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Current Situation of Farmers' Specialized Cooperatives in Hainan Province and Development Strategies

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Abstract This paper introduces the distribution, membership structure and industrial structure of farmers' specialized cooperatives in Hainan Province, and points out some problems in farmers' specialized cooperatives in Hainan Province, such as small scale, low ability to resist risks, lack of standardization in operation, and generally low quality of cooperative members. Finally the following development strategies are put forth: promoting the large scale and standardized development of farmers' specialized cooperatives; enhancing institutionalized education and training for members; encouraging university graduates to work in the cooperatives; providing conventional credit support to cooperatives; increasing fiscal efficiency to support cooperatives.

Key words Farmers, Cooperatives, Current situation, Development strategies

On the basis of the rural household contract management, farmers' specialized cooperative is the mutually-aided economic organization managed by the operators of the similar agricultural products or providers of the similar agricultural production and management services^[1-2]. Developing farmers' specialized cooperatives is conducive to resolving contradictions between dispersed small-scale agriculture and large market. Farmers' specialized cooperatives in Hainan Province develop rapidly, but the scale is too small. Therefore, it is necessary to strengthen scale management of land, implement standardized management of cooperatives, strengthen education for cooperative members, and enhance the quality of the cooperatives, in order to promote the development of farmers' specialized cooperatives, and fundamentally resolve inferiority of agriculture.

1 Overview of Development of Farmers' Specialized Cooperatives in Hainan Province

1.1 Distribution of farmers' specialized cooperatives

Farmers' specialized cooperatives develop rapidly in Hainan Province, and become a new bright spot of the rural economic development. According to the statistics of Hainan Provincial Department of Agriculture, by the end of December 2011, there had been 5 039 farmers' specialized cooperatives in Hainan Province, 110 000 cooperative members, involving 300 000 peasant households, accounting for 30% of the total number of peasant households in the province. The type and distribution of farmers' specialized cooperatives in Hainan are shown in Table 1.

1.2 Scale structure of farmers' specialized cooperatives In some farmers' specialized cooperatives, the greatest number of co-

operative members is more than 1 000; there are more than 89 cooperatives with more than 500 members, accounting for 1.77%; there are 213 cooperatives with 100–500 members, accounting for 4.23%; there are 1 599 cooperatives with 20–100 members, accounting for 31.73%; there are 3138 cooperatives with less than 20 members, accounting for 62.27%. The scale distribution of farmers' specialized cooperatives in Hainan Province is shown in Fig. 1.

1.3 Industrial structure of farmers' specialized cooperatives

There are 2434 farmers' specialized cooperatives engaging in farming, accounting for 48.30%; there are 1548 farmers' specialized cooperatives engaging in animal husbandry, accounting for 30.72%; there are 223 farmers' specialized cooperatives engaging in transport and marketing industry, accounting for 4.42%; there are 396 farmers' specialized cooperatives engaging in aquaculture, accounting for 7.86%; there are 148 farmers' specialized cooperatives engaging in aquaculture, accounting for 2.94%; there are 85 farmers' specialized cooperatives engaging in agricultural machinery industry, accounting for 1.69%; there are 58 farmers' specialized cooperatives engaging in processing industry, accounting for 1.15%; there are 147 farmers' specialized cooperatives engaging in other industries, accounting for 2.92%. The industrial structure distribution is shown in Fig. 2.

2 Problems in farmers' specialized cooperatives in Hainan Province

2.1 Small scale and low ability to resist risks At present, there are few members in the majority of farmers' specialized cooperatives in Hainan Province, and the farmers' specialized cooperatives with the number of members less than 20 account for 62.27%. According to the survey of 120 farmers' specialized cooperatives in Sanya City, there are a total of 887 cooperative members, 7.39 members per cooperative on the average. There are 59 cooperatives with 5 members, accounting for 49.17%; there are

Received: January 2, 2013 Accepted: March 16, 2013

Supported by Fundamental Research Funds for Central Public Welfare Research Institutes (1630012012025).

