

10.18686/frim.v2i2.3994

# Research on the Contribution of the Digital Economy to China's High-Quality Development and Common Prosperity

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**Abstract:** In recent years, China has actively promoted the high-quality development of the digital economy to achieve shared prosperity at the societal and economic levels. This paper aims to elucidate the necessity of the digital economy for China's high-quality development, exploring its role in driving economic development in key dimensions such as emerging business models, industrial structure upgrading, and production efficiency improvement. By examining the mechanisms through which the digital economy operates, this study provides a solid foundation for achieving high-quality economic development and shared prosperity among the people of China.

**Keywords:** Digital Economy; New Business Models; Common Prosperity; High-Quality Development

## 1. Introduction

With the rapid development of information technology, the digital economy has demonstrated significant vitality globally, leveraging its unique advantages. As the world's largest developing country, China is currently at a crucial stage of economic transformation and upgrading. The digital economy not only injects new momentum into economic growth but also provides robust support for achieving shared prosperity. China should firmly grasp the opportunities presented by the information technology revolution and the development of the digital economy, and consider a high-level, high-quality digital economy as a key engine for achieving high-quality development in China.

## 2. The digital economy is a key pathway to achieving high-quality economic development and shared prosperity

### 2.1 The digital economy is the core driving force behind high-quality economic development

Integrating advanced technologies such as big data, cloud computing, and artificial intelligence, the digital economy provides new pathways for the transformation and upgrading of traditional industries. Moreover, it has also given rise to numerous emerging industries and formats, injecting new vitality into economic growth<sup>[1]</sup>. With its unique advantages and immense potential, the digital economy is increasingly becoming the core driving force behind China's high-quality economic development.

### 2.2 The digital economy is a key pathway to building a modern economic system

Under the new development philosophy, building a modern economic system has become a strategic goal for achieving high-quality economic development<sup>[2]</sup>. The real economy, as the backbone of China's national economy, requires coordinated development with the virtual economy to achieve leapfrog development. Additionally, the digital economy plays an important role in creating employment opportunities, promoting investment, and enhancing innovation, thus providing a key pathway for building a modern economic system.

### 2.3 The digital economy is the primary driving force behind achieving common prosperity and a better life

In the new development pattern where the domestic circulation is the main focus and the domestic and international circulations reinforce each other, China urgently needs to transform its enormous potential consumer demand into a significant driving force for high-quality economic development during the "14th Five-Year Plan" period, meeting people's aspirations for a better life<sup>[3]</sup>. The development of the digital economy will inject new impetus into high-quality economic development, providing guarantee and support for achieving common prosperity and fulfilling people's aspirations for a better life.

## 3. The mechanism through which the digital economy contributes to the high-quality development of the Chinese economy

### 3.1 The digital economy plays a crucial role in driving innovation in production methods and promoting innovation in business models

By integrating innovative resources and optimizing allocation, the digital economy reshapes business models, driving rapid economic upgrading and high-quality development. Additionally, the digital economy has spawned new business forms and models, such as e-commerce, online education, and digital finance. The rapid development of these sectors promotes consumer choice diversity and convenience, injecting new momentum into economic growth.

### **3.2 The integration of new and traditional industries advances the upgrading of the industrial structure**

The rise of the digital economy has not only led to a transformation of industrial structure but also propelled traditional industries towards digital-intensive sectors. This transformation involves traditional industries such as capital-, technology-, and labor-intensive sectors gradually transitioning towards digital domains like big data and cloud computing. It enables the efficient and flexible allocation of various factors within industries<sup>[4]</sup>. The impact of the digital economy is also evident in the thriving development of emerging productive service industries, they provides new growth drivers for the Chinese economy and promotes the optimization and upgrading of industrial structure.

### **3.3 Accurate allocation of production factors enhances the productivity of enterprises**

The digital economy introduces “data” as a new production factor that can be shared and reused repeatedly, providing strong support for the accurate allocation of production factors and achieving precise supply-demand matching. Through the promotion of the digital economy, economic entities can develop synergistically, unleashing synergistic effects. Through the application of digital technology, enterprises can achieve intelligent and automated production processes, enhance production efficiency and product quality, drive the cultivation and development of innovative industries, promote the upgrading and optimization of industrial structure, and enhance the competitiveness and sustainable development capabilities of the Chinese economy.

