, 2018), and this stability can attract more investors to enter the market and increase market activity and competitiveness to optimize the business environment. Optimizing the business environment. In terms of promoting efficient allocation of capital, investors can better seize market opportunities by allocating capital to different sectors and regions (Du, 2020), and promote the flow of resources to areas with greater potential and efficiency, which will enhance the operational efficiency of the entire economic system and create better conditions for the growth and development of enterprises. In terms of opening up channels of cooperation and communication, the Government can guide investors to invest in areas and regions encouraged by the State by providing diversified investment channels and preferential policies (Dang et al., 2024), and such cooperation and communication enhances mutual trust between the Government and investors (Sun et al., 2024). Increasing the convenience for foreign businessmen to negotiate projects will reduce the obstacles to project introduction. Shekou Industrial Zone has set up investment consulting organizations overseas and locally to provide investment consulting for foreign businessmen, opened a direct ferry service from Shekou to Hong Kong to facilitate the entry and exit of foreign businessmen, specially set up a long-distance telephone line directly to overseas, and the Party Committee, the Management Committee, and the foreign oil companies are located in the same building, so that the foreign businessmen can negotiate projects in terms of the land agreement, project, scale, water supply, power supply (Tao et al., 2018), telecommunication installation, labor force recruitment, and rent of the employees' residence, all of which can be solved on the same day within one building. This series of measures have increased the convenience for foreign businessmen to negotiate projects, as they can be solved on the same day within one building. The above measures can reduce the uncertainty and risk perception of foreign businessmen in the process of investment decision-making and make them confident in the business environment of Shekou Industrial Zone, and foreign businessmen are more likely to increase their investment when they feel that their needs and interests have been emphasized and safeguarded, thus promoting the industrial development of Shekou Industrial Zone (Lyu et al., 2022). After the preliminary intention is reached in the investment promotion negotiation, improving the convenience for foreign businessmen to negotiate projects can speed up the landing and promotion of projects, which can not only shorten the investment cycle of foreign businessmen

and reduce their investment costs, but also further promote the improvement of administrative efficiency and quality of service in Shekou to create a more favorable investment environment for foreign businessmen. Negotiation process optimization of foreign negotiation process, provide one-stop services and other measures to establish trust and cooperation between the government and enterprises, to create more favorable conditions for the cooperation between the two sides, foreign investors feel that their investment can get a good return and protection is more likely to invest more funds and resources into the local market, to promote the sustained development of the local economy and upgrading. For example, when the first batch of projects in the zone such as Sanyo Electric and Kedar Electronics are functioning well, they can attract more foreign investment and high-quality resources (Crane, 2016). Reducing the difficulty of foreign business access can increase the probability of project landing. When introducing the advantages of investment in Shekou to the public, Shekou Industrial Zone said that the labor cost is at a low level of not more than HK\$850 per month for one worker on average, and the export of equipment, raw materials, office supplies and products are all exempted from tariffs, and foreign exchange can be freely imported and exported through banks. Reducing the difficulty of access for foreigners has contributed to the improvement of the marketization level of Shekou Industrial Zone (Tang, 2021). On the one hand, from the perspective of market environment, it can improve investment conditions, increase capital flow and expand financing channels. Firstly, lowering the difficulty of foreign access can show that the government attaches importance to and supports foreign investment, which can increase the confidence and willingness of foreign investment and attract more foreign enterprises to invest and develop locally. Secondly, this not only injects new capital into the local market, but also brings in advanced technology, management experience and market opportunities, which will promote local economic growth and development. Finally, domestic enterprises will also be able to obtain more financing channels, which will lead to faster development of the Shekou Industrial Zone. On the other hand, a review of the market operation can increase employment opportunities, promote technology transfer and enhance internationalization. First of all, the entry of foreign-funded enterprises will surely employ more employees, which will create more job opportunities for the local market and improve the employment rate and income level of local residents as well as the social and economic stability of Shekou. Secondly, the transfer and sharing of advanced technology and management experience possessed by foreign-funded

