Analyzing Stakeholder Relationships for Construction Land Reduction Projects in Shanghai, China

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Abstract: With the tightening of resource and environmental constraints and the increasing manifestation of land use conflicts, construction land reduction has become an important way to optimize land resource allocation and improve resource use efficiency. Taking the towns of Zhuqiao and Zhujiajiao in Shanghai as research subjects, this paper uses field research and case studies to summarize the main practices and completion of the land reduction and analyzes the interest preferences of different stakeholders. The results showed that the main stakeholders in the reduction of inefficient construction land in Shanghai include the municipal government, district government, town government, rural collective economic organizations, entrepreneurs, and villagers, which form a complex and intertwined interest relationship. The allocation of new construction land indexes, the supply of funds for the cost of reduction, and the resettlement method of the reduced enterprises are the key factors affecting the coordination of the relationship between the stakeholders. Protecting the economic interests of village collective organizations and villagers is an effective way to reduce the conflicts that occur between government and villagers, and between government and village collectives. The research outcomes will provide a theoretical reference for improving the existing reduction policies and function as a reference for the spatial development and control work in other regions of China.

Keywords: stakeholder relationships; construction land reduction; interest preference; conflict of interest

1. Introduction

As economic globalization continues to advance, the free transfer of resources, technology, information, and other elements accelerate industrialization and urbanization, which leads to dramatic global land use/cover change [1,2]. The Global Ecological Remote Sensing Monitoring 2020 Annual Report shows that from 2000 to 2020, the global net increase in urban land area is $20.08 \times 10^4$ km², with a growth rate of 117.5%. Within this, the new urban built-up area in China accounts for around 20%, and the scale of construction land in many mega-cities and big cities is approaching the limit. Furthermore, a series of problems caused by land expansion, such as increased pressure on residents’ living, increased proportion of non-agriculturalization of arable land, and deterioration of the ecological environment, are gradually emerging [3,4]. Therefore, tapping the potential of the stock of construction land, and improving the efficiency of land resource utilization, have become necessary options to alleviate resource and environmental constraints. For example, in October 2014, the former Ministry of Land and Resources issued the Regulations on the Economical and Intensive Use of Land and the Guiding Opinions on Promoting the Economical and Intensive Use of Land, formally proposing to “implement the strategy of controlling and reducing the total amount of construction land” to promote the transformation of land use and structural optimization. In 2015, the State Council of the Central Committee of the Communist Party of China (CPC) issued the General Plan for the Reform of the
Ecological Civilization System, which clearly pointed out the need to “implement the management of total construction land control and reduction”. Moreover, the 13th Five-Year Plan for National Economic and Social Development of the People’s Republic of China emphasized “strictly controlling the increase of construction land” to promote the intensive use of resources, and the management of construction land reduction was formally elevated to a national strategic initiative [5].

Construction land reduction refers to the restoration of construction land that does not meet the requirements of the overall land use plan and has poor socio-economic or environmental benefits to agricultural or ecological uses through policy and engineering technology. The newly added construction land quota could be used to develop new construction projects within the UDB [6–8]. Construction land reduction is not simply a reduction of construction land area, but an optimal adjustment of the spatial structure layout of construction across the region, which is a policy product of a certain level of economic and social development, as well as a result of the gradual maturation of design concepts for sustainable urban development such as compactness, greenness, and high density [9–11]. Some scholars have studied the socio-economic benefits of construction land reduction and found that in the short term, it will negatively impact regional employment and fiscal revenue, but in the long term, the upgrading and optimization of industrial structure can improve resource utilization efficiency, improve ecological and environmental quality, and increase enterprise competitiveness [12,13]. Due to the differences in regional endowments, the degree of difficulty in promoting construction land reduction and achieving results vary. In towns with high economic development levels, on the one hand, there is an urgent need to use the space within the urban development boundary, and on the other hand, the towns have the economic power to balance the cost of reduction themselves. Driven by a combination of policy stimulation and internal will, they can advance the reduction process quickly and acquire construction land targets for industrial development; while some townships are still at the stage of relying on land finance to develop urbanization and industrialization, which makes it difficult to support high indicator acquisition fees, at the same time, they also have to bear the loss of land rent from the income of village collective economic organizations, so they have a negative attitude toward construction land reduction, and comprehensive land management work is promoted slowly [8,14,15]. Therefore, financial balance measures are key to the implementation of reduction. In the exploration of the construction land reduction practice in Songjiang District, Shanghai, it was found that in the establishment of a financial subsidy system and a reimbursable use system for “double indicators” of land reduction, the implementation of differentiated subsidy policies for industrial land and residential land reduction, and the establishment of a strict fund management system can ensure a balance between land increase and reduction and fund balance. In addition, coordination with surrounding residents and landowners, the diversity of participating enterprises, and the legal environment are also important factors for the smooth implementation of the project [16].