## **4. The digital economy contributes to the path of high-quality development in the Chinese economy**

### **4.1 Increasing investment in digital infrastructure to build a modern digital technology system is essential for achieving high-quality development in the Chinese economy**

#### **4.1.1 Improve investment and financing channels to support the construction of digital infrastructure**

Enhancing investment and financing channels is crucial for establishing a modern digital technology system and achieving the construction of digital infrastructure. The government should lead the formation of diversified investment entities and provide support through tax policies. Provincial and municipal governments should take the lead in establishing digital economy incubator projects to provide financial security and support for digital infrastructure construction.

#### **4.1.2 Enhance research and development capabilities in digital technology to boost the soft power of the digital economy**

Investment in research and development of digital technology should focus on the information technology industry. By prioritizing investment in the development of the information technology industry and accelerating the cultivation of technology research and development projects, we can enhance research and development capabilities in digital technology<sup>[5]</sup>. This will increase the conversion rate of research and development achievements in digital technology, injecting strong innovation momentum into the digital economy and enhancing the soft power level of China's digital economy.

### **4.2 Advancing the digital transformation of traditional enterprises to build a modern industrial system**

#### **4.2.1 Break down the barriers between production and sales and strengthen the integration of digital technology with the real economy**

The digital transformation of traditional enterprises plays a crucial role in the process of achieving high-quality economic development. By deeply integrating digital technology with the real economy, both can leverage each other's strengths, develop together, interact positively, inject new vitality into the economy, and help build a modern industrial system, facilitating industrial upgrading and transformation.

#### **4.2.2 Establish incentive policies and improve the mechanism for cultivating talents in the digital economy**

Incentive policies should be established to strengthen the cultivation and attraction of high-level talents and establish collaborative innovation platforms for industry, academia, research, and application. This will enhance the talent support capability for the digital transformation of traditional enterprises. Effectively incentivizing enterprises to increase investment in digital technology transformation will enhance their enthusiasm and effectiveness in digital technology transformation. Through policy guidance and support, enterprises will better adapt to the development needs of the digital economy era and promote the high-quality transformation and development of the economy.

### 4.3 Constructing a digitalized government to enhance governance capabilities

#### 4.3.1 Establish a government-led unified government data sharing platform

A government-led unified government data sharing platform should be established to strengthen data security and privacy protection, ensuring the legal, secure, and reliable use of government data<sup>[6]</sup>. By integrating data resources from various government departments, a unified data standard and sharing mechanism should be established to improve governance capabilities and achieve interconnected government information.

#### 4.3.2 Improve legislation related to the digital economy and data decision-making mechanisms.

By formulating relevant laws and regulations, the healthy development of the digital economy can be safeguarded, providing a legal basis and regulations for digital governance. Establishing a scientific data decision-making mechanism to reasonably utilize government data resources will enhance the scientificity and accuracy of government decision-making, continuously improving the governance capabilities of digital government.

### 4.4 Enhancing digital regulation to promote regional coordinated development

#### 4.4.1 Establish a digital market regulatory agency to strengthen oversight of the digital sector

Establishing a dedicated digital market regulatory agency to enhance oversight of the digital sector and promote the healthy development of the digital economy. This agency should be responsible for supervising the order of the digital economy market, preventing cybersecurity risks, and safeguarding consumer rights to ensure fair, just, and orderly development of the digital economy.

#### 4.4.2 Advocate for a rational concept of digital consumption to promote a cultural shift

Promote a rational concept of digital consumption, cultivate a healthy environment for the development of the digital economy, and promote a cultural shift. By enhancing public awareness and education about the digital economy, guiding consumers to develop correct consumption concepts, and enhancing consumers' rational decision-making abilities regarding digital products and services, we can avoid blind consumption and unhealthy consumption behaviors.

## 5. Conclusion

The development of the digital economy can promote the upgrading and transformation of China's industrial structure by introducing high-tech and knowledge-intensive industries. This will enhance industrial added value, boost international competitiveness, and contribute to achieving the goal of high-quality economic development. Simultaneously, it is essential to actively promote the digital transformation of traditional enterprises, encourage the adoption of emerging business models, establish digital governance, and enhance digital oversight.

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**Supported by:** Liaoning Provincial Department of Education Basic Research Project (JYTMS20231009) Research on Resilience Evaluation and Governance of Human Resources System in Liaoning Province under the Background of Digital Economy