enterprises is crucial for domestic enterprises to improve their technological competitiveness. Thirdly, the increased internationalization of the local market enables local enterprises to better integrate into the global market, enhances the international competitiveness of industrial zones (Ng & Tang, 2004), expands overseas markets and promotes foreign trade. The establishment of enterprise service department ensures the optimization of business environment from the aspect of institutional setup. In order to provide better services for enterprises, Shekou Industrial Zone has set up a specialized administrative service center for businessmen's investment, which undertakes investment consultation, introduction and negotiation, project examination and approval, land use, water use, electricity use, labor use, room rental, car rental, telecommunication agreement, and procurement of daily life materials, etc., with a view to facilitating the businessmen and improving the efficiency of doing business. The role of this type of department mainly exists in three areas (Chen & Wang, 2021). First, the integration of various business services. This one-stop service arrangement is quite ahead of its time, as the enterprise service department can centralize the handling of various needs and problems of enterprises, so that enterprises do not need to deal with a number of government departments or organizations, which reduces the operating costs and time costs of enterprises. In the case of Shekou Yacht Factory, which suffered from losses and chaotic management year after year, the Enterprise Management Office, another enterprise management organization in the Shekou Industrial Zone, investigated and analyzed the situation of the factory and summarized the reasons for the losses, and then strengthened the board of directors, formulated reasonable financial regulations, and activated a competent treasurer to make this enterprise, which had suffered continuous losses, turn around to a profit in the same year. Second, providing policy advice. Enterprise service departments with government background can grasp and interpret relevant government policies in a timely manner to provide precise policy guidance and consulting services to enterprises, which will enable enterprises to better understand and adapt to policy changes and avoid risks and losses caused by a lack of understanding of policies. Third, to create a communication platform between government and enterprises. Enterprise service departments can serve as a bridge between the government and enterprises to promote communication and cooperation between the two sides, so that the government can better understand the needs and difficulties of enterprises in order to formulate policies and measures that are more in line with the actual situation. On March 18, 1987,

Burton Yale Baines, vice president of the Heritage Foundation, and Martin Lasater, director of the Foundation's Center for Asian Studies, were invited by the Association for International Exchange of China to visit the Shekou Industrial Zone, and asked how the zone was able to persuade foreign investors to come to the zone, and Che Guobao, the director of the Enterprise Management Office, replied that the Shekou Industrial Zone provided for the free entry and exit of equipment, raw materials and office supplies, as well as the exemption of tariffs on the export of products through the banks. Che Guobao, Director of the Enterprise Management Office, replied that Shekou Industrial Zone stipulates that the export of equipment, raw materials, office supplies and products are all exempted from tariffs, and that foreign exchange can be freely imported and exported through banks. Such open policies are also conducive to optimizing the business environment. The policy of free access to foreign exchange allows enterprises and individuals to remit money more freely across borders, which will simplify the process of foreign exchange transactions and attract more foreign investors and enterprises to enter the market in order to increase the competitiveness and vitality of the market. The policy of exempting exports from customs duties reduces the tax burden of enterprises and increases their profitability, which is particularly important for export-dependent enterprises that can gain a competitive advantage in the international market. The implementation of the above policies can show an open, inclusive and transparent stance to improve international image and reputation from the perspective of enhancing investment reputation, and can attract more foreign investors and enterprises to promote the development of international trade and investment; from the perspective of creating a level playing field, it can eliminate unfair factors in international trade and investment, and create a level playing field for all enterprises, and a level playing field will stimulate the innovation and vitality of enterprises and promote the healthy development of the market. Customs flexible handling of import and export disputes can resolve business risks. Shekou Customs actively for enterprises to solve problems, Hong Kong Machinery Maintenance Center due to equipment mismatch part of the machine parts need to be sent to Guangzhou in time for processing, the Customs and Excise Department to deal with flexible and urgent matters, so that the company can be exported and delivered on time; Shekou Container Factory due to the international shipping industry downturn in the production of containers stagnant sales, according to the requirements of the factory Customs allowed the factory to use the accumulated raw materials for the production of other products to supply

the industrial zone can enjoy tax exemption treatment. The Swire Group was very satisfied with its investment in Shekou due to the strong support from Shekou Customs and extended the cooperation period. The case of Hong Kong Machinery Maintenance Center reflects the high efficiency of the Customs. When disputes arise during the import and export process, if Customs can handle the disputes flexibly, the problems can be solved quickly, reducing the waiting time and cost for enterprises and individuals. This efficient way of handling will help to improve the efficiency and convenience of the trade process, thus attracting more trading partners and investors. The case of Shekou Container Factory demonstrates the flexibility and professionalism of customs processing. There are many risks and uncertainties in international trade, and improper handling of disputes may further exacerbate these risks. Customs' ability to handle disputes flexibly will reduce risks and uncertainties and provide a more stable trading environment for enterprises. Shekou Customs has earned Swire Group's trust by establishing and maintaining a transparent and predictable business environment that makes businesses and individuals more willing to engage in international trade activities.