The reduction of inefficient urban construction land is essentially a measure to address the problem of urban sprawl caused by rapid urbanization and is a policy product specific to China. In Europe, many countries have adopted the “compact city” development model, and in North America, the concept of “smart growth” has been adopted; these measures are similar in that they are both policy measures to curb urban sprawl. Typical practices include greenbelts, urban growth boundary delineation (UGB), and transfer of development rights (TDR) [17], which have played a role in protecting agricultural land, increasing development density within cities, and protecting the ecological environment. The above measures embody the principles of sustainable urban development, such as mixed land use, abandonment of sprawl to the suburbs, and the saving of infrastructure and public service costs, which provide useful insights for the development of new urbanization in China.
The concept of stakeholders originated from business management; it was first proposed by the Stanford Research Institute in the 1960s, and then continuously developed and refined by Ansoff, Freeman, and others. There are numerous studies on stakeholder theory, and scholars have defined stakeholders from different perspectives, among which Freeman’s definition as “any individual or group that can influence the achievement of corporate goals or can be influenced by the process of achieving corporate goals” is widely accepted. In the early days, most empirical analyzes use the measure of stakeholder performance as the independent variable and the measure of economic performance as the dependent variable; however, this does not explain well the core idea of stakeholder theory, where the emphasis is on the “joint-ness” of stakeholder interests. Therefore, it has been suggested that instead, if a broader measure of stakeholder performance becomes the dependent variable, it would allow for a better understanding of how the implementation of a behavior or strategy affects the overall value of the firm [18]. With the exchange and integration of theories in different fields, stakeholder analysis (SA) has been gradually applied to policy formulation, aiming to achieve the coordination of multiple interests by analyzing the interest preferences and interests of different stakeholders, minimizing conflicts among them, and promoting the formation of long-term and stable cooperation [19–21]. In recent years, stakeholder analysis has become a major component of natural resource management as different stakeholders have differentiated goal pursuits and interest claims in natural resource management and involve multidimensional value demands, such as economic, ecological, and social demands [13]. At the same time, due to the long-term and dynamic nature of natural resource management work, correspondingly, the interest claims of different stakeholders will also change, thus constantly generating new interest relations and conflicts [22,23]. Some scholars have used stakeholder analysis for policy formulation in watershed governance [24], forest management [25], ecological compensation [26], etc. Based on the classification of stakeholders using social network analysis or the multidimensional indicator evaluation method, the interests of different stakeholders’ goals, interest relationships, and behavioral responses have been analyzed to provide a basis for the improvement of the policy system. However, there are fewer stakeholder analyses of construction land reduction, and case studies incorporating empirical evidence are particularly lacking. Construction land reduction projects are comprehensive, large-scale, conducted over a long period, and have many inputs and wide impact; they also involve multiple stakeholders who participate in various aspects of the reduction project as beneficiaries, implementers, and decision-makers. Different stakeholders may have multiple conflicting relationships due to their different interest preferences and action logics, and if the conflicts among the stakeholders are not handled well, it will be detrimental to the promotion of the reduction project; thus, this will affect the improvement of land resource utilization efficiency, weaken the economic benefits brought by industrial agglomeration, and hinder the realization of the sustainable development goal of resource-saving and achieving an environment-friendly society. Therefore, based on the existing studies, this paper compares and discusses the reduction practices of two typical towns in Shanghai using stakeholder analysis to explore the basic ideas of promoting the reduction of inefficient construction land effectively and provide a basis for improving relevant policies. The contributions of this paper are: (i) analyzing the deep-rooted interest mechanism of construction land reduction based on stakeholder theory; (ii) identifying the conflicts among different interest subjects and their formation causes; (iii) helping to construct a scientific and reasonable interest balance mechanism to maximize the social, economic, and ecological effectiveness of construction land reduction.

The rest of this paper is structured as follows. Section 2 is about the study area and methodology. Section 3 describes the stakeholder analysis in construction land reduction practice. Section 4 presents the discussion based on the study results. Section 5 presents the conclusions.
2. Methods

2.1. Study Area

Shanghai is the largest economic center of China, with a high level of industrialization and a dense population, and its long-term extensively expanding development approach has made it face tight resource and environmental constraints [27]. The industrial land area in Shanghai reached 839 km² in 2015, accounting for 27% of the total construction land scale, far exceeding the average level of around 10% of other international metropolises such as Hong Kong and New York; the total amount of construction land is close to the planning “ceiling”. To promote economic transformation and upgrading successfully, in 2014, Shanghai established the strategy of “locking the total amount, decreasing the increment, optimizing the stock, increasing the efficiency of flow and improving the quality”, and was the first region to carry out the reduction of inefficient construction land in China. As of 2020, the total scale of quantization plots in Shanghai is 11,665.38 hectares, and the total scale of acceptance plots is 7594.12 hectares, which are mainly distributed in nine agriculture-related districts. Influenced by factors such as the level of economic and social development, regional area, and the area of original inefficient construction land, the implementation scale of reduction varies greatly among districts. According to the geographical location, we selected Pudong New Area (the easternmost), Qingpu District (the westernmost), and Jinshan District (the southernmost), whose administrative boundaries are adjacent to foreign provinces, as the research administrative districts; secondly, based on comprehensive consideration of the total amount of quantization acceptance, the distance from the center of the administrative region and the level of economic development, Zhuqiao Town, Zhujiajiao Town, Liantang Town, Zhangyan Town, and Langxia Town were selected respectively for field research (Figure 1).

Figure 1. Study area. Notes: (A) shows the location of Shanghai in China; (B) is the administrative division of Shanghai; (C) and (D) are satellite maps of Zhuqiao Town and Zhujiajiao Town, respectively (from Google Earth).
2.2. Case Presentation

2.2.1. Zhuqiao Town

Zhuqiao Town is located in the middle of the Pudong New Area and has five communities and 22 administrative villages, a town area of 161 km², and a registered population of 140,000. Zhuqiao Town is located in the core area of the “three ports and three districts” industrial zone and is the hinterland of Shanghai’s international shipping center and the base of China’s large aircraft industry, as well as the transportation hub connecting Shanghai city, the airport, and the seaport. In 2015, Zhuqiao Town began to organize the construction planning of the aviation economic zone, but in the context of Shanghai’s strict control of construction land resources, Zhuqiao town was faced with the problem of not being able to obtain new construction land indicators. The implementation of the inefficient construction land quantification policy has brought a turnaround to Zhuqiao Town.

