

The Theoretical Logic and Implementation Path of Corporate Donations in Promoting Common Prosperity in Jiangxi

Xiulong He, Zejiong Zhou*

School of Economics, Anhui University of Finance and Economics, Bengbu, Anhui, 233030

*aczzj123456@163.com

Abstract

Jiangxi Province, an inland province of China, has seen rapid economic growth in recent years, yet the problem of social imbalance has become increasingly prominent against this backdrop. In this context, business donations are emerging as a significantly important means of promoting social equity and balance. This paper combines literature review and empirical research methods to develop an index system of common prosperity and calculates the common prosperity index for Jiangxi Province from 2005 to 2022. Additionally, it uses the donation data from 77 listed companies in Jiangxi to conduct empirical analysis. The results demonstrate that business donations have a significantly positive effect on the process of common prosperity in Jiangxi. Based on this conclusion, the paper puts forward three paths to achieve this goal: first, to strengthen government guidance; second, to optimize the structure of business donations; and third, to improve the regulatory and incentive mechanisms.

Keywords

Enterprise donation; Common prosperity; Theoretical logic; Third distribution.

1. Introduction

In recent years, Jiangxi Province has witnessed continuous economic growth, with the pace of industrialization and urbanization accelerating. However, while developing rapidly, social imbalances have become increasingly prominent. Regions like Nanchang in Jiangxi Province have relatively developed economies and well-established infrastructure, while mountainous areas such as Ganzhou and Yichun lag behind in economic development and infrastructure construction, resulting in economic disparities among regions. Moreover, urban residents in Jiangxi enjoy higher incomes, better education, and healthcare compared to rural residents, which has led to a large influx of rural population into cities. However, due to limited urban job opportunities, certain social problems have emerged. With the economic development in recent years, the gap between the rich and the poor in society has widened, with some people's income levels rising rapidly while others lag behind, leading to social stratification. In summary, Jiangxi Province still faces many challenges in economic development and needs to focus more on social equity and balance to achieve sustainable development while maintaining economic growth.

Chinese President Xi Jinping emphasized "promoting more tangible progress in the all-round human development and common prosperity for all", which has since emerged as a pivotal undertaking for advancing socialism with Chinese characteristics following the attainment of the Xiaokang society goals.

Subsequently, at the Tenth Meeting of the Central Commission for Financial and Economic Affairs on August 17, 2021, it was articulated that: We must uphold a people-centered development philosophy, advance common prosperity through high-quality development, properly balance efficiency and equity, and establish a foundational institutional framework

coordinating primary, secondary, and tertiary distribution. At this point, corporate donations, as an important component of the third distribution, have begun to receive more attention, and their significant value has become increasingly prominent. Therefore, it is necessary to conduct in-depth discussions on the relevant content of their realization paths.

Some scholars have conducted in-depth research on the motives and impacts of corporate charitable donations. Godfrey (2005) proposed that through charitable donations, enterprises can accumulate reputation capital, which can serve as a safeguard mechanism to help enterprises maintain stable relationships with various stakeholders, and may thereby promote positive responses from the capital market[1]. Tian (2007) argued that the corporate social responsibility movement also requires enterprises to assume more social responsibilities while pursuing economic interests[2]. Marianne et al. (2018) studied from the perspective of the relationship between the government and enterprises and found that through donation behavior, enterprises can establish a good interactive relationship with the government, which is beneficial for enterprises when applying for government subsidies or seeking preferential policies[5]. In addition, the academic community generally agrees that corporate donation behavior plays an important role in crisis management and helps enterprises repair their image when facing reputation crises. Wu et al. (2020) found that there is a positive correlation between corporate charitable donation behavior and the environmental pollution fines they receive, suggesting that donations may be used as a means to cover up environmental violations[4]. Hong and Hak (2021) studied from the perspective of agency costs and argued that corporate charitable donation behavior may increase the implicit cost of equity capital, especially for enterprises facing financing constraints, the equity risk premium related to donations may be higher[5]. Li and Shi (2020) pointed out that for small and medium-sized enterprises, participating in donation activities can be a strategy to obtain more credit resources. By increasing the donation amount, these enterprises can alleviate the competitive disadvantage caused by insufficient credit resources and thereby enhance their market competitiveness[6]. Saha et al. (2023) emphasized the response of consumers to corporate donation behavior and found that consumers' attitudes towards brands and purchase intentions would increase with the increase in the donation amount[7]. These research results collectively depict the multi-dimensional impact of corporate charitable donation behavior and provide theoretical support for understanding the choices enterprises make in fulfilling their social responsibilities.

Some domestic scholars have proposed many viewpoints on the impact of corporate donations and the third distribution on common prosperity from different perspectives. Li (2023) proposed that charitable donations have become a key component of the organic interaction between enterprises and society, and from a dynamic perspective of the enterprise life cycle[8], she found that the nonlinear effect of corporate donations on the persistence of earnings is heterogeneous. Tan (2023) clearly defined the connotation value and functional positioning of the third distribution and analyzed from both theoretical and practical aspects how the third distribution can promote the realization of common prosperity[9]. He and Lou (2022) argued that the third distribution mainly involves social forces, enterprises, and other actors reconfiguring legal property, goods, and services through non-profit means such as free supply in accordance with institutional regulations[10], with the aim of expanding the benefits of charity and promoting common prosperity. Cao Sheng and Yan (2022) found from the perspective of common prosperity that the theoretical implications of the third distribution go beyond the charity sector in both China and the West[11]. Xia and Song (2023) pointed out that current research on enterprises' participation in the third distribution in China mainly focuses on the field of charitable donations[12]. Xiao(2023) noted that the logic of policy changes in China's charitable donations is characterized by the timely evolution of policy focus themes, low coordination efficiency among policy-issuing entities, and the flexible use of policy tools,

with clear priorities for the development of charitable donations[13]. Chen (2022) explored that playing the role of the third distribution, developing the charity sector, and improving the income and wealth distribution pattern are key to achieving common prosperity[14]. Yang (2022) pointed out that the charity sector enhances its value and utility by serving disadvantaged groups and establishes an organic connection with primary and secondary distribution[15]. Against the backdrop of common prosperity, the third distribution promotes the expansion and optimization of other distribution levels through active mechanism integration. Yang (2022) analyzed the internal driving forces of corporate charitable behavior, compared the traditional non-productive donation model with the upgraded productive common prosperity fund model, and proposed the forms of corporate charitable behavior in areas such as technological innovation and rural revitalization[16]. Xu et al. (2022) briefly analyzed the applicability of different donation channels based on their advantages and disadvantages[17]. In line with the requirements of common prosperity, encouraging corporate participation in the third distribution should be achieved through measures such as stimulating corporate charitable vitality and optimizing existing donation channels, so that more enterprises and individuals can engage in the construction of the charity sector. Jiang and Yu (2021) pointed out that there are numerous fields in the third distribution, and one of the paths to promoting common prosperity is charitable donation, which can effectively prevent poverty relapse and narrow the wealth gap[18]. Han et al. (2023) found that the development of digital inclusive finance has a significant positive effect on common prosperity, and this effect has a nonlinear characteristic of increasing marginal returns[19]. Feng (2023) also found that digital inclusive finance can significantly promote the development of common prosperity, while factor structure mismatch is negatively correlated with common prosperity[20].

