

# *Evaluation and optimization path of Inner Mongolia private economy development efficiency*

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**Abstract:** Improving the development efficiency of private economy is of great significance to the realization of common prosperity and high-quality economic development in Inner Mongolia Autonomous Region. This paper selects 9 cities in Inner Mongolia Autonomous Region and uses data envelopment analysis (DEA) to evaluate the development efficiency of private economy in Inner Mongolia from four aspects: comprehensive efficiency, pure technical efficiency, scale efficiency and input redundancy. In 2020, the average value of the overall efficiency of private economic development in the 9 league cities in Inner Mongolia is 0.956, which is not fully effective. Among them, the overall efficiency of 7 league cities is 1 and fully effective, and the pure technical efficiency and scale efficiency of the other 2 league cities affect the comprehensive efficiency at the same time, but there is still room for improvement. The main reason affecting the development of private economy is input redundancy, which exists in the independent accounting of the number of industrial enterprises, enterprise current assets, fixed assets and inventory by private enterprises above designated size. Therefore, the amount of enterprise assets and inventory input should be reasonably controlled. At the same time, it is recommended that each alliance city actively adjust the structure of the private economy, based on national macro policies and industry requirements, continuously improve resource utilization, increase levels of technological investment.

## 1. Introduction

The 20th CPC National Congress made important arrangements for comprehensively building a modern socialist country and promoting the great rejuvenation of the Chinese nation. In accelerating the construction of a new development pattern and focusing on promoting high-quality development, it was pointed out that the environment for the development of private enterprises should be continuously optimized, the property rights of private enterprises and the rights and interests of private entrepreneurs should be protected, and the private economy should be continuously developed. We will improve the modern enterprise system with Chinese characteristics, carry forward the entrepreneurial spirit, and accelerate the construction of world-class enterprises. The Inner Mongolia Autonomous Region has always attached great importance to the development of the private economy.

In 2018 and 2020, the Inner Mongolia Autonomous Region promulgated Several Measures to Promote the High-quality Development of the Private Economy (No. 23 of the Inner Mongolia Autonomous Region 2018) and Several Measures to Create a Better Development Environment to Support the Reform and Development of Private Enterprises (No. 16 of the Inner Mongolia Autonomous Region 2020). Since 2020, private enterprises have faced great challenges in their production and operation due to the impact of multiple epidemics. In September 2022, China issued Several Measures to Further Support the High-quality Development of the Private Economy, proposing 22 policies and measures in six areas.

In recent years, the private economy of Inner Mongolia Autonomous Region has been developing rapidly. By the end of August 2022, there were 2.413 million private market entities in the region, accounting for 97.5 percent of the total market entities. Foreign trade of private enterprises accounts for nearly 65% of the total import and export volume[1]. On the whole, the private economy of Inner Mongolia has played a great role in promoting economic development, promoting innovation, increasing employment, improving people's livelihood and expanding opening-up. At present, China continues to promote the in-depth reform of state-owned enterprises, under the circumstances of fierce competition in the private economic environment, the core of economic development is to realize the sustainable growth of the private economy, therefore, it is necessary to establish the development ideas of the private economy and constantly improve the development efficiency. Therefore, the study on the private economic efficiency of the Inner Mongolia Autonomous region for the future economic development of Inner Mongolia. Even for the development of regional economy in northwest China has practical significance.

Therefore, based on clarifying and analyzing the concept and problems of the private economy, this study selects 9 league cities in Inner Mongolia Autonomous Region as the research area. Using Data Envelopment Analysis (DEA), it constructs evaluation indicators for the development efficiency of the private economy and evaluates its development efficiency. And it is also necessary to propose development strategies and suggestions to provide scientific basis for promoting the development of the private economy in Inner Mongolia Autonomous Region and achieving high-quality economic development.

## 2. Literature Review

### 2.1 Concept clarification

As for the "private economy", there is still no exact concept at present, and the evolution of the concept and scope of the private economy has gone through three stages. The first is to define the concept of private economy according to the mode of operation. In 1931, Wang Chunpu divided two economic forms in his book on Saving the Nation through Economy: government-run economy and private-run economy. Among them, the enterprises run by the people are called "private enterprises"[2]. Third, since the reform and opening up, there have been new changes in the academic circle's interpretation of the concept of private economy, which mainly includes three viewpoints: First, it is defined according to the ownership of the means of production[3]. That "people" can be understood as "private", which is called the "narrow" private economy, can be summarized as the private economy is equal to the non-public economy. Second, according to the definition of management mode, that the private economy is defined according to the management mode, is an economy founded by people using private capital in a traditional way, that in addition to the state-owned economy, all economic forms are private economy, which is called the "broad sense" of private economy. The third is the way to combine the above two views. The understanding of the connotation of the private economy should not separate the mode of operation from the form of ownership, but should unify the two.