Zhuqiao Town’s reduction work measures include four parts. First, the establishment of a leading group led by the town party secretary to coordinate and promote the reduction work. Second, the combination of demolition and reduction. Quantification is a voluntary land remediation act implemented after consultation with and the consent of enterprises, while demolition of violations is the compulsory demolition and remediation of illegal buildings and illegal land use. To complete the task of quantification assigned by the district, the town’s environmental protection office demolishes certain enterprises that meet the required standards by either refusing to approve the environmental procedures applied by the enterprises or demolishing the entire site of enterprises with some illegal or unlicensed buildings. Third, financial compensation. Municipal and district-level finances are subsidized according to the standards of 200,000 yuan/mu and 800,000–1,200,000 yuan/mu, respectively, for townships that generate dual indicators for the new construction land and arable land occupation balance. After the asset evaluation of the vacated enterprises, Zhuqiao Township coordinated the arrangement of subsidies to compensate the enterprises. Fourth, reclamation and forestry. After the reduction, the enterprise land was mostly reclaimed into forest land, and the scale of new arable land was relatively small and had almost no impact on the town’s agricultural development. During the “Thirteenth Five-Year Plan” period, Zhuqiao Township has completed 217 ha of quantization, and demolished more than 600 small and medium-sized enterprises, reserving more than enough land index for the construction of the aviation economic zone.

2.2.2. Zhujiajiao Town

Zhujiajiao Town is located in the south-central part of the Qingpu District and has 11 communities and 28 villages, a total area of 136.85 km², and a resident population of 96,000. Because of its profound historical and cultural heritage, Zhujiajiao Town was named “Famous Town of Chinese History and Culture” and became part of the first batch of Chinese characteristic towns in 2016. The town is rich in tourism resources, including well-preserved Ming and Qing dynasty buildings, international modern golf clubs, and other resort bases. To carry out the construction of beautiful countryside, Zhujiajiao Town has been promoting the reduction of construction land outside the construction area under the guidance of the District Planning and Land Bureau.

Reduction measures in Zhujiajiao Town included five parts. First, organizational work. A leading group for quantization was established, a special quantization office was set up, and the specific responsibilities of the town planning and land office, finance office, agricultural service center, and other key supporting departments were clarified. Second, pre-preparation. In accordance with the principle of easy first and then difficult, a mapping survey was conducted on the property rights of village land and plant leases on construction sites outside the construction area, and the quantization was implemented first for enterprises with clear property rights. Third, publicity and mobilization. At the beginning of each year, the town government held a meeting to promote the work of
quantization, deploying the quantization work for the whole year, and every quarter, the leading group met to convey the spirit of the quantization work of the city and district and issued informative letters to the enterprises to be quantized in each village, actively mobilizing village cadres and relevant enterprises to participate in the quantization work. In early 2016, the town government also filmed a propaganda film with the theme of “strictly abide by the bottom line and build a beautiful home” to popularize the implementation process and actual results of the reduction work. Fourth, Zhujiajiao Town has different property rights and building ownership of different enterprises outside the construction area, so the township government formulated differentiated compensation methods according to the types of enterprises. Fifth, incentive means. The quantization work was included in the annual assessment of each village, and cash incentives were given to villages and village leaders who completed the quantization tasks. Since the quantization was carried out in 2014, Zhujiajiao Town has completed 154 ha of projects (141 ha and 13 ha for industrial land and residential land respectively), added around 90 ha of arable land, demolished 390,000 m² of unlicensed buildings and 140,000 m² of licensed buildings, and closed, stopped, or transferred more than 390 enterprises and individual workshops, involving more than 2300 employees of enterprises.

2.3. Case Investigation

A case study is the deep investigation and analysis of an example of a phenomenon to provide interpretive insight [28]. By conducting a comprehensive investigation of a small number of cases, it is possible to see the big picture in a small way and obtain general and universal patterns. As the first pilot project in China to comprehensively promote the quantization of inefficient construction land outside the urban development boundary, Shanghai has completed two rounds of construction land quantization, and the stakeholder relationships reflected by its practice process are typical and valuable for the subsequent improvement of quantization policy.

First, considering that the corresponding town government is familiar with the village situation within its jurisdiction, we entrusted the town government to select the villages to be researched. The format of the research included work reporting meetings, symposiums, semi-structured interviews, questionnaires, and quantization site visits. In addition, we listened to the work debriefing meetings and symposiums held by the planning and natural resources bureaus of each district about the quantization of inefficient construction land and conducted semi-structured group interviews with the heads of the quantization offices of each township, village cadres, and villagers to obtain basic information about the quantization of construction land in the study area. We also distributed 284 questionnaires to villagers randomly to collect information about their perceptions of the quantization work; a total of 256 valid questionnaires were returned (Table 1). We also obtained the case district government policy documents about the quantization from the Shanghai Construction Land and Land Preparation Affairs Center, including the implementation plan, work report, and performance evaluation of construction land quantization.

<table>
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<td>14.81%</td>
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During the research process, we found that there were obvious differences in the relationships between stakeholders in the implementation process of reduction in different districts and towns. Therefore, this paper adopted a case study approach to compare and analyze the practice process of construction land reduction in Zhuqiao Town of the Pudong New Area, where a conflict of interests is prominent, and Zhujiajiao Town of the Qingpu District, where the relationship between interests is coordinated.

