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SWOT Analysis and Strategic Research on China's Rural Modern Industrial Development

LIU Yan*

Jilin Agricultural Science and Technology College, Jilin 132101, China

Abstract This paper expounds the necessity of China's rural modern industrial development, and points out that developing rural modern industry is the necessary choice of increasing farmers' income and bridging urban-rural gap; developing rural modern industry is the propeller of promoting rural economic prosperity and holistic economic growth of the nation; developing rural modern industry is the foundation of perfecting various kinds of social undertakings and changing rural appearance. SWOT analysis is conducted on China's rural modern industrial development. The advantages of China's rural modern industrial development include human resources advantage, economic development advantage, and policy advantage; the disadvantages of China's rural modern industrial development include outdated thinking and concept, unsound infrastructure and imperfect system guarantee; the opportunities of China's rural modern industrial development include great development of agricultural technology, implementation of new countryside construction strategy and development of rural informatization construction; the challenges of China's rural modern industrial development include the transformation from closed rural environment with weak infrastructure to open rural environment with sound infrastructure, the transformation from traditional agricultural production mode to modern industrial development mode, and the transformation from administrative management model to service-oriented management model. The corresponding strategies are put forward to promote China's rural modern industrial development at present as follows: change thinking and concept; perfect infrastructure; establish security system and perfect management system; provide good hard and soft foundation for rural industrial development so as to promote rural modern industrial development.

Key words Rural modern industry, Development, SWOT analysis, Strategy, China

Rural modern industrial development is the core of strategic planning of new village construction and coordination of urban-rural development, and the effective way to increase farmers' income, promote rural economic development and propel rural social development. Rural modern industrial development is of great significance in solving the issues concerning agriculture, countryside and farmers, bridging urban-rural gap, and realizing rural economic development and even national economic growth. I use SWOT analysis method to conduct system analysis on advantages, disadvantages, opportunities and challenges of China's rural modern industrial development, and based on this, put forward the corresponding strategies to promote China's rural modern industrial development at present, in order to provide reference for practice of China's rural modern industrial development.

1 The necessity of developing China's rural modern industry

1.1 Developing rural modern industry is the necessary choice of increasing farmers' income and bridging urban-rural gap In the light of the experience of some rich villages in China, rural industrial development is the direct way to promote economic prosperity in rural areas, promote the employment of rural labor force, and thus increase the income of farmers. With the large-scale application of technology in agriculture, the existing land has been unable to accommodate so many rural labor forces, and the traditional agriculture has not fully exerted the efficiency of human resources in rural areas. Currently,

there are a lot of idle rural surplus labor forces in China who are underemployed or have not yet entered upon calling, thus the income of them is relatively low, enlarging the income gap between urban and rural residents, which is not conducive to construction of a harmonious society and well-off society. The development of rural industries provides an opportunity for increasing farmers' income and bridging urban-rural income gap, and provides more and better environments for the employment of human resources in rural areas^[1].

1.2 Developing rural modern industry is the propeller of promoting rural economic prosperity and holistic economic growth of the nation The traditional agricultural production is relatively simple and backward, with small scale effect. China is a populous agricultural country, and the development of rural industry is the realistic way to shatter the existing bottleneck of economic growth. With the rapid economic and social development, people's requirements of quality of products and services are also elevated correspondingly, which provides a good driving force of need for the development of rural industry. For example, processing industry of agricultural products, production of pollution-free products, new energy industry in rural areas, rural tourism, happy farmhouse and so on, not only provide high-quality life items for people, but also bring unique, and profuse entertainment experience for people. Therefore, vigorously developing the rural industry will be bound to become a new growth point of promoting economic prosperity in rural areas, and promoting national economic development^[2].

1.3 Developing rural modern industry is the foundation of perfecting various kinds of social undertakings and changing rural appearance The government guideline and the

government work report of the party and state have repeatedly advanced that we will build a new socialist countryside, strengthen financial support for the rural areas, strengthen the construction of rural infrastructure, and strive to improve rural economic and social appearance. However, merely relying on government support is not enough, and its own development is the fundament of realizing rural economic development and social changes. On the basis of its own actual conditions and characteristics, only by grasping the good policy opportunities of the party and state, and speeding up the development of rural industries can it provide material and financial security for various kinds of the public utilities in the rural areas and it play a fundamental role in changing rural appearance.