With the common development of various economies, under the background of the new era, the more recognized mainstream view is to divide the private economy from the perspective of the main body of management, corresponding to the state-owned or government-run.

## 2.2 The development process of the private economy

The development of China's private economy is generally divided into the following four stages. The period from 1978 to 1991 was the initial stage of the development of China's private economy. The bud of private economy can be traced back to 1978, the Third Plenary session of the eleventh Central Committee of the Communist Party of China made "economic construction as the center", China entered the period of reform and opening up, and private economy began to recover. The period from 1978 to 1988 was the embryonic stage of China's private economy. According to relevant statistics, from 1978 to 1981, the number of individual industrial and commercial households increased substantially year by year. From 1981 to 1982, The State Council issued a series of policies, which further recognized the legitimacy of the existence of individual economy, and gradually increased the number of private enterprises. In 1988, the private economy was recognized by the Constitution. In this process, although the private economy achieved rapid development, it still lacked policy support. At this stage, private enterprises were mainly characterized by the pursuit of output, extensive operation and family-style production and management mode. The period from 1992 to 2001 was the rapid development stage of China's private economy. With the rapid development of the economy, the policy of "taking public ownership as the main body and developing various economic sectors together" was put forward, once again clarifying the complementary status of the private economy. According to relevant statistics, the number of private enterprises in China reached 237,919 in 1993, an increase of 70.4 percent over the previous year. In 1999, the Second session of the Ninth National People's Congress adopted an amendment to the Constitution, which pointed out that "the self-employed, private and other non-public sectors of the economy within the scope prescribed by law are major components of the socialist market economy."

From 2002 to 2011, the private economy entered a stage of steady development. From February 2005 to May 2010, The State Council issued the 36 Articles on Non-Public Economy and the 36 New Articles on Non-Public Economy, proposing to expand the areas and scope of private investment, encourage and guide private capital restructuring, join in and participate in the reform of State-owned enterprises, create a good environment for private investment, and strengthen the service, guidance and standardized management of private investment. However, they have not been effectively implemented. Therefore, the dilemma faced by private enterprises has not completely changed. The period from 2012 to now has been a transitional stage for the development of private economy. Let the private economy fully burst out its creative vitality. The 14th Five-Year Plan and the Outline of Vision Goals for 2035 call for "optimizing the environment for the development of private enterprises" and "promoting high-quality development of private enterprises."

## 3. Research Method

### 3.1 Overview of the study area

The Inner Mongolia Autonomous Region, located in China's northern frontier, saw its annual GDP reach 2,051.42 billion yuan by the end of 2021, up 6.3 percent from the previous year. The ratio of the three industries was 10.8:45.7:43.5. The proportion of gross domestic product of eastern and central regions of Inner Mongolia is 31:59:10. By the end of 2021, the permanent population of Inner Mongolia will be 24.0 million. The Engel coefficient of Inner Mongolia Autonomous Region as a whole is 27.8 percent. Among them, the Engel coefficient of urban residents was 26.9 percent, and

that of rural and pastoral residents was 30.1 percent, down 1.1 percent and 0.5 percent, respectively, from the previous year.

### 3.2 Research methods

Data envelopment analysis (DEA) is an efficiency evaluation method with high efficiency. By establishing variable return model (VRS-DEA), this method can calculate the comprehensive efficiency, pure technical efficiency and scale efficiency. Specifically, when the comprehensive efficiency is 1, it indicates that the development efficiency of the corresponding private economy has reached the production frontier, and the input-output is optimal at this time. In this study, the classical model -- BC<sup>2</sup> model is selected.