3. Results

Stakeholder analysis explores the preferences of stakeholders and their relationships with each other. This type of analysis can provide a deeper understanding of the causes of conflicts and contradictions among different stakeholders and provide an important basis for the construction of a mutual benefit balancing mechanism [29,30]. Examining the specific practice of inefficient construction land reduction in Shanghai, it was determined that the Shanghai government, district government, township government, rural collective organizations, rural township enterprise owners, and villagers are the most important stakeholders in the process of inefficient construction land reduction in Shanghai, so they should be the focus of the research and analysis.

3.1. Preference Analysis of Key Stakeholders

Inefficient construction land reduction projects are multi-objective, and different stakeholders have different target requirements for the projects. In the absence of necessary institutional constraints, the different interest preferences of different stakeholders are bound to trigger conflicts of interest. Since the interests of each stakeholder differ to a certain extent, the loss of land and its added value in the reduction of inefficient

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Notes: Numbers 1 to 5 represent villagers’ perception of the reduction, with 1 being negative and 5 being positive.
construction land is bound to intensify the conflict of interest distribution among different stakeholders in the pursuit of maximizing personal interests [31].

1. Interest preferences of the Shanghai Municipal Government: resource allocation, ecological protection. The Shanghai Municipal Government represents more interest subjects; thus in the reduction of inefficient construction land, it pursues both resource allocation optimization in terms of sustainable social development and land use structural transformation, and includes ecological protection pursuits such as environmental improvement and supplementary ecological land. The Shanghai government’s interest objective function is the pursuit of resource allocation. As China enters a new normal of economic development, with its growth rate, structural adjustment and transformation, and development momentum shifting, Shanghai, which is at the intersection of the national “One Belt, One Road” and Yangtze River Economic Belt development strategies, has seen particularly profound changes in its external environment and its development stage characteristics. The status quo of the scarcity of land resources and sloppy utilization can no longer meet the needs of urbanization development, and forcing the transformation of economic development with the transformation of land utilization is urgently needed. Thus, in the reduction of inefficient construction land, the primary preference of the Shanghai government is to integrate and optimize urban and rural spaces in the countryside of the metropolis, and to promote industrial concentration, agglomeration, and intensive development. The second is the pursuit of ecological protection. The reduction of inefficient construction land is needed for Shanghai to support ecological construction. The optimal layout of ecological land and construction land space is key to coordinating good economic development and ecological construction. Construction land reduction reclaims part of the construction land into arable land, thus increasing the quality of ecological land by improving the quality of arable land and composite use into forest land.

2. Interest preferences of Shanghai district-level governments: expanding urban expansion space and creating a model for industrial transformation and development. In the reduction of inefficient construction land, Shanghai’s district-level governments mainly have three interest preferences. First, to undertake the quantization reduction tasks of higher-level governments and assign them to the town-level governments under their jurisdiction, and to carry out the administrative tasks of optimizing the allocation of inefficient construction land resources and improving land use efficiency. Second, to obtain construction land indicators to support urbanization in the region with the promotion of inefficient construction land reduction, in order to break through the land resource constraints and provide space for urban development. Third, to solve the issue of higher requirements for transformation and upgrading faced by economically developed areas in the late industrialization stage or the developed economy stage, to create a high-level model of modern industrial development, and to achieve a substantial increase in regional industrial development.

3. The interest preferences of Shanghai town-level governments: promoting industrial upgrading and development, and achieving a good social governance environment. In the reduction of inefficient construction land, Shanghai town-level governments mainly have two interest preferences. Firstly, to let as many local enterprises as possible participate in the implementation of the quantization project, to rely on the quantization to demolish inefficient enterprises, to free up space indicators for attracting high-tech enterprises, and to obtain more local fiscal revenue. Secondly, to achieve good social governance in certain regional rural areas and improve the state of local public service facilities, in order to maintain a good local government image and gain recognition from higher-level government and society.

4. Interest preferences of rural collective organizations: rural social stability and growing collective economy. The rural collective organizations are the owners and direct managers of the reduced land and are the most directly responsible for undertaking
the task of reduction, undertaking the service and coordination work within the countryside, and playing an important role as a communication bridge between the government, enterprise owners, and villagers. In the process of reduction, four interest preferences of rural collective organizations were expressed. Firstly, to complete the quantization task assigned by the higher government. Secondly, to strive for more quantization funds to make up for the loss of financial income due to reduction. Thirdly, to solve the employment problem, whereby local villagers are unemployed due to quantization, to maintain social stability and steadiness. Fourthly, to improve the living environment and the construction of community public service facilities, and protect people’s livelihood.

5. Interest preferences of enterprise owners: not to be reduced, compensation for reduction funds, and opportunities for enterprise development. As land users, enterprise owners were direct victims of inefficient construction land quantization, and their biggest interest demand was not to be quantized. At the same time, the majority of enterprise owners in the process of being reduced have two main concerns. Firstly, to obtain as much financial compensation as possible, in order to lay the financial foundation for transferring to the Jiangsu and Zhejiang regions for subsequent development. Secondly, to obtain inclined enterprise support. Most of the enterprises in Shanghai are stationed in industrial parks and face the pressure of higher rents more than before; it is therefore in the interest of enterprise owners to appeal to the government to provide specific tax and rent policy support.

6. Villagers’ interest preferences: employment and resettlement issues, ecological environment improvement, and community construction. Since the reduction was mainly about the dismantling of township enterprises, the first concern of villagers was solving the employment problem after the dismantling of enterprises. The biggest impact of the reduction on villagers was the loss of employment opportunities and the main source of income, which directly affected their economic conditions. Secondly, villagers were concerned about improving the rural environment after the reduction. In addition, they were also concerned about whether the reduction could bring about improved living conditions and public facilities, which was directly related to their quality of life.