A comprehensive analysis of the current research status reveals that abundant achievements have been made in the studies on the theory of common prosperity and corporate donations, which are of significant reference value. Reviewing these studies, it can be observed that scholars' research focuses mainly on the historical development of charitable donations, the motives of donation behavior, the construction of a sound social security system, and the interpretation and questioning of current relevant policies. However, the nature, channels, and strategies of corporate donations still need further optimization and improvement. Therefore, this paper aims to comprehensively explore the theoretical basis and practical paths of corporate donations in promoting common prosperity in Jiangxi Province, supplementing and improving the existing research. The innovation of this paper lies in that the existing literature mainly stays at the theoretical research level on the impact of corporate donations on common prosperity, while this paper mainly conducts empirical research using time series data to study the correlation and impact effect of corporate donations on common prosperity, which has certain reference significance for promoting the process of common prosperity in Jiangxi Province.

After a brief literature review, the second part introduces the current economic development status and the manifestations of social imbalance in Jiangxi Province. Then, the third part presents the relevant theories of corporate donations and common prosperity development. It also analyzes the mechanism of the impact of corporate donations on common prosperity in Jiangxi Province. Through actively participating in social public welfare undertakings such as education, healthcare, environmental protection, elderly care, and employment, corporate donations contribute to the third distribution, redistribute social resources and wealth, and directly promote the process of common prosperity in Jiangxi Province. The fourth part is the empirical analysis, including three aspects: correlation analysis, collinearity analysis, and ridge regression analysis. The final part is the conclusion and suggestions.

2. Analysis of Jiangxi's Development Context

2.1. Strengthening of comprehensive economic capacity in Jiangxi

Jiangxi Province has achieved a comprehensive leap in its economic strength, with its regional GDP soaring from 1.28 trillion yuan in 2012 to 3.22 trillion yuan in 2023—marking two trillion-yuan milestones. Per capita GDP surged from 28,600 yuan to 71,200 yuan during this period, reflecting substantial growth in economic prosperity. In 2023, the province's industrial added value reached 1.12 trillion yuan, while manufacturing accounted for approximately 33% of GDP - ranking among the nation's highest. The number of industrial enterprises above designated size exceeded 18,000. Currently, Jiangxi boasts one trillion-yuan industry and fourteen hundred-billion-yuan industries. The province leads nationally in key reforms, including green finance and rural residential land system innovation. Leveraging its unique geographical advantage as a connector between eastern and western China and a hub linking rivers to the sea, Jiangxi has fully integrated into major national strategies such as the Yangtze River Delta integration and Guangdong-Hong Kong-Macao Greater Bay Area development. This deepening openness has attracted abundant resources and expanded development opportunities. Grain production has remained above 43 billion jin annually for 11 consecutive years. In 2023, the per capita net income of the population lifted out of poverty reached 18,571 yuan -- a 13.6% year-on-year increase, outpacing the growth rate of rural disposable income province-wide. Through vigorous promotion of industry-driven, quality-oriented, and green agriculture, provincial-level and above agricultural industrialization enterprises now exceed 1,000. Jiangxi is accelerating its transition from a traditional agricultural powerhouse to a modern agricultural leader.

2.2. Manifestations of social imbalance

Firstly, regional development imbalances. Regional development imbalances persist prominently across Jiangxi Province, as illustrated in Figure 1. While Nanchang exhibits relative economic advancement, areas like Fuzhou and Pingxiang lag significantly. Functioning as a "weak provincial capital," Nanchang contributes only 22.4% to the provincial GDP -- markedly lower than capital cities in neighboring provinces -- resulting in limited regional spillover effects. Administrative fragmentation further exacerbates disparities: Ganzhou's extensive jurisdiction contrasts with its underdeveloped urban core, diminishing its coordinative capacity; conversely, compact cities like Xinyu, Yingtan, and Pingxiang suffer from constrained economic hinterlands and market scales that stifle urban expansion. Although public service frameworks share structural similarities interregionally, profound divergences in development stages, natural resource endowments, fiscal capacities, and policy support generate substantial gaps in resource allocation and service delivery. These structural constraints collectively widen preexisting economic disparities across the province.

Secondly, urban-rural development imbalance. Long-standing dual structural influences have institutionalized urban-centric policies in social services development, concentrating high-quality resources predominantly in cities while leaving rural areas severely underserved—particularly in healthcare, education, culture, and technology. Despite constituting over 70% of the provincial population, rural residents access only a marginal share of these resources. As depicted in Figure 2, although the urban-rural income ratio declined from 2.62 in 2010 to 2.13 in 2023, the absolute gap in per capita disposable income persists in widening. Concurrently, the overall societal wealth gap continues to expand.