3. CREATING RULES

The first rule for creating a business environment is that physical construction should take into account the needs of production and life in all aspects. First, a comprehensive infrastructure system should be established, including ports, water supply, power supply and the communication system mentioned earlier, to ensure the normal operation of production by enterprises in Shekou. In order to meet the demand of import and export goods of enterprises, Shekou Industrial Zone has set the focus of capital construction on port construction for a long period of time; and carried out the reform of business management system in power supply company, shipping company, port company, business service company, water supply company, tourism enterprise company, duty-free company, and tried out the residual collection system for the purpose of establishing the self-restraint mechanism of enterprises; and continuously expanded the capacity of water supply and electricity supply, such as carrying out the second water source. We are also expanding our water supply and power supply capacity, such as the second water source project and water plant expansion project, and expanding the power generation capacity of the power plant. Among the important aspects of infrastructure

construction, excellent communication system ensures timely and effective business information flow between Shekou enterprises and the outside world; perfect port facilities can greatly improve the efficiency of import and export of goods, reduce logistics time and cost, and enhance the international competitiveness of enterprises; high-quality water supply and power supply facilities can ensure the continuity and stability of the daily operation of the enterprises, and avoid the interruption of production due to the lack of infrastructure. From a superficial point of view, the attractiveness of an industrial zone with perfect production infrastructure to enterprises cannot be replaced by other conditions, which is also the reason why "five links and one leveling" were carried out immediately after the establishment of the industrial zone. At a deeper level, in addition to meeting the basic production needs of enterprises, the attractiveness of an area with a sound infrastructure to talents and enterprises will be enhanced, which not only promotes the entry of investment and the flow of talents but also strengthens the overall strength of the industrial zone. Secondly, in addition to the establishment of the production infrastructure system, we should also vigorously carry out the comprehensive construction of supporting facilities for life. 1985, the industrial zone began to allow the existence of individual economy, encourage the families of workers to engage in self-employment, the development of photography, hairdressing, repairs, small workshops and other aspects of the individual and collective economy; will be connected with the residential area of Shuibantou to Huagoushan to build a commercial street so that it becomes a high-grade commercial area in the industrial zone; also used to raise wages to encourage hotel attendants and telephone operators to master a foreign language. The way to raise wages to encourage hotels, hotel attendants and telephone operators to master a foreign language. In 1988, foreign-funded hotels, foreign-funded shopping malls, the center of the stadium, the seaside bathing beach, Huaguo Mountain and Shuiwan Tou market, and built a large number of staff housing and staff dormitories. The guarantee of living conditions is also an indispensable part of attracting investment. Basic living facilities such as shopping, housing and leisure facilities can meet the basic needs of enterprises and employees, for example, modern markets can provide a wide selection of goods, convenient housing conditions can solve the problem of employee housing, which can enhance the convenience of life for enterprises and employees. High-quality living facilities can also improve the quality of life of residents, which in turn improves employee satisfaction and loyalty, which is an intangible asset for the enterprise, and helps to enhance the brand image and attractiveness of

the enterprise. The improvement of both types of amenities not only meets basic needs but also promotes interaction and communication among residents and enhances community cohesion, which creates a harmonious social environment and improves the level of social services in the city, thus attracting more talents and enterprises to come to the city for development. The second rule is that services should establish a sense of business-centered work. For one thing, government service departments need to form a sense of service. Shekou Industrial Park has asked its functional departments and service companies to improve their work style and service attitude, and effectively improve service quality and efficiency; it has also formulated a code of conduct for employees and compiled and printed an employee manual from the general manager's office. A government department with a strong sense of service generally has the strengths of optimizing the implementation of policies, improving the relationship between government and enterprises, and paying attention to the effects of policies that are conducive to the business environment, which will leave a good impression on the outside world. In terms of optimizing policy implementation, when a government department improves its service consciousness, it will be more inclined to improve its work efficiency to reduce cumbersome administrative procedures, which can reduce the troubles of enterprises in dealing with the government and enable them to complete various administrative tasks more quickly and conveniently. In terms of improving government-enterprise relations, when government departments appear as a service provider, enterprises are more likely to have a sense of trust in the government, and such a sense of trust helps to establish a good government-enterprise relationship, which makes enterprises more willing to seek help from the government when they encounter problems, and the government can understand and solve the difficulties of enterprises in a more timely manner. In terms of policy effectiveness, a greater sense of service means that government departments will pay more attention to the effects of policy implementation rather than just policy formulation, which will ensure that policies are truly implemented and play their proper role. Secondly, government management and service departments should assist enterprises in solving specific problems and difficulties. Shekou Industrial Park has asked its functional departments to give full play to the functions of service, coordination and management, and for the close relationship with the three-funded enterprises initiative to set up a three-funded enterprises association, the general manager and the heads of the functional departments and offices often meet with the staff of the three-funded