3.2. Analysis of the Relationship between the Main Stakeholders

In the process of inefficient construction land reduction, stakeholders, as rational people, act with the objective function of maximizing their comprehensive interests. Due to the plurality and difference of interest preferences of different stakeholders, they constitute complex and intertwined interest relationships. Combined with the practice of quantization in Zhuqiao Town and Zhujiajiao Town, the multiple relationships among the main stakeholders are mainly reflected in the following aspects (Figure 2).
3.2.1. Between City, District and Town Governments: Fitting and Violating

The reduction task was assigned by the government from top to bottom, and there were differences in the basis for formulating the task at different levels of government; the municipal government took into account factors such as the area of the region, the area of inefficient construction land, and the level of economic development, while the district government prepared country unit plans based on the actual status of land use and determined specific reduction plots. This led to some of the industrial lands where township enterprises supported the economic development of villages and towns, and basic public services land that met the needs of social life were also included in the implementation of the reduction. The planning was contrary to the actual situation, and the township government was unable to fully implement the higher-level planning. As a result, the spatial accuracy of the implementation of the reduction is not high.

In addition to the mismatch between the implementation of the reduction and the planning, the financial conflict between the upper and lower levels of government was more obvious. The district government only bore 40% of the overall reduction operation funds, while the remaining 60% needed to be borne by each town. Take Zhuqiao Town as an example, in the two rounds of the three-year action plan for quantization implemented from 2014 to 2020, Zhuqiao Town spent 700 million yuan on enterprise compensation, house demolition, land leveling, and other special funds for quantization, resulting in a serious financial deficit. In addition, because most suburban areas have the status quo construction land over the “ceiling”, the first round of quantization policy, which was proposed to “reduce the implementation of industrial land outside the set construction area of the township to give one-third of the set construction area planning space incentives and new construction land plan index incentives”, could not be realized. In the process of discussion with the Zhuqiao Township Government and the person in charge of quantization, the director of Zhuqiao Township quantization office said.

“We put real money into it, but as a result, the financial resources can’t keep up, and the indicators are not ours, but just give us pressure and make us work and bear the debt......” (Zhuqiao Town Government interview, November 4, 2020)

According to the design of the initial inefficient construction land reduction policy, land use efficiency will be improved through the optimal allocation of limited land resources, thus promoting the industrial transformation and upgrading of Shanghai and the further improvement of urbanization, and the district and town will be able to attract a

![Figure 2: Relationships among stakeholders.](Image)
large number of high-tech industries and obtain more local fiscal revenue as a result. So, why do city, district, and town governments clash? On the one hand, due to the historical legacy, construction land ownership is complicated, and the reduction involves both the redistribution of land ownership and revenue, which is difficult to operate in practice; on the other hand, the funds for the reduction mainly come from the new construction land reimbursable use fee and arable land reclamation fee, and more than 50% of the funds are self-financed by the town. The graded land revenue in the countryside is also not significant and the input cost of the reduction is greater than the revenue, which brings huge financial pressure to the town government. In addition, the construction land indexes generated after the implementation of quantization are used to meet the construction needs of municipalities and districts, and the industrial structure of the town was not optimized but disappeared, which can be said to be “a loss of money and a loss of troops”.

3.2.2. Between Town Government and Village Collectives and Villagers: Cooperation and Conflict

For the village collective economic organizations and villagers, although the operation of township enterprises might have some negative impact on the environment, it could bring land rental income to the village collective and effectively solve the employment problem of the villagers. When the township government asked to vacate the “198” enterprises, the village collectives and villagers were bound to have some negative emotions and were unwilling to cooperate with the implementation of the reduction work actively. Even if they were forced to dismantle the township enterprises due to administrative pressure, they were still quite dissatisfied. This was the case in XG Village, Zhuqiao Township.

XG Village was developed as a small industrial zone in around 2005, which could earn around 2 million dollars of land rental income annually for the construction of roads, water conservancy, and other hardware facilities in the village. However, all of these developing township enterprises were dismantled in the reduction project in 2015, resulting in a sudden lack of village collective economic income sources and no financial support for the maintenance of village infrastructure and public activities.

In addition, as most of the enterprise sites dismantled by reduction were highly polluting enterprises, the soil quality was seriously damaged, and it was difficult to restore the original state even after finishing and reclamation. Therefore, the sites cannot be used for crop cultivation and can only be planned for tree planting. In response, the village head of ZX said:

“The reduction does not benefit the village, not a single penny. Just see the boss take the money and go away, the villagers have nothing, but instead bear the long-term industrial production caused by the river and air pollution. The golden mountains and silver mountains are gone, and the green water and green mountains are not what they used to be.”

Collectively, there is a cooperative relationship between the village collective organization and the township government in the face of the Shanghai Municipal Government, district-level government, and the villagers and other stakeholders. However, because they are subordinate at the administrative level and have different interest goals, this can also lead to interest conflicts. Practice shows that where the local government attaches more importance to and promotes comprehensive rural land improvement projects strongly, the degree of standardization of comprehensive land improvement is higher, and can better solve thorny issues such as compensation for villagers’ relocation, thus gaining villagers’ cooperation in the reduction work. However, under the influence of the current GDP-centered local assessment system, local governments, driven by the performance effect, are prone to breed short-term behavior in land use and tend to convert agricultural land into urban construction land, and the phenomenon of local governments competing with villagers for land resources may occur in practice.
3.2.3. Between Village Collectives and Villagers: Dependence and Contradiction