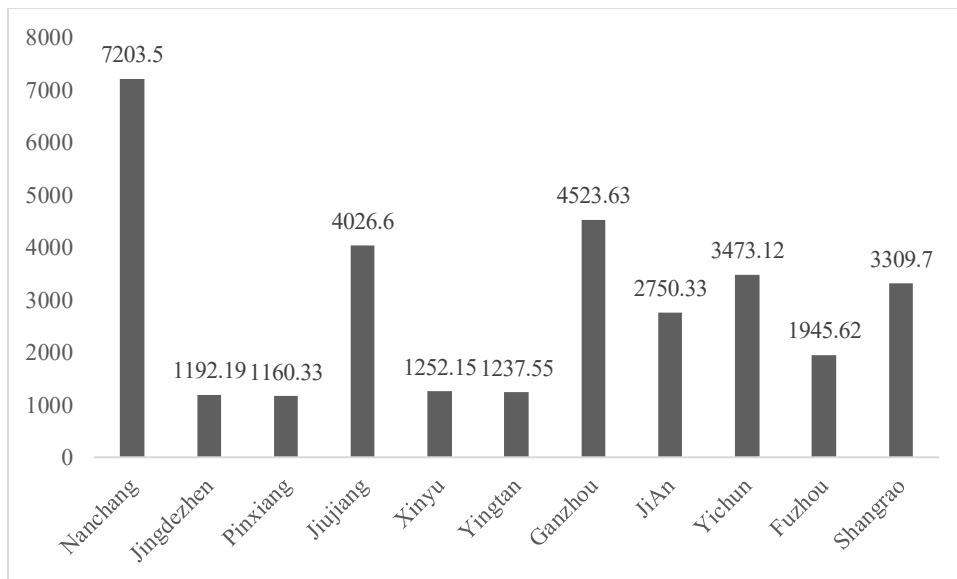


Figure 1. GDP by prefecture-level city in Jiangxi, 2022

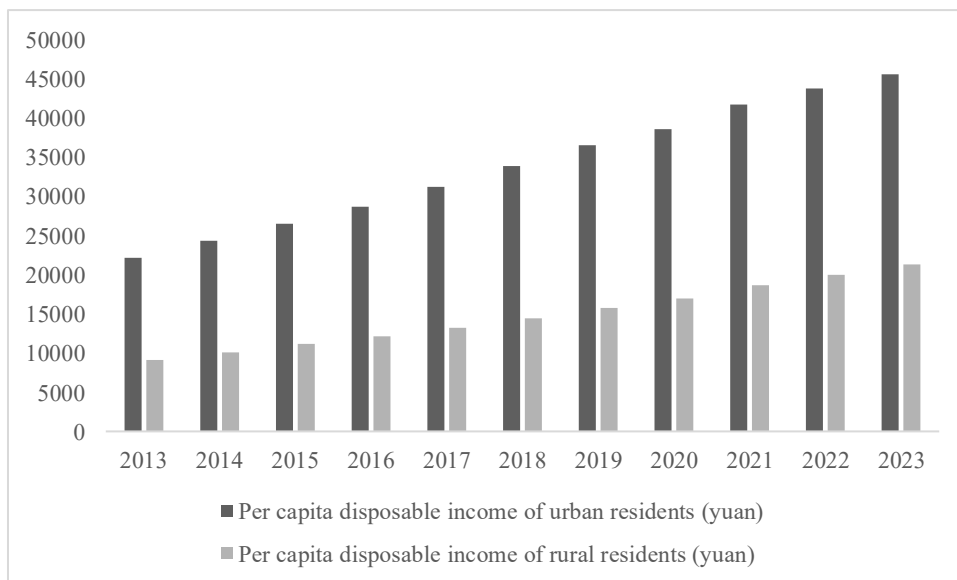


Figure 2. Comparative urban-rural per capita disposable income, Jiangxi (2010–2023)

3. Theoretical Analysis

3.1. Relevant Theories on How Corporate Donations Promote Common Prosperity in Jiangxi

Firstly, the stakeholder theory. A company’s business activities not only affect shareholders and employees but also other stakeholders such as customers, suppliers, and the community. By donating to public welfare, a company can enhance its positive image in the eyes of customers, increase customer loyalty to the company and its products. Corporate donations help demonstrate the company’s social responsibility and ethical standards, and in the process of cooperation, they can help establish and maintain long-term trust with suppliers, showcase the company’s long-term sustainable development strategy and good social image, which may increase investors’ confidence and support for the company. Donations to the local community can promote economic development in the community, improve social welfare, and at the same time enhance the connection between the company and the community, improving the company’s reputation in the local area. Moreover, corporate donations are also beneficial for

improving internal relations within the company, increasing employee satisfaction and a sense of belonging, and thus attracting and retaining socially responsible talents.

Secondly, the theory of corporate social responsibility. As a member of society, a company should assume corresponding social responsibilities. Corporate donations are a way for companies to give back to society and fulfill their social responsibilities. By providing assistance to disadvantaged groups, they promote social fairness and justice. The practice of corporate social responsibility not only helps build a positive corporate image but also enhances brand attractiveness and market competitiveness. In today's increasingly globalized and transparent world, consumers and investors are increasingly inclined to support responsible companies, and this support ultimately translates into brand loyalty and increased sales. Further, corporate social responsibility activities can bring stable resource supply and market demand to the company. This long-term value perspective will help the company maintain its competitive edge and even open up new business opportunities. From the perspective of business environment and market demand, in the medium and long term, the practice of corporate social responsibility is complementary to the economic benefits the company pursues.

Thirdly, the theory of social value creation. Companies do not only pursue economic profits but also create social value. Corporate donations are a way for companies to realize social value. By investing in public welfare, they promote social progress and sustainable development. Altruism can be seen as a gentle hand that voluntarily encourages companies to participate in the redistribution of resources. By voluntarily sharing their own resources with others, companies not only help others gain more opportunities but also create greater public benefits for the entire society. This self-aware behavior forms a mutually supportive social atmosphere, promoting social stability and development.

Finally, the theory of common prosperity. Common prosperity is a goal pursued by all people, not only in terms of economic prosperity but also spiritual prosperity. Material prosperity is the foundation for achieving common prosperity. Only when people's material needs are met can they have a better spiritual life. Material prosperity, in addition to meeting the basic needs of food and clothing, should also improve the quality of life, such as good living conditions and adequate educational and medical resources. Spiritual prosperity is the development of social civilization, including satisfaction in multiple aspects such as politics, ecology, and culture.

Common prosperity is a comprehensive goal. Under the premise of prosperity, it is necessary to continuously promote high-quality economic development, increase people's income levels, reduce social disparities, and achieve the goal of shared prosperity. In the face of problems such as excessive income disparity between urban and rural residents, unbalanced regional development, and unreasonable industrial structure, it is necessary to accelerate the pace of reform and innovation, promote coordinated economic development, and achieve comprehensive development and integration of urban and rural areas. The realization of common prosperity is a process of narrowing disparities and gradually achieving prosperity. It requires attention to balance and gradual advancement, and should not simply pursue synchronous and uniform prosperity. Only through continuous efforts and reform and innovation can the goal of common prosperity for all the people be achieved.