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34 cooperatives with 6 members, accounting for 28.33 %; there are 15 cooperatives with 7 – 10 members, accounting for 12.50%; there are 12 cooperatives with 11 – 44 members, accounting for 10.00%. The purpose of farmers' specialized cooperatives is to play a positive role of scale^[3]. The economic strength of cooperatives with small scale is weak, greatly limiting the development of farmers' specialized cooperatives, so that cooperative members' products fail to enter the market in an organized manner. Small

cooperatives, like individual farmers, can not achieve effective connection with the market, thus the ability to avoid market risks and natural risks is low^[4]. For example, in 13 banana specialized cooperatives in Sanya City, there are a total of 72 cooperative members, an average of 5.54 per cooperative. Due to the small planting scale of bananas (60 – 80 hm² at most), the large-scale production and operation is not formed, and the product sales mainly rely on intermediate traders, with great market risk.

Table 1 The type and distribution of farmers' specialized cooperatives in Hainan

Cities and counties	Planting of melons and vegetables	Planting of other crops	Animal husbandry	Transport and marketing industry	Aquaculture	Forestry	Agricultural machinery industry	Processing industry	Others	Total
Haikou City	81	176	374	8	33	39	11	2	17	741
Danzhou City	135	104	192	140	45	5	9	19	12	661
Dongfang City	155	201	125	13	26	15	10	1	21	567
Sanya City	57	100	55	1	5	32	4	2	9	265
Wenchang City	37	30	30	2	21	4	5	0	4	133
Qionghai City	21	44	45	1	12	2	1	1	2	129
Wanning City	152	97	67	8	52	4	6	1	13	400
Wuzhishan City	7	42	32	2	1	6	1	0	6	97
Ding'an County	78	70	161	3	41	11	11	1	9	385
Lingshui County	66	21	12	9	8	3	0	0	8	127
Tunchang County	108	32	31	7	29	2	7	16	2	234
Qiongzhou County	2	34	15	4	6	1	9	7	3	81
Baoting County	25	15	206	5	8	3	4	2	1	269
Ledong County	122	119	20	2	4	2	2	0	12	283
Chengmai County	75	77	75	9	29	3	2	1	3	274
Lingao County	32	20	40	4	58	4	0	1	14	173
Baisha County	5	17	42	5	9	4	1	4	3	90
Changjiang County	25	52	26	0	9	8	2	0	8	130
Total	1 183	1 251	1 548	223	396	148	85	58	147	5 039

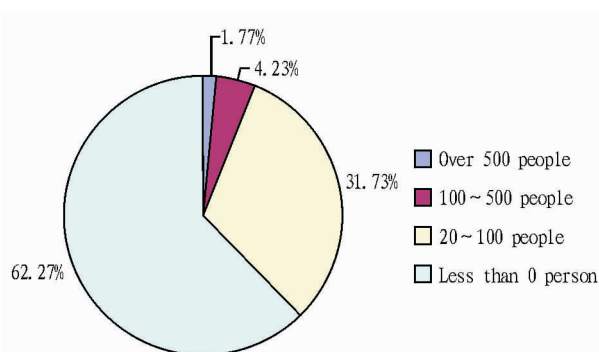


Fig. 1 Scale structure of farmers' specialized cooperatives

2.2 Lack of standardization in operation Due to generally small scale of farmers' specialized cooperatives, most cooperatives' operation is not standardized. For example, there are 13 farmers' specialized cooperatives in Jubian Village, Dongfang City, but most cooperatives only have 5 members. Due to small number of members, the organizations are imperfect, and the system functions are not exerted fully; the financial management system is not perfect; the service forms of cooperatives only stay in the technical guidance relying on traditional production experience.

2.3 Generally low quality of cooperative members At present, the quality of members of farmers' specialized cooperatives is generally low, and the education level of most cooperative members is junior high school and primary school; there are also the

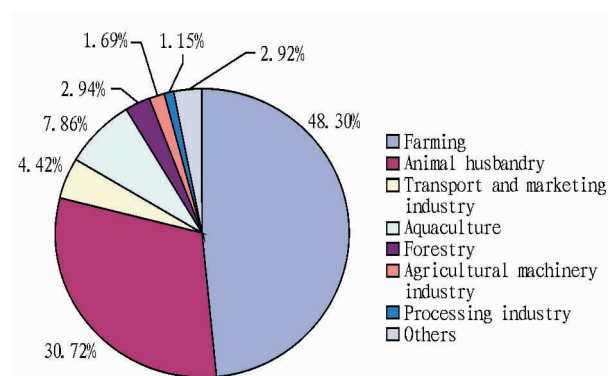


Fig. 2 Industrial structure of farmers' specialized cooperatives in Hainan Province

problems of low educational level and technical level in the cooperative leaders. For example, there are 13 farmers' specialized cooperatives in Jubian Village, Dongfang City, but there is no a university graduate among nearly 70 members, and there is no a high school graduate among the cooperative leaders.