### 3.3 Index selection

This paper refers to the existing research on the evaluation index of the development efficiency of the private economy, comprehensively considers the rationality, scientificity and availability of the data, and takes into account the current situation of economic development to construct the evaluation index system of the development efficiency of the private economy. The input indicators include private enterprises above designated size to independently calculate the number of industrial enterprises, private enterprises above designated size to independently calculate the current assets of industrial enterprises, private enterprises above designated size to independently calculate the fixed assets of industrial enterprises, and private enterprises above designated size to independently calculate the inventory of industrial enterprises, which reflects the input level of private economy in manpower and capital. Output indicators include the independent accounting of total profits of industrial enterprises by private enterprises above designated size, and the independent accounting of total industrial output value by private enterprises above designated size, reflecting the profitability of enterprises and the total output of the private economy. Table 1 shows the evaluation index system of Inner Mongolia private economy development efficiency.

Table 1: Evaluation index system of Inner Mongolia private economy development efficiency

First-level index	Secondary indicators
Input indicators	Number of independent accounting units of industrial enterprises by private enterprises above designated size (units)
Input index	Independent accounting of current assets of Industrial enterprises by private enterprises above designated size (ten thousand yuan)
Input index	Private enterprises above designated size independent accounting of fixed assets of industrial enterprises (ten thousand yuan)
Input target	Independent accounting of inventories of industrial enterprises by private enterprises above designated size (ten thousand yuan)
Output indicators	Total profits of industrial enterprises independently calculated by private enterprises above designated size (ten thousand yuan)
Output indicators	Total industrial output value independently calculated by private enterprises above designated size (ten thousand yuan)

### 3.4 Data source and processing

This study chooses industrial enterprises in the private economy as the research object to reflect the production efficiency of the private economy. There are three reasons: First, according to the data in the list of "Top 100 Private Enterprises in Inner Mongolia" from 2017 to 2021, the number of

private industrial enterprises accounts for more than 45% annually, accounting for a relatively large proportion, which is representative to a certain extent; Second, private industrial enterprises develop rapidly, driving the economic growth of the whole region; Thirdly, Inner Mongolia Autonomous Region's planning of resource-based city in the process of economic transformation also takes the development of industrial private economy as the key work of transformation. The economic form characteristics of private enterprises are flexible operation mode and fast development speed, and their development efficiency shows the economic efficiency to a certain extent. Finally, considering the authority and availability of data, this paper selects 2020 private economic data of 9 league cities, accounting for 75% of the total number of league cities in Inner Mongolia, which is representative to a certain extent. The 9 league cities are Hohhot, Baotou, Xingan League, Tongliao, Xilin Gol League, Ulanqab City, Ordos City and Alxa League. The study selects industrial enterprises as the representative to measure the private economic efficiency.

The 2020 data of 9 league cities and 6 indicators in Inner Mongolia Autonomous Region selected this time are from the Inner Mongolia Statistical Yearbook (2021), and in order to eliminate the impact of price, 2019 is taken as the base period for GDP deflating.

#### 4. Data Analysis and Results

##### 4.1 Analysis of the change trend of Inner Mongolia private economy development efficiency

DEAP2.1 software was used to calculate the development efficiency of private economy in 9 cities of Inner Mongolia in 2020 (see Figure 1). The overall efficiency trend shows a fluctuating V-shaped development trend. The average value of the overall efficiency is 0.956, which is reflected as inefficiency. According to the principle of VRS-DEA model, the overall efficiency is divided into pure technical efficiency and scale efficiency, so scale efficiency and pure technical efficiency still have room for substantial growth. Xilin Gol League is at the bottom of V, and its scale efficiency is also at the bottom. Wulanqab city is at another low point of V-shaped fluctuation, and its pure technical efficiency is at the lowest. Because in 2020, some private enterprises in Xilin Gol League and Ulanqab City are in the stage of transformation and adjustment, and the follow-up procedures are being improved. Besides, the low level of industrial structure of the private economy in these two regions, poor innovation ability and weak anti-risk ability have affected the overall efficiency of the development of the private economy in the region.