3.2. Mechanism analysis of corporate donations' impact on common prosperity

Corporations actively engage in public welfare and charity, contributing to the third distribution of wealth and responding positively to the initiative of "the rich leading the poor to prosperity". By participating in social public affairs such as education, healthcare, environmental protection, employment, and poverty alleviation, they provide public assistance to disadvantaged groups, create job opportunities and security for low-income individuals, and redistribute social resources and wealth, achieving a win-win situation of economic and social value.

Corporate support for education empowers common prosperity. Through funding educational projects, corporations help impoverished students receive education, enhancing the overall educational level and human resource quality of society. In the face of new development demands brought about by the new round of technological revolution and industrial transformation, it is necessary to prevent newly lifted-out-of-poverty groups from falling back into poverty, narrow the income gap, and improve the employment situation. This requires high-quality development of education to empower common prosperity. For individuals, education empowers personal career development, enabling them to become the main creators of social wealth. For social strata, education breaks the intergenerational transmission of poverty, smooths the social upward mobility channel, and effectively prevents social stratification. For society as a whole, education promotes technological innovation to serve economic development and advance common prosperity. To achieve common prosperity, it is essential to enhance the quality of the workforce, and this can only be achieved through education. Building an education power directly relates to the realization of common prosperity for all people. Only by improving the comprehensive quality of the workforce can new productive forces be better implemented and common prosperity be advanced. Corporate support for healthcare lifts common prosperity. Donating funds to the healthcare sector can improve the level of medical services, especially in impoverished areas and for disadvantaged groups. By funding healthcare, corporations fulfill their social responsibilities, providing medical facilities and resources to impoverished areas to improve the health conditions of the poor and reduce the incidence of poverty due to illness. This is conducive to promoting common prosperity. Common prosperity means that all members of society can enjoy reasonable income and welfare, thereby achieving economic, social, and cultural fairness and harmony. While helping to provide medical security for disadvantaged groups and promoting the downward flow of high-quality medical resources, corporations also reduce the health risks of the poor, which helps to narrow the gap between the rich and the poor and promote social equity.

Corporate support for environmental protection promotes common prosperity. Corporate donations support environmental protection projects to protect the ecological environment and promote sustainable economic development. In the process of fulfilling their social responsibilities, corporations bear the important responsibility of maintaining resources and protecting the environment for sustainable development. Through technological innovation, corporations can reduce pollution generated during production, achieving the goals of energy conservation and resource conservation. Such innovation not only helps reduce production costs but also enhances the market competitiveness of products. Moreover, by actively participating in public welfare and collaborating with communities to establish environmental protection facilities, corporations can effectively purify the environment and maintain the quality of life for community residents. This is of positive significance in resolving the contradiction between economic development, environmental pollution, and the degradation of living conditions in industrial cities. Corporate participation in environmental protection not only enhances their own sustainable development capabilities but also contributes to environmental protection in society, achieving a win-win situation of economic and environmental benefits.

Corporate assistance to the needy promotes common prosperity. Corporate donations can directly provide basic living support to the poor, thereby improving their quality of life. At the same time, by supporting elderly welfare, children's welfare, and other means, they can enhance the level of social welfare and the overall quality of life in society. Through assistance to the needy, corporate donations play a direct role in promoting common prosperity in Jiangxi Province. This not only helps solve social problems and maintain social fairness and justice but also enhances the corporate image of social responsibility and sustainable development

capabilities. This indicates that corporate donations are an important way for enterprises and society to develop together and achieve a win-win situation.

4. Empirical Analysis

4.1. Model specification

To investigate the impact of corporate donations on common prosperity in Jiangxi Province, this paper constructs a model using time-series data, with the expression shown below:

$$\ln GT_t = \alpha_0 + \alpha_1 \ln Donate_t + \alpha_3 \ln X_t + \delta_t$$

In the above equation, GT_t represents the Common Prosperity Index of Jiangxi Province in year t . The variable X_t denotes other control variables that may influence the Common Prosperity process in Jiangxi Province. δ_t represents the stochastic disturbance term. α_0 to α_3 are parameters to be estimated, and the coefficient α_1 is expected to be significantly positive.

4.2. Variable definitions

Explained Variable: common prosperity level in Jiangxi Province. Existing measurement frameworks typically construct indicator systems for common prosperity levels across two dimensions: the Prosperity Index and the Sharing Index. Drawing upon methodologies from Chen et al. (2021) and Wang (2023)[21], and considering data availability for Jiangxi Province, this paper employs the entropy method to estimate weights. The Common Prosperity Index (GT) is calculated based on three primary indicators—Developmental, Shared, and Sustainable—comprising 17 tertiary indicators, as detailed in Table 1.

Table 1. Indicator system for common prosperity level

Tier-1 Indicator	Tier-2 Indicator	Tier-3 Indicator	Attribute
Development	Affluence	Per Capita Disposable Income of Residents (yuan/person)	+
		Per Capita Consumption Expenditure of Residents (yuan/person)	+
	Commonality	Urban-to-Rural Disposable Income Ratio	-
Urbanization Rate (%)		+	
Inclusiveness	Culture & Education	Student-Teacher Ratio in Primary Schools	+
		Number of Public Libraries (units)	+
	Healthcare	Number of Hospital Beds in Medical Institutions (10,000 units)	+
		Number of Licensed (Assistant) Physicians per 1,000 Population (persons)	+
		Urban Pension Insurance Dependency Ratio	+
	Public Infrastructure	Number of Public Transit Vehicles per 10,000 Population (standard units)	+
		Number of Public Toilets per 10,000 Population (units)	+
Digital Application	Number of Broadband Internet Access Ports (10,000 units)	+	

		Mobile Phone Penetration Rate (sets/100 persons)	+
Sustainability	High-Quality Development	Per Capita GDP Growth Index (previous year = 100) (%)	+
		Urban Registered Unemployment Rate (%)	-
	Fiscal Investment	Tax Revenue as Percentage of GDP (%)	+
	Ecological Environment	Forest Coverage Rate (%)	+

The calculation method for Jiangxi Province’s common prosperity level measurement indicators is as follows. Firstly, standardization of indicators:

$$\text{Positive indicators: } y_{ij} = \frac{[x_{ij} - \min(x_j)]}{[\max(x_j) - \min(x_j)]} \tag{1}$$

$$\text{Negative indicators: } y_{ij} = \frac{[\max(x_j) - x_{ij}]}{[\max(x_j) - \min(x_j)]} \tag{2}$$

In formulas (1) and (2), y_{ij} is the normalized value; x_{ij} is the data corresponding to the j -th indicator of the i -th evaluation object in Jiangxi Province. To avoid zero values after normalization, add 0.01 before calculating the weights.