3 Development strategies for farmers' specialized cooperatives in Hainan Province

3.1 Promoting the large scale development of farmers' specialized cooperatives For the development of farmers' specialized cooperatives, it is necessary to promote the large scale devel-

opment of farmers' specialized cooperatives to improve the economic efficiency of agriculture, increase the income of the cooperatives, improve the ability of cooperative industry against market risk, increase farmers' income, and form a new pattern of industrial management of agriculture. Large scale planting helps to unify agricultural production and management service establishments and facilities, unify the procurement and supply of agricultural means of production, unify production quality safety standards, unify processing, transportation, storage, and other services, and unify certification of product and origin^[5]. Only after achieving the scale operation can the advantages of cooperatives be converted into economic benefits, so as to increase farmers' income, improve the level of industrialization, and maximize economic benefits.

3.2 Promoting standardized development of cooperatives

In order to promote standardized development of cooperatives, the standardized management system and democratic management is required; the number of members in farming specialized cooperatives is required to reach more than 150; the unified purchase rate of major production materials and unified sales rate of major products should be over 80%, and the standardized productivity should reach 100%; the farmers' specialized cooperatives producing edible agricultural products should obtain the certification of pollution-free products, green food, or organic food; the major products should have registered trademarks; cooperative members' income should be higher than 30% of non-cooperative members' income within the same industry in the region.

3.3 Enhancing institutionalized education and training for members

According to the survey, the vast majority of members in Hainan Province have not yet participated in education and training concerning farmers' specialized cooperatives. Therefore, there is a need to improve the quality of the members, and enhance institutionalized education and training for members. Institutionalized education and training should be carried out by agricultural colleges and vocational and technical institutions. Based on the development need of farmers' specialized cooperatives and education and training object, the content and form of education and training are designed, and the related courses are set up. After members complete the required training content, they can get professional qualification certificate through professional examination, and the professional qualification is taken by government at all levels as the prerequisite for supporting the development of farmers' specialized cooperatives.

3.4 Encouraging university graduates to work in the cooperatives

Farmers' specialized cooperatives in Hainan Province generally lack talent, and have no ability to implement standardized production and management, directly affecting the improvement of product competitiveness in the market, and restricting the development of cooperatives. Therefore, the government should encourage university graduates to work in cooperatives, and offer them reasonable treatment with market competitiveness according to their job performance; preferentially support the special pro-

grams they apply for during the working period in farmers' specialized cooperatives; preferentially participate in the evaluation of professional and technical positions and confirm their eligibility, so that farmers' specialized cooperatives become a platform for university graduates to display their talent.

3.5 Providing conventional credit support to cooperatives

Limited credit support to farmers' specialized cooperatives and the lack of funds for production and operation restrict the development of farmers' specialized cooperatives, so it needs conventional credit support to include the farmers' specialized cooperatives into the support scope of fund for agriculture. The operating efficiency and credibility of large scale cooperatives are good, easy to get conventional credit support. For example, Sidun mango farmers' specialized cooperatives in Sanya City deposit 1 million yuan in the rural credit cooperatives in the name of the cooperatives, as the risk guarantee fund. In accordance with the guarantee rules, rural credit cooperatives can provide the credit loans 5 times the security deposit for cooperative members.

3.6 Increasing fiscal efficiency to support cooperatives

The problem in the fiscal support to cooperatives is the egalitarianism in policy support. For example, some cities and counties offer subsidies of 2000 to 50 000 yuan to the newly established farmers' specialized cooperative, and thus the main purpose of establishment of some farmers' specialized cooperatives is to get subsidies; the egalitarianism on the financial support is more favorable to the small scale cooperatives. In fact, the original egalitarianism in fiscal support may be an important factor responsible for the small scale of farmers' specialized cooperatives in Hainan Province at present. The following measures can be adopted to promote fiscal efficiency to support cooperatives: First, encouraging the cooperative members to actively participate in education and training, in order to quickly improve the group quality; second, providing special technology promotion fund to support the extension of new technologies and new varieties for the cooperatives, to promote the quality of the conversion of agricultural achievements; third, subsidizing the brand of products that farmers' specialized cooperatives innovate upon, and giving full amount of subsidies for the registered trademarks of product.

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