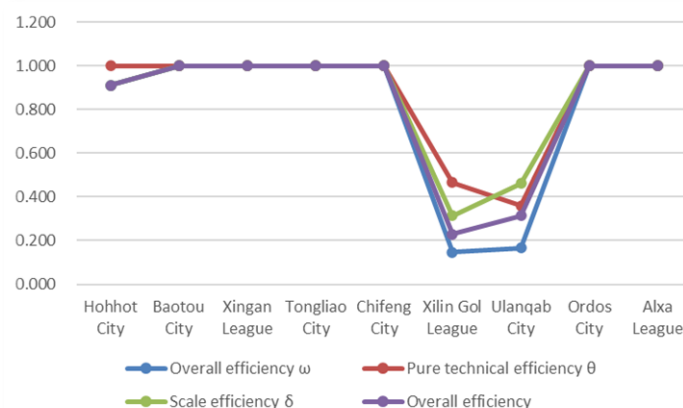


Figure 1: Change trend of private economic development efficiency in 9 Inner Mongolia Union cities in 2020

## 4.2 Analysis of evaluation results of private economic development efficiency in Inner Mongolia

The BC<sup>2</sup> model of DEA was used to analyze the input-output efficiency of 9 cities in Inner Mongolia from three aspects: comprehensive efficiency, pure technical efficiency and scale efficiency (Table 2).

Table 2: Evaluation results of private economic development efficiency in 9 Inner Mongolia Union cities in 2020

District	$\omega$	$\theta$	$\delta$							Returns to scale
Hohhot City	0.911	1.000	0.911	0.000	0.000	0.000	0.000	0.000	0.000	irs
Baotou City	1.000	1.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	-
Xingan League	1.000	1.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	-
Tongliao City	1.000	1.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	-
Chifeng City	1.000	1.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	-
Xilin Gol League	0.146	0.466	0.314	0.000	0.113	0.341	0.109	0.000	0.000	irs
Ulanqab City	0.166	0.360	0.461	0.000	0.092	0.162	0.139	0.000	0.069	irs
Ordos City	1.000	1.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	-
Alxa League	1.000	1.000	1.000	0.000	0.000	0.000	0.000	0.000	0.000	-

Key:  $\omega$  is the comprehensive efficiency;  $\theta$  is pure technical efficiency;  $\delta$  is scale efficiency;

$T_1^-$  is the relaxation variable value corresponding to the input;  $T_1^+$  is the value of the relaxation variable corresponding to the output

### 4.2.1 Comprehensive efficiency analysis

In 2020, the average comprehensive efficiency of private economic development in the nine league cities of Inner Mongolia Autonomous Region is 0.956, which is at a relatively high level. Among them, the development of private economy in 6 league cities is completely effective, 3 league cities are inefficient, and the comprehensive efficiency value of 3 of the 9 league cities is lower than the average. By region, Baotou City, Xingan League, Tongliao City, Chifeng City, Ordos City and Alxa League are completely effective, with the best input and output; The regions with lower comprehensive efficiency value than the average value are Hohhot (0.911) > Ulanqabu (0.166) > Xilin Gol League (0.146), and the regions with higher comprehensive efficiency value than the average value are Baotou City, Xingunita City, Tongliao City, Chifeng City, Ordos City and Alxa League. In general, the comprehensive efficiency of private economic development in Inner Mongolia is relatively high, and the efficiency of individual cities in Inner Mongolia has room for improvement [4].

### 4.2.2 Pure technical efficiency analysis

In 2020, the average pure technical efficiency of private economic development in 9 league cities of Inner Mongolia Autonomous Region is 1, which is shown as efficient. Among them, Hohhot, Baotou, Xingan League, Tongliao City, Chifeng City, Ordos City, Alashan League 7 cities are completely effective in the pure technical efficiency of private economic development, while the other 2 regions are ineffective. The pure technical efficiency of the two inefficient league cities is lower than the average value, and the efficiency values from high to low are Xilin Gol League (0.466) > Ulanqab City (0.360). The pure technical efficiency value is affected by technology and management and other factors. According to the calculation results, the pure technical efficiency level of private economic development in Inner Mongolia Autonomous Region is relatively high. The allocation of

various resources is more reasonable, and individual cities can further improve the input structure of technical elements and constantly increase the input of new and efficient production technologies.

### 4.2.3 Scale efficiency analysis

In 2020, the average scale efficiency of private economic development in 9 Inner Mongolia League cities is 0.956, which is at a relatively high level. The private economy in 6 league cities is fully efficient, while that in the other 3 league cities is ineffective. The returns to scale remained unchanged in the 6 regions with fully effective efficiency of scale, indicating that the development efficiency of private economy in Inner Mongolia Autonomous Region has reached the optimal state of scale, and the ratio of input-output is reasonable. From the perspective of returns to scale, there are 3 cities in the League with increasing returns to scale, indicating that these cities have low returns to scale and problems of excess input or blind expansion of scale. The investment in the development of private economy should be gradually reduced and the production structure should be reasonably adjusted[5].