enterprises and communicate with each other, and led by the Office of Enterprise Management weekly invited a three-funded enterprises to hold a coordination meeting to listen to the views of the field and solve the problem. When enterprises face difficulties or problems, timely intervention and assistance from government departments will enhance their confidence in the business environment. Enterprises will feel the concern and support of government departments and will be more willing to invest resources and energy in production and business activities. The government can solve problems for enterprises in two main aspects: on the one hand, the government should help enterprises reduce their burden, such as reducing the burden of taxes and fees and simplifying the approval process; on the other hand, it should also assist enterprises as much as possible to realize their competitiveness and sustainable development in terms of technological innovation, market expansion, and financing and equity participation. In the process of solving the problem, the industrial zone will also have two gains: one is to promote the optimization of the market environment, such as the fight against unfair competition, maintaining market order will create a fair, just and transparent market environment, and promote the healthy development of market players; the second is to actively solve the problem of the enterprise to improve the image of the government in the eyes of the public, enhance the credibility of the government, improve the government's governance capacity, and provide strong support for optimizing the business environment. Provide strong support for the optimization of the business environment. Thirdly, supervision and management of enterprises is carried out through economic legislation and other means. The Shekou Industrial Zone has proposed that the supervision and management of enterprises should be intervened and regulated by means of national law enforcement agencies and economic legislation such as relevant economic laws, decrees, rules and regulations. This concept is very advanced and can optimize the business environment in a number of ways. The first is to improve efficiency. Economic legislation can push the government to optimize the administrative approval process, simplify the approval procedures and improve the efficiency of the approval process, which will reduce the administrative costs of enterprises and improve their operational efficiency. Secondly, it reflects fairness. The formulation and improvement of economic regulations to clarify the rights and obligations of enterprises can provide legal protection for fair competition in the market, which can reduce uncertainty in the market, enhance business confidence, attract more investment, prevent unfair competition, and prevent fraudulent

behavior. According to the fairness can also establish a fair competition and public information mechanism, may affect the market competition to review the behavior and develop appropriate regulatory measures will break the market monopoly and stimulate market vitality, require enterprises to disclose the relevant information will reduce information asymmetry, enhance the trust of market participants, and promote the healthy development of the market. The second is the creation of an intellectual property protection and social credit system. Strengthening the protection of intellectual property rights and cracking down on infringement will provide a safer market environment for enterprises. The establishment of a credit monitoring mechanism and the increase of penalties for non-compliance can effectively improve the sense of integrity of enterprises and reduce the risk of transactions, in order to promote the healthy development of the market. The third rule is that policymaking should ensure a technological, outward-looking, industrialized way forward. First, the introduction of technology-based projects should be ensured at the administrative and policy levels. From the administrative level, Shekou Industrial Zone stipulates that for industrial enterprises with advanced technology and products with export capability, priority is given to approving them to set up factories in Shekou, while the others are strictly controlled or not approved; and from the policy level, preferential policies such as land-use fee exemption and reduction, tax exemption and reduction, priority investment and priority start-up are given to technology-based enterprises. The introduction of technology-based projects can optimize the business environment in terms of introducing technology and management, creating employment opportunities, and promoting intellectual property protection. In terms of bringing in advanced technology and management experience, such projects are often accompanied by more efficient production methods, better quality products or services, and more advanced management concepts, which will enhance the competitiveness of the entire industry. In terms of creating more employment opportunities, as more professional talents are needed to support the landing and operation of new projects, this can attract job seekers from all parties and even outside the country to come to the industrial zones, which increases the mobility, competitiveness, and vitality of the labor market. Promote the protection of intellectual property rights (IPR), as technology-based projects often involve a large amount of technological innovation and intellectual property rights, strengthening IPR protection can encourage more enterprises and individuals to engage in innovative activities and thus form a good innovation culture. Secondly,