The village is a grassroots mass self-governance unit in China, and the villagers’ committee is directly elected by the villagers and manages the villagers autonomously. The inertial continuation of the traditional rural management system has made most villagers accustomed to relying on rural collective organizations, and coupled with the problem of villagers’ unemployment caused by the reduction, without the participation and coordination of collective organizations, decentralized villagers are easily caught in a state of disorder. In addition, decentralized small farmers have very high transaction costs with stakeholders such as entrepreneurs and local governments, and are in a weak position in negotiations. Therefore, despite villagers’ dissatisfaction or complaints against collective organizations, they are willing to trust collective organizations and village cadres in the process of inefficient construction land reduction in comparison. In the case of XS Village in Zhujijiao Town, for example, the village collective economic organization usually holds villager’s congresses to inform the main team members of each production team (usually consisting of the captain, women captain, and team members) of important village affairs, and then they communicate them to the farmers. This open and transparent way of communication has created a good social relationship between the villagers and the village collectives in Village XS. The villagers trust the village collectives and support the decisions they make, and the village collectives also play the role of “village family members” to protect the villagers’ interests as much as possible.

There are also conflicting relationships between villagers and rural collective organizations. First, as agents of district and township governments, as actual operators of collective resources and dominators of intra-rural benefit distribution, collective organizations often make use of the resources controlled by their relationship networks and authority in order to accomplish the reduction task. Second, the interest goals of collective organizations in pursuing the maximization of collective returns and the development of a collective economy are not consistent with the interest goals of villagers in pursuing the maximization of individual interests. Villagers often want to preserve employment opportunities as their interest pursuit, while collective organizations have to forcibly demolish part of the inefficient construction land in order to complete the reduction tasks issued by the higher government. In this conflict of interests, the most important economic interests of villagers are infringed upon, causing friction between villagers and rural collective organizations.

3.2.4. Villagers and Entrepreneur: Support and Deprivation

In our research into Zhuqiao Town, we found that some entrepreneurs came from abroad; they came to Shanghai at the beginning of the 21st century to start their businesses, and employed workers who were mostly permanent residents of the village, thus solving the local employment problem and stabilizing the social order to a certain extent. Moreover, under the influence of human relations, a field restriction of Chinese vernacular society [32] is that the entrepreneur would distribute rice, flour, and other necessities to the farmers during the Chinese New Year and other festivals, so the villagers greatly welcomed the entrepreneurs to build factories. However, in both Zhuqiao and Zhujijiao towns, many enterprises were highly polluting enterprises that did not meet the industrial development requirements of districts and towns, causing negative impacts on environmental safety and ecological protection that cannot be ignored, and depriving villagers of the right to enjoy a green living environment. Villagers might ignore the hidden risks brought by inefficient construction land to a certain extent in the short term, but due to the cumulative effect of environmental pollution, conflicts between villagers and entrepreneurs would erupt sooner or later.
3.2.5. Village Collectives and Entrepreneur: Help and Resistance

Many of the “198” industrial sites in Zhuqiao Town are unlicensed or illegal. These enterprises are often township enterprises that sprang up in the 1980s, mainly in the mechanical processing, textile and garment, and storage industries, which generally have high energy consumption and low outputs, and can only be forced to reduce. It was in the interests of some entrepreneurs to obtain financial compensation by relocating through downsizing to areas with relatively low rents, such as the Jiangsu and Zhejiang regions, or closing down their enterprises. However, considering the costs of factory relocation and re-employment of labor, as well as the realities of higher rent thresholds and environmental requirements for entering industrial parks, some entrepreneurs were not happy to be reduced. In addition, to fulfill the quantization target assigned by the district, the village collectives took various measures to forcibly reduce the number of enterprises quickly, such as identifying the enterprise plants as illegal buildings and imposing fines on enterprises operating without permits, etc. The quantization compensation obtained by the enterprises could not compensate for the losses in the process of being reduced, which caused the enterprises to resist the village collectives.

Some enterprises received help from the village collectives. The director of the reduction office of Zhujiajiao town mentioned in the interview:

“..... If it is efficient industrial land, we guide it to the formal industrial park ..... If it is not quite in line with the industrial orientation of our district, the collaborative unit is responsible for helping them to Jiangsu or Anhui and other places industrial parks for development.”

Although they were not able to avoid being reduced, these entrepreneurs obtained reasonable rent compensation and laid the financial foundation for new development opportunities in the future. As can be seen, the type of enterprise is the main factor affecting the interest relationship between the entrepreneur and the village collective. Polluting enterprises with high input and low output are often forced to reduce their production, and they become the direct victims of reduction because they do not have property rights certificates for their premises and obtain low capital compensation. Enterprises with high technology content and property rights certificates can obtain high capital compensation through the implementation of reduction, and also take the opportunity to move into industrial parks, improve the production and supporting conditions of enterprises, and promote the concentration of production factors, thus saving production costs and forming industrial competitive advantages.