### 4.2.4 Input redundancy analysis

Each DUM in the evaluation system contains two types of effective and ineffective. For the analysis of invalid DUM, the difference between the actual value and the target value can be obtained by using "projection", as well as the input redundancy of the DUM. Inner Mongolia Autonomous Region 9 league city, Xilingol League and Ulanqeb city 2 league city (Figure2, Figure3) there is a redundant phenomenon of investment, performance of these areas above the scale of private enterprises independent accounting of industrial enterprise unit number, enterprise current assets, fixed assets, inventory investment too much, by comparing the actual value and the target value of the gap.

For the Union cities with invalid DUM, the optimization can be further carried out according to the adjusted value of input redundancy.

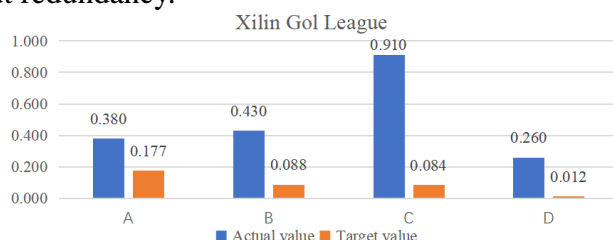
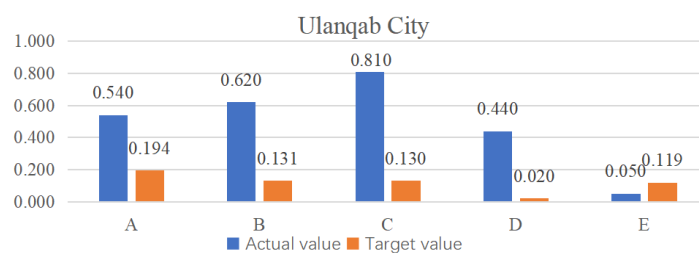


Figure 2: Comparison between the target value and the actual value of private economic development efficiency in Xilin Gol League in 2020. (Key: Private enterprises above the scale of A independent accounting of the number of industrial enterprises (units); B private enterprises above designated size independently calculate the total current assets of industrial enterprises (ten thousand yuan) C private enterprises above designated size independently calculate the fixed assets of industrial enterprises (ten thousand yuan); Private enterprises above D model independent accounting of industrial enterprise inventory (ten thousand yuan))



(Key: A private enterprises above designated size independently calculate the number of industrial enterprises (units); B Total current assets of industrial enterprises independently calculated by private enterprises above designated size (ten thousand yuan); C private enterprises above designated size independent accounting of fixed assets of industrial enterprises (ten thousand yuan); D model and above private enterprises independent accounting of industrial enterprise inventory (ten thousand yuan); E Private enterprises above designated size independent accounting of industrial output value (ten thousand yuan))

Figure 3: Comparison between the target value and the actual value of private economic development efficiency in Ulanqab in 2020.

## 5. Countermeasures and Suggestions

### 5.1 Macro-level countermeasures and suggestions

#### 5.1.1 Eliminate hidden barriers to the private economy and optimize the business environment.

Economic development is closely related to government policy support. The development of the private economy has been developed with the support of the state. Every industrial policy measure issued by the government can promote the private economy to move forward. However, at present, there are still hidden barriers in some industries, which should be gradually removed, constantly expand the areas involved in the private economy, and create a fair business environment, in order to fundamentally achieve sustainable and high-quality development of the private economy. The report to the 20th National Congress of the Communist Party of China stressed the need to "optimize the environment for the development of private enterprises, protect the property rights of private enterprises and the rights and interests of entrepreneurs in accordance with the law, and promote the development and growth of the private economy." To this end, in the process of supporting and guiding the development of the private economy, governments at all levels should respond to the call of the CPC Central Committee and truly implement the Party and state policies supporting the development of the private economy. The government at all levels should further clarify and standardizes the relevant regulations on corporate property rights, protecting the interests of entrepreneurs, promoting the high-quality development of the private economy, and continuing to help private enterprises become stronger and build world-class companies.