Calculate the proportion P_{ij} of the j -th indicator for the i -th evaluation object:

$$P_{ij} = \frac{y_{ij}}{\sum_{i=1}^m y_{ij}}, 0 \leq P_{ij} \leq 1 \tag{3}$$

Calculate the entropy value E_j of the j -th indicator:

$$E_j = -k \sum_{i=1}^m P_{ij} \ln P_{ij}, \text{ where } k=1/\ln m, 0 \leq E_j \leq 1 \tag{4}$$

Calculate the information utility value D_j of the j -th indicator:

$$D_j = 1 - E_j \tag{5}$$

Determine the weight W_j of the j -th indicator:

$$W_j = \frac{D_j}{\sum_{i=1}^m D_j} \tag{6}$$

Calculate the comprehensive score GT_i :

$$GT_i = \sum_{i=1}^m y_{ij} W_j \tag{7}$$

The entropy method is an objective weighting method. It determines weights based on the variation degree of each indicator’s data. The greater the data dispersion, the smaller the entropy and the larger the weight. As shown in the entropy weight calculation results table below, the larger the entropy, the more chaotic the data, the less information it carries, the smaller the utility value, and thus the smaller the weight.

Table 2. Summary of entropy weight method calculation results

Item	Information Entropy Value (e)	Information Utility Value (d)	Weight Coefficient (w)
Per Capita Disposable Income of Residents	0.9021	0.0979	6.60%
Per Capita Consumption Expenditure of Residents	0.9019	0.0981	6.62%
Urban-to-Rural Disposable Income Ratio	0.9238	0.0762	5.14%
Urbanization Rate	0.9420	0.0580	3.91%
Student-Teacher Ratio in Primary Schools	0.9238	0.0762	5.13%
Number of Public Libraries	0.9009	0.0991	6.68%
Number of Hospital Beds in Medical Institutions	0.8947	0.1053	7.10%

Item	Information Entropy Value (e)	Information Utility Value (d)	Weight Coefficient (w)
Number of Licensed (Assistant) Physicians per 1,000 Population	0.9199	0.0801	5.40%
Urban Pension Insurance Dependency Ratio	0.8311	0.1689	11.39%
Number of Public Transit Vehicles per 10,000 Population	0.9078	0.0922	6.22%
Number of Public Toilets per 10,000 Population	0.9290	0.0710	4.79%
Number of Broadband Internet Access Ports	0.8701	0.1299	8.75%
Mobile Phone Penetration Rate	0.9556	0.0444	2.99%
Per Capita GDP Growth Index	0.9278	0.0722	4.87%
Urban Registered Unemployment Rate	0.9098	0.0902	6.08%
Tax Revenue as Percentage of GDP	0.9481	0.0519	3.50%
Forest Coverage Rate	0.9283	0.0717	4.84%

Core Explanatory Variable: corporate donation amount. Based on data availability, this study uses the aggregate donation amount (in billion yuan) from 77 listed companies in Jiangxi Province from 2005 to 2022, denoted as *donate*.

Control Variables: To account for factors beyond corporate donations that influence Jiangxi's common prosperity process, the following control variables are selected based on existing research and practical considerations:

Economic Development (*pGDP*): Measured by per capita GDP (10,000 yuan/person) in Jiangxi Province. Economic development serves as the fundamental prerequisite for achieving common prosperity and represents a critical factor influencing regional common prosperity.

Industrial Structure (*is*): Represented by the proportion of tertiary industry value-added to GDP. This ratio reflects the extent to which local governments utilize surplus rural labor. A higher ratio correlates with smaller regional wealth gaps and higher levels of common prosperity.

Urbanization Level (*urban*): Measured by the urbanization rate, calculated as the proportion of urban population to total permanent residents. Urbanization signifies the transformation of local social structures and economic development through the gradual migration of rural populations to urban areas.

Education Level (*edu*): Measured by average years of schooling. Regional wealth disparities within the province lead to unequal educational resources, affecting employment rates, occupational choices, and income levels - ultimately impacting common prosperity. Calculation Formula: Average years of schooling = Illiteracy rate \times 0 + Primary education ratio \times 6 + Junior secondary ratio \times 9 + Senior secondary (vocational) ratio \times 12 + College (higher vocational) ratio \times 16. Illiteracy rate = (Population aged 6+ without schooling / Total population aged 6+) \times 100

Openness to Foreign Trade (*open*): Measured by the ratio of total import-export value to regional GDP. In recent years, Jiangxi's foreign trade expansion under economic globalization has accelerated regional economic development. Prosperous interregional trade enhances local employment rates, thereby promoting common prosperity. Variable definitions are summarized in Table 3.

Table 3. Description of model variables

Variable	Symbol	Definition	Unit
Common Prosperity Level in Jiangxi Province	<i>GT</i>	Common Prosperity Index of Jiangxi Province	Unitless
Corporate Donation Amount	<i>donate</i>	Aggregate annual corporate donations	CNY 100 million
Economic Development	<i>pGDP</i>	Per capita GDP of Jiangxi Province	10,000 CNY/person
Industrial Structure	<i>is</i>	Proportion of tertiary industry value-added to GDP	%
Openness to Foreign Trade	<i>open</i>	Ratio of total import-export value to regional GDP	%
Urbanization Level	<i>urban</i>	Urban population as percentage of resident population	%
Education Level	<i>edu</i>	Average years of schooling	Years

4.3. Data sources and descriptive statistics

The variable data used in this study’s empirical analysis were primarily sourced from the *Jiangxi Statistical Yearbook*, the CEIC Database, and the Wind Database, covering the period from 2005 to 2022. To mitigate significant data disparities, all variables underwent logarithmic transformation, and missing data points were addressed using interpolation methods.