4. Discussion

4.1. Comparison of Two Typical Cases

The interviews in the two towns revealed that Zhuqiao Town was not very positive about the implementation of inefficient construction land reduction, and the conflicts between different interests were more prominent, while Zhujiajiao Town’s government staff and village cadres both gave positive comments on the reduction. Comparing the responses of the two towns in dealing with the conflicts in the above-mentioned interest relations, we found that (Table 2), firstly, in terms of the ownership and benefit distribution of the reduced land, Zhujiajiao Town transferred the land involved in quantization to an agricultural company, which established special rules and regulations, set up a land quantization ledger, clarified land categories and operation status, and implemented classification management and centralized circulation, in order to realize clear property rights of the quantified land, legal transfer, production compliance, and effective management of the reduced land. Secondly, regarding the acceptance of the reclamation of the reduced land, Zhujiajiao Town adopted the three-level acceptance method of self-inspection, district-level, and municipal-level inspection. For the land that failed the initial soil quality inspection, it would be rehabilitated by advanced soil cultivation, and cultivation after passing the inspection in the coming year, and would be transferred to the agricultural
department for unified planting and management as a whole. At the same time, study activities such as the Land Law were carried out in each village to popularize the knowledge of the red line of arable land, general farmland, and basic farmland. Third, in terms of the protection of the villagers’ interests and village collectives, Zhujiajiao Township stipulated that the reduced enterprises should compensate and resettle employees and provide a certain percentage of financial support, and the township government established a township–village secondary collective asset supervision account, revitalized the retained funds, and compensated the village committee for rental losses for three consecutive years. It can be seen that Zhujiajiao Town was more rigorous and scientific in dealing with the issue of benefit distribution during and after the reduction process, and safeguarded the interests of the grassroots, so the stakeholder relationship was more coordinated.

Table 2. Comparison of the practices between Zhuqiao Town and Zhujiajiao Town.

<table>
<thead>
<tr>
<th>Different Measures</th>
<th>Zhuqiao Town</th>
<th>Zhujiajiao Town</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ownership and benefit distribution of reduced land</td>
<td>The town government is in charge</td>
<td>Specialized land company was established</td>
</tr>
<tr>
<td>With regard to the check before acceptance of the reduction</td>
<td>No self-inspection</td>
<td>Took the three-level acceptance method of self-inspection, district-level, and municipal-level inspection</td>
</tr>
<tr>
<td>On the protection of village collectives and villagers’ interests</td>
<td>One-off compensation</td>
<td>Established a township–village secondary collective asset supervision account</td>
</tr>
</tbody>
</table>

4.2. Key Factors Affecting the Relationship between the Parties’ Interests

Each district in Shanghai has taken a series of effective measures in the process of construction land reduction, such as promoting policies to the users of the quantized land in order to obtain their support and cooperation; holding villagers’ general meetings when disposing of collective assets, complying with the principle of villagers’ deliberations, and ensuring the value-added and preservation of collective assets; issuing “working methods” and “implementation opinions” by town governments for the quantization of construction land so that the quantization work has an operational basis; and the town and the village signed an “integrity commitment” and “work target responsibility book” and so on, to ensure the openness and transparency of the reduction work, etc. Since quantization work is essentially a redistribution of existing interests after decomposition, the process of distribution will inevitably lead to gains and losses of interests [33], which will cause conflicts among the interests, mainly in the ways described below.

7. Management of quantified reduction index

To mobilize the enthusiasm of towns and villages to participate in the reduction, the district government has formulated the policy of “demolishing three and returning one”, that is, to exchange the reduction of inefficient construction land for the increase of construction land indicators needed for future development. However, it should first ensure that two-thirds of the district-level indicators are acquired. Indeed, town governments cannot complete the assigned reduction tasks every year, and since the current construction land in most suburban areas has already reached the planning ceiling, it is difficult for towns to acquire construction land indicators needed for their own development from the reduction. In the context of the rural revitalization strategy, in lacking the support of land space for industrial development, it is difficult for the town and village collective economy to improve, and the incentive to continue with the reduction will be greatly reduced.
8. Increased cost of reduction.

With the in-depth promotion of the reduction work, most of the unlicensed and polluting enterprises have been dismantled through comprehensive land improvement. The potential quantization targets of each district generally show the characteristics of “two more and two less”. Firstly, there are more licensed enterprises and fewer unlicensed enterprises. Secondly, there are more state-owned construction land and less collective construction land. This has led to a significant increase in the cost of demolition and compensation for the reduction, and the difficulty of the town government to implement the quantization has also increased greatly. For example, in Chuansha New Town of the Pudong New Area, the average cost of quantified state-owned construction land is 2.6–3 million yuan, and the cost of quantified state-owned construction land in some core areas near the new area is as high as 4–5 million yuan per mu. The huge financial pressure will further intensify the conflict of interests between the various levels of government.

9. The absence of village cadres with professional knowledge.

In the process of implementing the reduction work, village cadres are an important link between the government and the grassroots. On the one hand, they have to perform the administrative functions entrusted by the higher government, and are the executors and propagators of the policies; on the other hand, they have to carry out in-depth mass work to obtain the support and cooperation of villagers and the entrepreneur for the reduction. The successful implementation of the reduction work in Zhujiajiao Town is due to the presence of a high-quality cadre team. Firstly, the leading group of reduction can understand the positive externality of quantization clearly and have the determination to implement reduction, which effectively avoids the misrepresentation and misrepresentation of reduction results. Secondly, a scientific work plan has been formulated with a professional knowledge base, thus standardizing the implementation process of reduction, such as commissioning qualified appraisal companies to evaluate the value of the enterprises to be quantized, which can prevent the owners from sitting on the land and is also conducive to the cost control of quantization. Thirdly, based on the principle of voluntary guidance, promote enterprises to sign up. For those enterprises that do not agree to the reduction or make unreasonable requests, the town leadership team will educate them on the ideology, explain the benefits of reduction specifically to the enterprises by holding seminars and other forms, and provide the basis for the reduction through multiple inspections such as environmental protection, safety, and taxation. However, not all village cadres have a high specialization level. Therefore, conflicts between subjects of interest caused by reduction occur from time to time.