2 SWOT analysis of China's rural modern industrial development

2.1 Advantages

2.1.1 Human resources advantage. Schultz in his book *The Transformation of Traditional Enterprises* advanced that the human factor is the main factor of promoting modern agricultural productivity. China is a populous country, with profuse human resources in rural areas. According to the second national agricultural census data bulletin issued by National Bureau of Statistics in 2008, it shows that at the end of 2006, the total of rural labor force resources in China is 531 million, wherein, the quantity of male labor forces is 269.89 million, accounting for 50.8%; the quantity of female labor forces is 261.11 million, accounting for 49.2%. Amid rural labor forces, the quantity of people under the age of 20 is 69.47 million, accounting for 13.1%; the quantity of people with the age from 21 to 30, accounting for 17.3%; the quantity of people with the age from 31 to 40 is 126.79 million, accounting for 23.9%; the quantity of people with the age from 41 to 50 is 110.21 million, accounting for 20.7%; the quantity of people with the age above the age of 51 is 132.69 million, accounting for 25%. Abundant reserve of human resources in rural areas offers human power and intellectual support for rural industrial development. Especially the long traditional history of agriculture of China makes the human resources in rural areas accumulate, and makes the human resources in rural areas master a wealth of agricultural knowledge and production skills, which is the professional quality indispensable in the development of rural industry, so that it provides a good environment for rural industrial development, and makes the rural areas adjust measures to local conditions and exert the local characteristics.

2.1.2 Economic development advantage. Economic development is the greatest driving force of stimulating consumption and spurring demand, and at the same time, economic development can offer strong financial and technical support for the development of rural industries. The momentum of rapid growth of China's national economy offers guarantee for the state providing financial preferential policies for the rural industrial development and rural infrastructure construction. In the mean time, GDP growth has also increased the income of farmers, which can be seen in Fig. 1. The transformation of the pattern of eco-

nomical growth in China always focuses on expanding domestic demand, and the most important thing is to expand the demand of farmers. Farmers' income-increase provides pulling power of demand for the development of rural industry, also provides good living conditions for human resources which are needed by the development of rural industry, and meet basic material and living needs of rural human resources so that they are devoted to the development of rural industries.

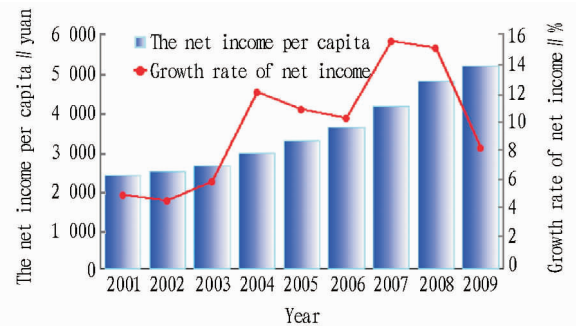


Fig. 1 The net income per capita and its growth rate from 2001 to 2009

2.1.3 Policy advantage. With the widening income gap, the issues concerning agriculture, countryside and farmers become more prominent, and social conflicts are gradually intensified, which have roused attention of leaders of the party and the state. The leaders of the party and the state formulate a series of policies and regulations concerning promoting rural industrial development and solving the issues concerning agriculture, countryside and farmers. The Document No. 1 of the CPC Central Committee, *Several Opinions of the CPC Central Committee on Strengthening Coordination of Urban-rural Development and Further Consolidating the Foundation for the Development of Agriculture and Rural Areas* in 2010, advanced that the state will continue to increase inputs in agriculture and rural areas, improve the system of agricultural subsidies and market control mechanism, actively guide the social resources to enter into agriculture and rural areas, vigorously develop the rural market, raise the level of modern agricultural equipments, promote the transformation of agricultural development patterns, coordinate and promote urban-rural reform, enhance vitality of agricultural development and rural development, speed up the improvement of rural livelihood and reduce the development gap between rural and urban public utilities. In recent years, a variety of policies and documents issued by the central and local government concerning supporting rural industrial development are aimed at promoting rural infrastructure construction, improving the investment environment and propelling the development of rural industries.