the construction of export-oriented and outward-oriented industrial zones is based on the flow of foreign exchange. In order to highlight the characteristics of export-oriented, Shekou Industrial Zone stipulates that "the main use of foreign capital", "foreign exchange can be balanced" is the principle of business operations in Shekou, the industrial zone since the direct enterprises based on industrial services must strive to achieve foreign exchange balance in the industrial zone to start other Enterprises water and electricity, communications, real estate, personnel wages and other costs must also be paid in foreign exchange, some lack of export-oriented ability of enterprises in the face of this provision will not dare to invest in the majority of factories have been put into operation to achieve foreign exchange self-balancing. The existence of these principles is the requirement of Shekou enterprises want to survive must have a strong ability to generate foreign exchange, otherwise even if the products of the domestic sales of high profits is difficult to establish a foothold in the long term. This improves the level of export earnings in the industrial zones and increases the country's foreign exchange earnings, which promotes the active participation of Shekou enterprises in international economic activities, faster expansion of overseas markets, and improvement of international competitiveness, in order to help these enterprises to better manage currency risks, such as exchange rate risk and inflation risk. The reduction of currency risk in turn reduces the transaction costs of Shekou enterprises in the international market and improves the efficiency of their capital utilization, while at the same time enhancing the transparency of financial activities and reducing non-transparent financial operations, which ultimately promotes the development of the financial market in Shekou, increases the variety and quality of financial services, and opens up diversified channels of financing and investment for Shekou enterprises. Thirdly, the direct impact of commercial speculation on industrialization should be limited; in 1981, when the industrial zone was faced with the dilemma of lack of capital, some people proposed to learn from the experience of other special zones and rely on land speculation to build up capital, but the people of Shekou soon realized that such a practice would make the policy of focusing on the development of industry a failure, and stopped it in time. After that, it was clearly stipulated that tertiary industry could be developed in due course, but industry should be the main direction of development, and tertiary industry should mainly serve industry and port trade. This is actually to avoid abandoning industrialization under the banner of optimizing the business environment and creating a bubble effect leading to resource mismatch and excessive

speculation. Industrialization is an important stage of a country's economic development, marking the transformation from an economy dominated by agriculture to an economy dominated by industry and service industry, and the development of industrialization in this process is of great significance in upgrading the overall economic level of the country, improving the living standard of the people as well as enhancing the international competitiveness. The development of the tertiary industry does promote economic prosperity and social progress to a certain extent, but over-reliance on the tertiary industry, especially short-term profit-driven industries such as real estate projects, may lead to an imbalance in the economic structure. Therefore, calling a halt to real estate projects and other tertiary industries can, to a certain extent, rectify the imbalance in the economic structure, enable more resources to flow to industry and other industries with long-term development potential, highlight the central position of industrialization in economic development, and prompt the Government and enterprises to pay more attention to the promotion of industrialization in order to speed up the pace of industrialization.

4. BUILDING EXPERIENCE

The experience of building the physical dimension of the business environment has been characterized by growth. First, the expansion and upgrading of wharves and ports has facilitated the flow of goods and the expansion of production. For example, the Shekou Industrial Zone has carried out a number of upgrades to its wharves and harbors, which were designed to meet the logistical needs of import and export operations of enterprises in Shekou and to prepare for the subsequent arrival of more enterprises and the emergence of a larger cargo throughput. In terms of hardware, the upgraded terminals and ports will have a higher throughput and handling capacity to handle more cargo, which will speed up cargo transshipment, reduce the amount of time cargo remains in the port, and increase the efficiency of import and export operations. In addition, better connectivity and coverage will enable more routes and destinations to be connected, thereby expanding the market reach of import and export enterprises, opening up new trading partners and increasing import and export business opportunities. On the software side, the upgrades will be more in line with international trade rules and standards, reducing red tape and costs in import and export operations and improving trade facilitation and efficiency; optimizing cargo handling, transportation and storage