4.3. Suggestions for Optimization of Construction Land Reduction Policy

The reduction of inefficient construction land promotes the upgrading of industrial structure, improves the ability of land conservation and intensive use, optimizes the allocation of land resources within the UGB, and realizes the regulation and guidance of urban spatial growth by changing the way of land use outside the UGB [34]. It also enriches the existing theory and practice of spatial development and control. During the 14th Five-Year Plan period, to achieve efficient utilization of the territorial space, reduction will continue to be an important policy tool in Shanghai’s urban planning and comprehensive land management planning. Based on the above theories and case studies, this paper proposes improvements in the following aspects.

10. Build a long-term “blood-making mechanism” in all aspects.

To achieve sustainable development of rural economy and ecology, the focus is on transforming resources into capital, coordinating the relationship between reduction, economic development and environmental protection, tapping the endogenous power of rural development, and forming a long-term, effective blood-making mechanism. At present, the town government funds the village collective for three consecutive years of rent compensation, which is the general reduction compensation policy. However, short-term
financial subsidies are not sustainable, and how to achieve making long-term property income for village collectives becomes key to the implementation of the next step of the reduction plan [8]. We suggest the following adjustments: First, retain some township enterprises selectively. The collation of semi-structured interviews and questionnaires revealed that village collective economic organizations expressed a strong desire to retain some private enterprises in order to increase village tax revenue and land rental income, as well as to provide villagers with nearby jobs. The Fifth Plenary Session of the 19th CPC Central Committee emphasized that “industries should be kept in rural areas, so that villagers can share the benefits of industries staying in rural areas”, which is also an important engine to achieve rural revitalization. Therefore, instead of adopting a “one-size-fits-all” reduction policy for some enterprises with good profits and high employment capacity in “198” regions, it is better to retain them locally and guide them to upgrade technology and innovate management methods to become ecological-friendly industries that are conducive to the “two carbon” goal. At the same time, this can solve the problem of a lack of social development subjects effectively, such as old and weak subjects triggered by the young and strong labor force outflow, and provide industrial and talent guarantees for rural revitalization. Second, broaden the sources of funding. In the reduction action from 2014 to 2020, the funds for reduction mainly come from the financial support of district and town governments, and the huge cost has led to a serious deficit in government finance. In the future, it is suggested to build a platform for social participation and introduce market funds for development to reduce the government’s financial pressure. In addition, if there are surplus construction land indicators, they should be allowed to be traded on the indicator trading platform, and the income should be used as a supplement to the collective assets of towns and villages [35] as well as construction funds for future reduction projects.

11. Improve the composition of the organization of reduction.

Although some towns and villages have set up special leading groups for reduction, there are still problems such as insufficient professionalism, inadequate communication of information, and the unbalanced distribution of benefits in the process of reduction, indicating that the organization and operation system needs to be further standardized. Studies have shown that the Netherlands has a relatively complete institutional system for land consolidation, with professional management departments for project planning and design, preliminary preparation, and development implementation. In Germany, there are two types of institutions, including government departments and civil organizations [36], which are responsible for and supervise the whole process of land consolidation. At the same time, it has formulated a special Land Management Law, which provides a legal basis for the implementation of land consolidation projects. The successful experience of land consolidation in developed countries also shows that a bottom-up working mechanism is an important factor to improve the effectiveness of the policy [37], public participation can maximize the fairness and equity of land consolidation, and the smooth implementation of land consolidation is more dependent on the partnership between local people and the government [38]. Therefore, policy mobilization only in the pre-implementation stage of reduction cannot ensure the smooth implementation of the policy; it is also necessary to set up a special functional institution for public participation and collect the opinions of grassroots people in a timely manner through the establishment of a bottom-up feedback mechanism. This can not only guarantee the public’s right to know and right to speak effectively and increase the enthusiasm of public participation in quantization reduction, but also facilitate the formulation of a relatively perfect benefit reconfiguration plan and balance the demands of multiple stakeholders.
5. Conclusions

The reduction of inefficient construction land is an important strategic initiative to cope with the shortage of land resources in China, and it is an effective way to improve the level of economical and intensive land use and promote the construction of ecological civilization, but it is also a complex process in which multiple interests play against each other and finally form a relative balance. Based on stakeholder theory, this study investigated the reduction of construction land in Shanghai. The findings indicate that: (1) There are six main stakeholders, including the municipal government, district government, town government, village collective organizations, entrepreneurs, and villagers, and their interest preferences in economic, social, and ecological aspects are different. (2) There are complex interest relationships among them. There are relationships of fit and violation between different levels of governments, cooperation and conflict between town governments and villages, dependence and contradiction between village collectives and villages, support and deprivation between villagers and the entrepreneur, and help and resistance between village collectives and the entrepreneur. (3) The allocation of new construction land indexes and the supply of funds for the cost of reduction are the keys to balancing the interests between different levels of government; reasonable resettlement of the reduced enterprises is an important influencing factor for the township government to promote the reduction work smoothly; protecting the economic interests of village collective organizations and villagers as much as possible is at the core of reducing the conflicts occurring between government and villagers, and government and village collectives. (4) In the future, it is suggested to build a long-term blood-making mechanism, improve the reduction organization, and form a benign linkage of interests between the government, village collectives, villagers, and enterprises.

This paper focuses on the reduction of industrial land in inefficient construction land and does not cover the analysis of stakeholders in the reduction process of residential land. In the future, we can track the quantization practice in Shanghai continuously and compare the similarities and differences of the interests conflict and the changes in the relationship between the interested parties in the reduction work of the two land use types, in order to provide scientific references for improving the relevant policies and the implementation of construction land quantization in other regions.

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