#### 5.1.2 Continue to optimize the fiscal and tax environment and adjust the tax structure of private enterprises.

The development of private economy is greatly affected by tax policy. At present, China's economic growth is under great pressure, and the heavy taxes and fees of small and micro enterprises affect the sustainable development of private enterprises. Therefore, the government needs to further optimize the fiscal and tax environment, reasonably adjust the tax rate and optimize the tax structure of private enterprises. On the one hand, the government can implement differentiated tax management system according to the different nature of private enterprises and the different sales volume of



enterprises. Tax standards will be gradually lowered for private enterprises in the early stage of entrepreneurship to ease the pressure on private enterprises to produce. On the other hand, we will increase tax incentives, strengthen the guiding role of preferential policies, support the private economy in industrial transformation, actively carry out independent innovation, and improve the ability of enterprises to independently explore the international market. At the same time, it is recommended that the government gradually expand the scope of tax incentives to alleviate the financial pressure on small, medium, and micro entities affected by the epidemic, enabling small, medium, and micro enterprises to develop more stably. At the same time, more private capital should be attracted to invest in private economic entities to promote high-quality and sustainable development of the private economy.

### **5.1.3 Expand financing channels for enterprises and adjust credit and financing policies.**

The limited financing channels of the private economy have set up many obstacles to the development of private enterprises. To expand the financing channels of enterprises mainly from two aspects, one is to expand the internal financing channels of enterprises, the other is to expand the external financing channels of enterprises, specifically: On the one hand, it can continuously enrich the credit product system, launch special products suitable for private enterprises' financing, reduce the threshold of private enterprises' loan financing, achieve fairness and equality, promote private enterprises to adjust the financing plan of corporate capital sources, and strengthen corporate confidence. At the same time, as an enterprise, it is necessary to be familiar with the financing methods of Chinese enterprises and rationally choose the financing methods suitable for the enterprise. On the other hand, it is necessary to continuously enhance the service ability of financial institutions and support policy banks to set up special funds, which can promote the participation of private economy in the reform of state-owned enterprises, provide financial protection, and improve the capital strength and credit issuance ability of commercial banks. Finally, it is necessary to raise the requirements for investors' asset allocation and risk management, gradually abolish the administrative controls that can be exempted, appropriately relax the management of investors, and meet the needs of investors in private enterprises for asset allocation, liquidity management and risk management. The government is advised to take reasonable measures to further enhance investors' willingness to invest in private enterprises, improve investors' confidence in financing, provide policy guarantees for investment budget and management, and promote the rapid and stable development of the private economy [6].

## **5.2 Countermeasures and suggestions at the micro level**

According to the results of empirical analysis, the development efficiency of private economy in Inner Mongolia is relatively high. In 2020, the overall efficiency of private economy development in more than half of the cities in Inner Mongolia has reached full effectiveness, but some cities in the Union have not reached effectiveness, but the average level is relatively high, mainly due to the input redundancy in some indicators. Therefore, the development of private enterprises should pay more attention to enterprise system management, budget management, and constantly optimize the industrial structure of enterprises. There are five micro-level suggestions as follows:

### **5.2.1 Optimize enterprise management system and standardize enterprise financial system.**

The report to the 20th National Congress of the Communist Party of China pointed out: "Improve the modern enterprise system with Chinese characteristics, carry forward the entrepreneurial spirit, and speed up the construction of world-class enterprises." On the one hand, private enterprises will be encouraged to participate in the reform of state-owned enterprises. The report also said: "Deepen

the reform of state-owned assets and state-owned enterprises, accelerate the optimization and structural adjustment of the state-owned economy, promote state-owned capital and state-owned enterprises to become stronger, better and bigger, and enhance the core competitiveness of enterprises." In the development process of Inner Mongolia's private economy, cooperation and capital expansion can be used to make private enterprises bigger and stronger and build first-class private enterprises, which can not only promote the development of private economy but also promote the upgrading and reform of state-owned enterprises. On the other hand, it is recommended for businesses to establish a standardized financial system and a competent financial management team with excellent professional qualities. Regular training should be attended to continuously improve the professional abilities of the financial personnel. At the same time, businesses should strengthen the training and development of private enterprise managers, achieving the integration of the family system and modern enterprise system, and promoting the high-quality development of private enterprises [7].