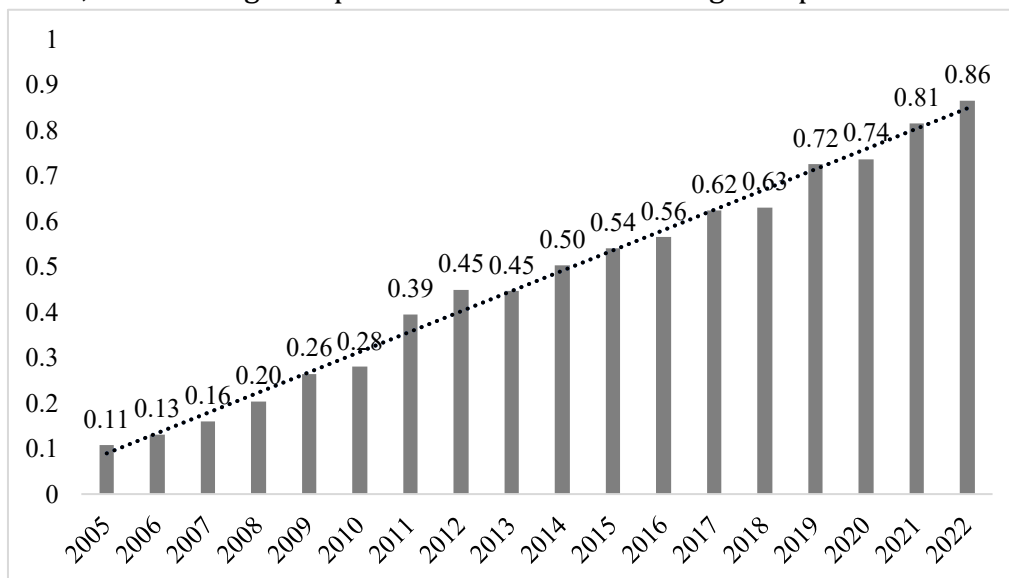


Figure 3. Common prosperity index of Jiangxi Province, 2005–2022

As shown in Figure 3 above, the Common Prosperity Index of Jiangxi Province has a mean value of 0.47, with a maximum of 0.86 and a minimum of 0.11. It demonstrates a significant upward trend from 2005 to 2022, indicating that Jiangxi Province has achieved notable progress in advancing common prosperity over these 18 years.

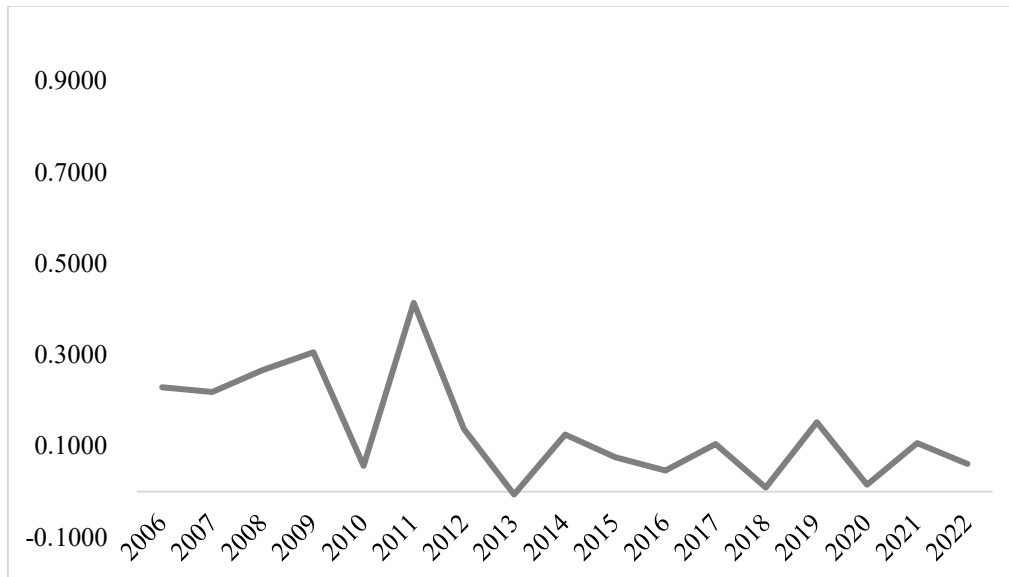


Figure 4. Growth rate of common prosperity index in Jiangxi, 2006–2022

As can be seen from Figure 4 above, during the period from 2006 to 2022, the growth rate of the common prosperity index showed certain volatility and no obvious unidirectional trend. By observing the growth rate of each year, we can see that there were significant fluctuations in some years. In 2011, there was a relatively high growth rate, which then declined in 2012. The growth rate in 2013 was negative, significantly lower than the two years before and after. After 2014, the growth rate fluctuated gently. This might be due to the fact that the “money shortage” event in 2013 had a profound impact on China’s economy and financial market. Small and medium-sized enterprises faced challenges of tight funds and escalating difficulties; banks’ bargaining power increased, leading to a rise in loan interest rates for small and medium-sized enterprises. Many enterprises were unable to obtain loans and turned to the private market, facing high interest rates. The Chinese stock market suffered a “drought”, with tight capital supply and a rapid decline in transaction volume. It was difficult for new funds to enter the market. The bond market was severely hit, with bond issuance costs reaching new highs. The central bank maintained a tight capital supply through high interest rates to deleverage, causing the capital interest rate to continuously rise. In summary, the domestic economic downturn was obvious in 2013, and the “money shortage” event had a significant impact, resulting in a relatively low growth rate of common prosperity in Jiangxi Province.

Table 4. Descriptive statistical analysis of variables

Variable	Obs	Min	Max	average	Std.Dev.	Mean
<i>Ln_GT</i>	18	-2.234	-0.146	-0.923	0.646	-0.745
<i>Ln_donate</i>	18	-3.701	1.132	-0.642	1.413	-0.170
<i>Ln_pGDP</i>	18	-0.086	1.932	1.086	0.626	1.207
<i>Ln_is</i>	18	3.515	3.876	3.669	0.147	3.593
<i>Ln_open</i>	18	2.137	3.055	2.672	0.209	2.724
<i>Ln_urban</i>	18	3.614	4.128	3.898	0.168	3.908
<i>Ln_edu</i>	18	2.019	2.252	2.167	0.064	2.177

As shown in Table 4 above, both the maximum and minimum values of *Ln_GT* are negative. For *Ln_donate*, the minimum value is -3.701 and the maximum is 1.132, indicating substantial interannual fluctuations in corporate donation amounts.

4.4. Correlation analysis

To assess potential multicollinearity arising from interdependencies among independent variables, Pearson correlation analysis was conducted. As presented in Table 5, pairwise correlation coefficients with absolute values exceeding 0.8 suggest a high likelihood of multicollinearity issues. The results reveal correlation coefficients greater than 0.8 among Ln_donate , Ln_pGDP , Ln_is , Ln_urban , and Ln_edu , thereby preliminarily indicating the presence of multicollinearity.