processes to reduce human errors and delays and improve logistics efficiency; and enhancing security facilities and management to ensure safe transportation and storage of cargo. Secondly, the upgrading of the communication system has a significant role in promoting the exchange of information and business transactions among enterprises. Shekou Industrial Zone has long been committed to the improvement of the communication system, and has vigorously carried out the construction of the communication system since the beginning of the establishment of the zone, and has set up the communication system including telephone, telex, port communication and computer networking; and then it has applied to the higher authorities for the establishment of the third microwave station in Shekou in addition to Beijing and Shanghai, and the opening of international long-distance telephone system with foreign countries, and has strengthened the strength of the engineering department to shorten the cycle of installing the telephones. A perfect communication system can ensure the accuracy, efficiency and synergy of information transmission. For one thing, both text, images and data can be transmitted quickly and stably, reducing information delays and distortions and making inter-enterprise communication smoother. Secondly, enterprises can communicate by phone, fax, computer anytime, anywhere and reduce the need for face-to-face meetings, improve the communication efficiency, reduce the cost of communication, saving time. Third, the communication difficulty will also make the inter-enterprise to achieve better business collaboration, enterprises can share real-time orders, inventory, production progress and other information to make the supply chain operate efficiently, but also the use of communication systems to solve problems together, to develop plans to improve the efficiency and quality of business cooperation, and thus obtain timely and accurate market information to help enterprises to make more informed decisions. Once again, the development of water and electricity is crucial to production security. In March 1986, the Shekou industrial zone raised the issue of the increasingly tense water supply problem, which involves the production of Shekou enterprises and the people's livelihood, and in that year it was expected that the amount of water supply would increase by more than 30 per cent, which has made it difficult to ensure a normal water supply. As we all know, electricity is the main driving force of industrialization. Water is not only the medium of many chemical reactions in the production process is also cooling, cleaning, lubrication and other key elements of the link, chemical, pharmaceutical, food processing and other industries in the role of water is indispensable, if the supply of water resources is insufficient or the quality

of the water does not meet the requirements will have a direct impact on the quality and efficiency of the production, a stable supply of water and electricity to enable the production of equipment to operate normally, product quality to improve the quality of products and reduce production costs. The construction of water and electricity is not only related to economic development, but also closely related to social stability, natural disasters, emergencies and other situations to stabilize the supply of water and electricity to ensure the normal functioning of society, maintaining social stability is essential, and all the factors that make the perfect water and electricity facilities become a prerequisite for attracting more investment, and promote the development of the regional economy. In 1979, Shekou Industrial Zone started large-scale construction of water and electricity projects from "five passes and one leveling", and by 1988, it had initially created a high-standard system of water and electricity projects, including a double-circuit power supply system with a daily power supply capacity of 2.04 million degrees and a power supply reliability rate of 99.8%, and three water supply systems with a daily water supply capacity of 80,000 tons and an overall pass rate of 99.5% or more in terms of water quality. water supply capacity of 80,000 tons per day, a comprehensive water quality pass rate of 99.5% or more, sufficient water sources, advanced technology and equipment of the water plant. The experience of building the business environment at the level of business affairs is in line with the characteristics of comprehensiveness. First, emphasis should be placed on the production of products by industrial enterprises. In response to the future direction of the economy, Shekou Industrial Zone pointed out that it should develop into a multinational company with Chinese characteristics, firstly, through its own supply and marketing channels to bring its fist products into the international market, and then from the feedback of the international market back to make new products for export, so that the economy of the industrial zone can rank among the front ranks of the world. Attaching importance to the production of industrial enterprises for the optimization of the business environment has a multi-faceted value. First, industrial enterprises are an important pillar of economic development, and their production directly contributes to the gross domestic product. Optimizing the production of these enterprises can improve production efficiency and increase output to promote economic growth. Secondly, in order to meet market demand and improve production efficiency, industrial enterprises need to continuously carry out technological innovation and research and development, and such innovative activities can not only enhance the competitiveness of

enterprises, but also promote the progress and development of society as a whole. Third, the production process involves many upstream and downstream industries, and the improvement of the production level can lead to the development of the whole industrial chain in order to improve the competitiveness of the industrial chain. Fourth, production activities require a large number of employees to support, optimize the production of products can also promote the expansion of enterprises to create more employment opportunities, in order to reduce the social unemployment rate to improve social stability. Fifth, the production of industrial enterprises can enhance the region's international competitiveness and win more international market share, thus attracting more foreign investors, improving the region's investment attractiveness and attracting more capital and resources. Secondly, a good market service system should be established. Focusing on industrial enterprises and port construction, Shekou Industrial Zone has set up and attracted a number of service-oriented enterprises, forming a whole set of market service system including investment consulting, logistics service, production and living, culture and entertainment, and so on. The establishment of a good market service system can better realize the optimal allocation and efficient use of production factors, promote the transformation and upgrading of industrial structure, improve the quality and efficiency of economic development, enhance the overall credibility of the market, and expand the market scale and influence of Shekou Industrial Zone. High-quality market service system needs the participation and guidance of the government, and the Administrative Committee of Shekou Industrial Zone plays a greater role in the construction of market service system, which promotes the improvement of the market service system by providing policy support, formulating rules and standards, and optimizing government services, which not only improves the government's governance capacity and efficiency, but also enhances the government's image and credibility. There is a positive interaction between establishing a good market service system and optimizing the business environment. Production, logistics and other services can provide efficient and convenient market transaction services, reduce transaction costs and time, and improve market efficiency, which can attract more enterprises and investors to enter the market and increase market activity and competitiveness. Services in the areas of financing and consulting can help enterprises to solve operational problems and improve operational efficiency and profitability in order to better meet market challenges. Once again, it is necessary to solve the problem of domestic sales of products for foreign enterprises. Although the Shekou Industrial