### **5.2.2 Improve the modern budget system and properly control production input.**

The establishment of a sound enterprise budget system is of great significance to enterprises' rational production input, and is conducive to enterprises' reasonable control of production costs and realization of profit maximization. In some cities of Inner Mongolia, there exists the phenomenon of redundant production input, which leads to the efficiency of private economy is not fully effective. In order to further solve this problem, firstly, enterprises can pay more attention to the modern budget system and raise their awareness by attending training and other ways. Secondly, it should also strengthen the implementation of comprehensive budget management, not only at the system level, should avoid formalization problems in the implementation process, but should take into account the development environment of private economy in each city, market demand, and internal conditions of enterprises to implement a reasonable budget, further improve resource utilization, and reduce the unreasonable and incomplete budget. Finally, we should build a team of high-level professional budget talents, hold regular training and study, absorb and introduce high-level professional talents, effectively improve the efficiency and quality of budget management, and fundamentally solve the problem of investment redundancy [8].

### **5.2.3 Improve the enterprise security system and improve the security supervision mechanism.**

First of all, private enterprises in Inner Mongolia should gradually improve the enterprise social security system, establish an internal income distribution system according to work, achieve equality and fairness in the standard of income for workers, and reasonably adjust the salary standard according to the requirements of national policies, establish an equity incentive mechanism, and provide more income channels for workers. It can not only improve the enthusiasm of workers and enhance the sense of responsibility of employees, but also increase the income of workers, create more value for the enterprise, gradually narrow the income gap of employees, and contribute to the realization of common prosperity. On this basis, it is suggested that companies actively pay social insurance for workers, purchase insurance related to labor safety and security, and improve workers' awareness of safety [9]. Secondly, while constantly improving the labor safety security system, a reasonable supervision and supervision mechanism should be established simultaneously to urge private enterprises to provide safety and security for workers on time and protect workers' rights and interests. This is also an indispensable policy guarantee for building first-class private enterprises[10].

#### 5.2.4 Carry forward the spirit of enterprise craftsmanship and build a world-class enterprise.

First, Inner Mongolia's private economic entities should incorporate the spirit of craftsmanship into their corporate culture, aiming to build world-class enterprises and continuously improve production standards and product quality requirements. The management team should deeply understand the essence of the craftsmanship spirit and integrate it into various aspects of company management systems, production operation specifications, production processes, and employee management [11]. Enterprising enterprises can truly integrate the spirit of craftsmanship into the entire process of production. Secondly, enterprises should continue to increase the investment in scientific and technological innovation, improve the production efficiency of enterprises, and fine and high-standard production standards can promote the private economic entities to further promote the supply-side structural reform, cooperate with national policies, and create world-class high-standard enterprises[12].

## 6. Conclusion

In 2020, the efficiency of private economic development in 9 Inner Mongolia Union cities is generally high. Among them, the average comprehensive efficiency is 0.956, which is close to full effectiveness. Among the 9 cities in the league, 6 cities achieved the optimal efficiency, and the remaining 3 cities' comprehensive efficiency was lower than 1, and all were lower than the average value of 0.956. The improvement of comprehensive efficiency was affected by pure technical efficiency and scale efficiency.

The average value of pure technical efficiency of private economic development in Inner Mongolia is 1, indicating effective efficiency. Among the 9 cities in Inner Mongolia, 7 are fully effective and 2 are lower than the average. In response to the adjustment of national policies in 2020, these two cities are in the transition period and transition period. Therefore, the phenomenon of declining pure technical efficiency of industrial private enterprises should be adjusted to adjust the proportion of technical input factors, make a reasonable investment budget, and improve the level of pure technical efficiency in the region.

The average scale efficiency of private economic development in Inner Mongolia Autonomous Region is equal to the comprehensive efficiency, both being 0.956. 6 out of the 9 cities in the Inner Mongolia Autonomous Region achieved full efficiency, and the scale efficiency of 3 cities was lower than the average, indicating that there was input redundancy in the development of private economy in 2 cities. Input should be reasonably reduced to promote the stable development of returns to scale.

In Inner Mongolia Autonomous Region, the input redundancy of private economy development is moderate. In 2 of the 9 cities, private enterprises above designated size have input redundancy in the independent accounting of the number of industrial enterprises, enterprise current assets, fixed assets and inventory. Therefore, reasonable budget should be made to control the amount of enterprise assets and inventory input.

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