Table 5. Correlation matrix of variables

	Ln_GT	Ln_donate	Ln_pGDP	Ln_is	Ln_open	Ln_urban	Ln_edu
Ln_GT	1						
Ln_donate	0.942**	1					
Ln_pGDP	0.991**	0.949**	1				
Ln_is	0.803**	0.784**	0.861**	1			
Ln_open	0.787**	0.754**	0.758**	0.376	1		
Ln_urban	0.973**	0.936**	0.993**	0.913**	0.686**	1	
Ln_edu	0.941**	0.874**	0.928**	0.671**	0.851**	0.894**	1

4.5. Multicollinearity analysis

To further test for multicollinearity, this paper uses the multicollinearity test for further examination. The results are shown in Table 6. Generally speaking, if the VIF value of a variable is greater than 10, or strictly speaking, greater than 5, it indicates that the variable has a multicollinearity problem and can be considered for removal from the model for reanalysis. The tolerance value is equal to $1/VIF$ value. The judgment criterion is that if the tolerance is less than 0.1, there is a multicollinearity problem, and strictly speaking, it is less than 0.2. The results confirm the presence of multicollinearity among variables based on these diagnostic metrics.

Table 6. Multicollinearity diagnostics

Variable	VIF	1/VIF
Ln_GT	186.065	0.005
Ln_donate	12.622	0.079
Ln_pGDP	758.648	0.001
Ln_is	91.291	0.011
Ln_open	11.038	0.091
Ln_urban	796.160	0.001
Ln_edu	16.216	0.062

4.6. Ridge regression analysis

Due to the presence of multicollinearity among explanatory variables, ordinary least squares (OLS) regression cannot be directly applied. This study therefore employs ridge regression analysis to overcome multicollinearity. Ridge regression is a biased estimation technique addressing multicollinearity in linear regression. By sacrificing the unbiasedness of OLS, it yields more reliable regression coefficients despite some information loss. The ridge parameter K quantifies data loss, with smaller K values yielding more precise results. K must be determined using a ridge trace plot before analysis, selected when standardized regression coefficients stabilize at the minimum possible K . Smaller K indicates less bias ($K=0$ reduces to standard OLS).

As k value gradually increases, the coefficients of each independent variable gradually stabilize, and the optimal ridge regression parameter is taken as $k = 0.14$.

The ridge regression results are presented in Table 7. The p -values for Ln_donate , Ln_pGDP , Ln_open , Ln_urban , and Ln_edu are all less than 0.05, indicating that corporate donations, economic development, urbanization level, educational attainment, and openness to foreign trade exert statistically significant influences on Jiangxi’s common prosperity progression. This demonstrates that corporate donations contribute positively to achieving common prosperity in Jiangxi Province. Additionally, all control variables except Ln_is exhibit significant positive effects on common prosperity. The goodness-of-fit measure (R^2) of 0.963 indicates that Ln_donate , Ln_pGDP , Ln_open , Ln_urban , and Ln_edu collectively account for 96.3% of the variation in Ln_GT , confirming the model’s robust explanatory power.

Table 7. Ridge regression results

Variable	Regression Coefficient	Standard Error	Standardized Coefficient	t-value	p-value	VIF
C	-10.905	1.162	-	-9.382	0.000**	-
Ln_donate	0.070	0.025	0.154	2.797	0.017*	1.387
Ln_pGDP	0.265	0.026	0.257	10.061	0.000**	0.299
Ln_is	0.317	0.192	0.073	1.657	0.126	0.879
Ln_open	0.349	0.152	0.113	2.299	0.042*	1.105
Ln_urban	0.865	0.084	0.225	10.311	0.000**	0.219
Ln_edu	1.970	0.530	0.195	3.719	0.003**	1.262
R -sq			0.976			
$adj.R$ -sq			0.963			
F	F (6,11)=74.697,p =0.000					

The ridge regression ANOVA test, also known as the F-test, determines whether the model is statistically meaningful. A p -value below 0.05 indicates model significance. The F-test results in Table 8 confirm model validity: $F = 74.697$, $p = 0.000 < 0.05$.

This demonstrates that at least one independent variable among Ln_donate , Ln_pGDP , Ln_edu , Ln_urban , Ln_open , and Ln_is has a significant effect on Ln_GT , thereby validating the model construction.

Table 8. ANOVA test for ridge regression

	Sum of Squares	df	Mean Square	F	p-value
Regression	6.916	6	1.153	74.697	0.000
Residual	0.170	11	0.015		
Total	7.085	17			

5. Conclusion and Suggestions

5.1. Conclusion

This article focuses on the connotation, characteristics, and realization paths of corporate donations and common prosperity. Based on the provincial time series data of Jiangxi Province from 2005 to 2022, through model construction and the application of correlation analysis, collinearity analysis, and ridge regression analysis, it examines the impact of corporate donations on the process of common prosperity in Jiangxi Province and reaches the following conclusions: Corporate donations have a significant positive effect on common prosperity. The control variables of economic development, degree of opening up, urbanization development

level, and education level also have a significant positive effect on the process of common prosperity.

5.2. Suggestions

Firstly, strengthen government guidance. Although philanthropy possesses voluntary, social, and non-governmental characteristics, it maintains an inherent and inseparable connection with the government. This does not imply governmental dominance or excessive regulation of philanthropy, but rather guidance and support for philanthropic endeavors. Therefore, supporting the government in accelerating the transformation of its functions, shifting from a “leadership” role to a “guidance” role, can promote the development of philanthropy. The government plays a crucial role in corporate donations. It is not only the primary allocator of social resources but also the guardian of fairness and justice. For Jiangxi Province to achieve common prosperity, it must rely on the government’s effective guidance. The government can incentivize corporate participation in public welfare donations through measures such as formulating preferential policies, offering tax reductions, and conducting publicity and education. Introducing policies regarding pre-tax deductions for corporate donations enhances corporate donation enthusiasm; launching activities like a “Public Welfare Awareness Month” elevates the social recognition of corporate giving; supporting the establishment of corporate donation public welfare funds promotes the targeted use of donated funds, ensuring resources better serve the goals of common prosperity. The government should also establish and improve the legal framework for corporate donations, clarifying the legal responsibilities and obligations of donation activities, and protecting the legitimate rights and interests of both donors and recipients. Simultaneously, strict investigations and penalties must be imposed on illegal activities within donation activities to prevent them from becoming a cover for illegal acts such as tax evasion and money laundering.