Zone has determined in its direction of development that its products are mainly for export, it will also provide appropriate assistance to enterprises in Shekou when they wish to develop the mainland market. Shekou Industrial Zone has declared to give preferential treatment to foreign investors who come to invest and provide advanced technology, lower taxes, and let some of the domestic market to make it profitable; the Guangdong Provincial Government has approved the import of components for the production of 50,000 sets of Sanyo color TVs for domestic sales in the province by Sanyo Electric (Shekou) Co., Ltd. in the Shekou Industrial Zone, and the Customs and Excise Department in Kowloon believes that color TVs are commodities that are restricted from being imported into the country, and that they have to be approved by the Ministry of Economy and Trade before they can go through the procedures for domestic sales. Shekou Industrial Zone and Shenzhen specially applied to the relevant state ministries and commissions for the domestic sales procedures of the above products. Solving the domestic sales problem for foreign-funded enterprises also has a positive impact on optimizing the business environment from multiple perspectives. From the perspective of removing market access barriers, government support and solutions to domestic sales problems faced by foreign-funded enterprises will remove market access barriers and ensure fair competition for foreign-funded enterprises in the domestic market. From the perspective of enhancing the government's image, the government needs to strengthen its services and support to enterprises and improve the efficiency and quality of government services in the process of solving the domestic sales problems of foreign-funded enterprises, which improves the credibility and image of the government, and strengthens the trust and satisfaction of foreign-funded enterprises to the government. From the perspective of promoting economic growth and industrial upgrading, when foreign-funded enterprises are able to solve the domestic sales problem successfully, they are more likely to expand the scale of investment and promote technological innovation, thus promoting the optimization of economic structure and industrial upgrading. The experience of building the policy level of creating a business environment is characterized by conformity with openness. First, the reform of housing commercialization was one of the hallmarks of the reform of the market economy system in the Shekou Industrial Zone. The industrial zone took the lead in changing the low rent and high subsidy method of the State's turnkey construction and supply of housing, implementing a higher rent policy according to the cost of housing construction and encouraging employees to buy houses, initially

exploring ways to commercialize housing; then it implemented the transition from semi-commercialization to commercialization, gradually realizing the goal of "Home Ownership Scheme"; and finally, it carried out further reforms to achieve the goal of rent costing in order to realize the simple reproduction of housing. Finally, further reforms were carried out to achieve the goal of costing rents in order to realize the simple reproduction of housing. The commercialization of housing means that housing is no longer just a welfare commodity, but a commodity that can be bought and sold, creating a new market for consumer goods and services that is constructive to the business environment, and whose positive impacts are equally multifaceted. First, the new real estate market will be more sensitive to the relationship between housing supply and demand, which not only improves the efficiency of resource utilization, but also meets the different housing needs of various types of enterprises and individuals. Second, along with the development of the real estate market will gradually form a complete set of services, including property services, real estate intermediary services, etc., the quality of service will directly affect the housing experience and the healthy development of the real estate market, prompting the relevant service providers to improve the quality of service, to meet the needs of customers. Third, the development of related industries such as construction, finance and services can drive employment and economic growth, providing strong support for the optimization of the business environment. Fourth, with the advancement of housing commercialization, the government will gradually strengthen the construction and enforcement of relevant regulations, reinforcing the legal awareness of the whole society. Secondly, the gradual liberalization of government supervision of enterprises has been promoted continuously; on June 16, 1981, a reporter of Xinhua News Agency said that the unique way of operation of the China Merchants Shekou Industrial Zone of the Shenzhen Special Economic Zone of Guangdong Province, which took less than two years to complete the construction of basic engineering and public utilities of the entire industrial zone on a deserted beach, and to start a series of factories and enterprises, drew wide attention to the way of operation of Shekou. Shekou's way of doing business attracted a lot of attention, and people called it the "Shekou way", meaning that it got rid of the "government-enterprise indistinguishable" state in which the enterprises became subsidiaries of the administrative organs. Expanding business autonomy means, from the perspective of business optimization, a gradual liberalization of government regulation of enterprises. In terms of improving market efficiency, the acquisition of such autonomy can