Secondly, optimize the structure of corporate donations. The structure of corporate donations directly impacts the effectiveness of donations and the pathways to achieving common prosperity. Therefore, enterprises must be encouraged to engage in differentiated donations tailored to the varying needs of different regions, fields, and levels. Based on the actual needs of different regions in Jiangxi Province, targeted donations should be made, focusing on areas like education and healthcare in impoverished mountainous regions to narrow regional development disparities. Moreover, corporate donations should not be limited to material contributions; they should also encompass various forms such as technology, talent, and management expertise. By establishing scholarships, providing internship and employment opportunities, and organizing professional training, enterprises can help improve the overall quality and skill levels of the local population, thereby promoting common prosperity. Finally, corporate donations should also prioritize sustainability, engaging in long-term investments in public welfare projects. By establishing long-term cooperative relationships with the funded localities, enterprises can gain a deeper understanding of social issues and contribute to their resolution, yielding more stable and long-lasting social benefits.

Finally, improve incentive and supervision mechanisms. The state needs to further refine philanthropic supervision mechanisms and relax entry thresholds for non-profit organizations such as foundations and social organizations. To promote the healthy development of philanthropy and social public welfare, governments need to exercise their auxiliary functions and optimize existing laws and regulations. By lowering the establishment thresholds for foundations, social organizations, and public welfare groups, simplifying the registration procedures for non-profit organizations, and eliminating additional accreditation procedures for charitable organizations, the government can provide certain policy preferences and administrative conveniences for philanthropy, thereby creating a more favorable environment for its development.

Supervision mechanisms are key to ensuring the healthy development of corporate donations. Government departments should establish corporate donation information disclosure platforms, publish donation data, and accept social supervision. Donating enterprises also need to disclose the specific destinations and utilization outcomes of their donations, increasing the transparency and openness of donation activities and funds. By employing third-party evaluation agencies to assess the effectiveness of donation projects and publicly releasing the evaluation results, enterprises can adjust their donation strategies based on the feedback, enhance donation efficiency and effectiveness, and thereby help improve the philanthropic evaluation and feedback mechanisms. Finally, for enterprises and individuals who violate donation-related regulations, penalties should be imposed according to the law, strengthening the enforcement of laws and regulations, maintaining the order of donation activities, and ensuring that donation activities proceed in a healthy and orderly manner.

References

- [1] Godfrey P C. The Relationship Between Corporate Philanthropy And Shareholder Wealth : A Risk Management Perspective[J]. *Academy of Management Review*, 2005, 30(4): 777-798.
- [2] Xueying, T. Research Progress on Corporate Donations to Nonprofit Organizations [J]. *Economic Forum*, 2007(08): 105,114.
- [3] Marianne B, Francis K, Antoinette S, et al. The Cost of Political Connections[J]. *Review of Finance*, 2018(3): 849-876.
- [4] Wu B, Jin C, Monfort A, et al. Generous charity to preserve green image? Exploring linkage between strategic donations and environmental misconduct[J]. *Journal of Business Research*, 2020, 131: 839-850.
- [5] Hong M C,Hak J S. Corporate Philanthropic Giving and Cost of Equity Capital: Evidence from Korea[J]. *Korea Observer*, 2021, 52.
- [6] James Andreoni“Warm – Glow versus Cold – Prickle:The Effects of Positive and Negative Framing on Cooperation in Experiments , ”*Quarterly Journal of Economics*,Vol. 110,No.1.pp.1 – 21.
- [7] Saha S, Ranjan KR, Pappu R, et al. Corporate giving and its impact on consumer evaluations: A meta-analysis[J]. *Journal of Business Research*, 2023, 158.
- [8] Qinglan, L. Corporate Donations and Earnings Persistence: A Life Cycle Perspective [D]. North China University of Water Resources and Electric Power, 2023.
- [9] Taihu, T.*Research on the Role of Tertiary Distribution in Promoting Common Prosperity* [D]. Jilin University, 2023.
- [10] Yang, H.,Chengwu, L. Tertiary Distribution for Common Prosperity: Mechanisms, Conditions and Pathways [J]. *Qinghai Social Sciences*, 2022(01): 139-146.
- [11] Shengliang, C.,Yujie, Y. Theoretical Implications and Logical Approaches of China’s Tertiary Distribution under Common Prosperity [J]. *Hubei Social Sciences*, 2022(10): 17-25.
- [12] Xin, X., Xinrong, S. Corporate Participation in Tertiary Distribution: Motivations, Influencing Factors and Effects – Literature Review and Prospects [J]. *Journal of Xihua University (Philosophy & Social Sciences)*, 2023, 42(6): 84-93.
- [13] Hui, X. *Research on Policy Evolution of Philanthropic Donations in China Based on Text Analysis* [D]. Inner Mongolia University, 2023.
- [14] Bin, C. Philanthropy in the Context of Common Prosperity [J]. *China Social Security*, 2022(2): 40-41.
- [15] Fangfang, Y. Tertiary Distribution and Philanthropy under Common Prosperity [J]. *Chinese Social Security Review*, 2022, 6(1): 133-159.
- [16] Rui, Y. Corporate Philanthropy, Tertiary Distribution and Common Prosperity [J]. *Social*

- Science Front*, 2022, 323(5): 275-280.
- [17] Jinglei, X. et al. Analysis of Corporate Philanthropic Donation Channels [J]. *Cooperative Economy & Science*, 2022(16): 178-180.
- [18] Yazhou, J., Jianxing, Y. Mechanisms of Tertiary Distribution in Promoting Common Prosperity [J]. *Zhejiang Social Sciences*, 2021(9): 76-83.
- [19] Liangliang, H. et al. Digital Inclusive Finance, Entrepreneurial Activity and Common Prosperity: Empirical Evidence from Provincial Panel Data in China [J]. *Soft Science*, 2023, 37(03): 18-24.
- [20] Hua, F. Digital Inclusive Finance, Factor Misallocation and Common Prosperity [J]. *Journal of Technology Economics & Management Research*, 2023(05): 122-128.
- [21] Lijun, C., et al. Construction of a Common Prosperity Index Model [J]. *Governance Studies*, 2021, 37(04): 5-16+2.
- [22] Feng, W. *Research on the Impact of Tertiary Distribution on Common Prosperity* [D]. Wuhan University of Science and Technology, 2023.