reduce administrative intervention, stimulate market vitality, improve market efficiency, allow the market to play a decisive role in resource allocation, and enable enterprises to respond more flexibly to changes in the market in order to make quick decisions. In terms of lowering the cost of doing business, the expansion of such powers can reduce the cost of compliance and ease the burden on enterprises, so that they do not have to spend a lot of time and money to deal with the cumbersome regulatory requirements, and can focus more on improving their core competitiveness. In terms of positive market rules, liberalization of business autonomy will lead to a certain amount of innovative activity by enterprises, which will lead to the pursuit of more transparent and open market rules, including the establishment of a fair business environment, the reduction of corruption and unfair competition, and the enhancement of market trust. Again, market-oriented reforms, such as from residual collection to shareholding, are encouraged. The residual collection system refers to the determination of the level of project inputs on the basis of project revenues, and the process of exploring the market model of enterprises directly under the Shekou Industrial Zone and invested enterprises is from the residual collection system to the shareholding system. Shekou Industrial Zone requires the steam transport company specializing in transport business in the area to transition from residual income system to shareholding system on the basis of the recognition of the results of the residual income system trial, and transforms it into a standardized shareholding company, Yi-An-Da Transportation Company Limited, which is the fourth listed shareholding enterprise in Shenzhen. In terms of management, shareholding enterprises adopt more modern and professional management methods in terms of corporate governance structure, financial reporting system and auditing system, etc. These systems can enhance the transparency and credibility of enterprises and attract more investors and consumers, which will make such enterprises pay more attention to technological innovation, product research and development, and market expansion to generate stronger innovative vitality, and make them more prone to attracting the participation of foreign capital and international investors in order to It is also easier to attract foreign capital and international investors to participate in order to promote the opening up of the market economy and internationalization. In contrast, under the residual collection system, the allocation and use of enterprise resources may be subject to a number of restrictions, which may prevent the effective utilization and concentration of capital. In terms of capital, the shareholding system allows investors to pool their capital to

form large-scale capital to support larger-scale production and operation activities, which, together with other advanced management mechanisms, enables shareholding enterprises to withstand more intense market competition than residual collection enterprises, and such competition pushes enterprises to reduce costs, increase efficiency, improve services, and also fosters consumers' market awareness and ability to make choices, thus promoting the maturity and deeper development of the market economy. It also fosters consumers' market awareness and ability to make choices, and promotes the maturation and further development of the market economy.

5. CONCLUSION

Insufficient institutional liberalization has resulted in the lack of the necessary institutional environment to support the development of new productive forces. Inadequate construction of the business environment has resulted in high market access barriers and high business risks, restricting the entry of new enterprises and innovators, resulting in the phenomena of low labor motivation, low level of enterprise management and productivity, which are detrimental to the market economy, and the lack of conditions to stimulate innovation in the old enterprises, which will deprive productivity of the impetus to move forward in a deeper way. According to the experience of Shekou Industrial Zone should increase the openness of the business environment. In the construction of an open business environment, the physical construction level should take into account the needs of production, life and other levels. At the level of affairs processing, it is necessary to establish the enterprise-centered work consciousness, such as the government service departments need to form the service consciousness, the government management and service departments need to assist enterprises to solve specific problems and difficulties, and supervise and manage the enterprises by means of economic legislation and so on. The policy-making level needs to ensure the right direction of business environment, such as building export-oriented and export-oriented industrial zones by foreign exchange flow, and limiting the direct impact of business speculation on industrialization. The physical aspects of the rules for creating the environment should be in line with the characteristics of growth. For example, the expansion and upgrading of wharves and ports can help the flow of goods and the expansion of production, the upgrading of communication systems can

significantly promote the exchange of information and business transactions among enterprises, and the development of water and electricity is essential for production security. The setting of the service level should follow the characteristics of comprehensiveness. For example, attention should be paid to the production of industrial enterprises, the establishment of a good market service system, the need for foreign-funded enterprises to solve the problem of domestic sales of products. Policy level design needs to fit the characteristics of openness. For example, it is necessary to promote the gradual liberalization of government regulation of enterprises and encourage market-oriented reforms, such as from the residual collection system to the shareholding system.

6. FUNDINGS

This paper is the the Fund for Humanities and Social Science Fund of Ministry of Education,"Study on the Historical Experience of Industrial Transfer in Cities in Guangdong, Hong Kong and Macao Bay Area since Reform and Opening Up," No. 22YJCZH059.

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