2.2 Disadvantages

2.2.1 Outdated thinking and concept. Backward competitiveness is reflected in consciousness primarily. The experience of traditional agricultural production in rural areas is still ingrained in the mind of rural human resources, and the uninformed farmers are responsible for the shortage of updated market information in rural areas. In addition, the rural human resources have

relatively inadequate educational background, which makes it difficult to change the concept of production and management. Meanwhile, some local government officials have not yet changed thought and concept, and they still go the old-fashioned way of economic development, lacking creative thinking, so that the local government officials have not masterminded schemes for the development of rural industries. Due to a dearth of government guidance and support, the development of rural industry is facing multifarious difficulties^[3].

2.2.2 Unsound infrastructure. Sound infrastructure construction is the hard security for the development of rural industry, such as transport, water conservancy, communications, medical services, and so on. These provide the updated market information, attract investments, and offer convenience for the development of rural industries. But for the time being, there is a big gap between city and village in China. Although in recent years, China has increased inputs in the construction of rural infrastructure, in view of the poor foundation of China's rural areas and weak economic basis and the gap of prodigious demand, the infrastructure construction still has long way to go. Whether it is transportation, water conservancy, or communication, it still has no advantage of attracting investments. Thus, poor infrastructure becomes the biggest obstacle to the development of rural industry in China.

2.2.3 Imperfect system guarantee. After the rural industries rise, the system is the guarantee for healthy development of China's rural industries. However, the development of rural industry of China is still in the initial stage, the relevant management sectors and organizations of government are not sound, and the connection among sectors and cooperation mechanism have not taken shape, which cannot provide good mechanism of organization and services for the development of rural industries. At the same time, relevant supporting system construction is not sound, and there are no definite and workable rules and regulations that are used to develop rural industries and strengthen management. The existing management system is still of great arbitrariness, lacking legalization and standardization, which is not conducive to the healthy and orderly growth and development of rural industries.

2.3 Opportunities

2.3.1 Great development of agricultural technology. The agricultural science and technology develop rapidly. Science and technology constitute a primary productive force, so China has attached great importance to the application of development of science and technology in rural industrial development, and vigorously cultivated a large number of talents who master advanced agricultural science and technology. At the end of 2006, there are 2.07 million agricultural technicians in the aggregate in China, of which, 0.94 million people work in agricultural production and management institutions. According to the classification of professional title, there are 0.12 million agricultural technicians with senior professional title, 0.46 million agricultural technicians with intermediate professional title, and 1.49 million agricultural technicians with junior professional title respectively, which can be seen in Table 1. These agricultural

technological talents are bound to circulate advanced industrial knowledge and technology to the development of rural industries, and promote the prosperity of rural industries. Meanwhile, China has strengthened the popularization of industrial science and technology in rural areas, and training and education for rural human resources. These provide a good environment for the growth and development of rural industries.

Table 1 The amount of agricultural technological personnel in 2006 × 10⁴ people

| Region | China | Eastern region | Central region | Western region | Northeastern region |
|--------------|-------|----------------|----------------|----------------|---------------------|
| Junior | 149 | 53 | 25 | 58 | 13 |
| Intermediate | 46 | 14 | 11 | 15 | 6 |
| Senior | 12 | 3 | 3 | 4 | 2 |
| Total | 207 | 70 | 39 | 77 | 21 |

Note: the data is from State Statistics Bureau.

2.3.2 Implementation of new village construction strategy. The guideline of new village construction provides strategic opportunities for the development of rural industries. The new village construction advances a series of strategies that are conducive to the rural industrial development, such as deepening rural reform comprehensively, developing rural public utilities vigorously, actively promoting the coordinated development of urban and rural areas, propelling modern agricultural construction, promoting optimization and upgrading of industrial structure, and promoting balanced regional development. New village construction, from a strategic perspective, advances that we will promote upgrading of industrial structure, so, vigorously developing rural industry is the core of our task, especially the new industries in rural areas, characteristic industries, cultural industries, and so on. In the mean time, the implementation of a series of measures in construction planning is bound to provide good space and environment for rural industrial development.

2.3.3 Development of rural informatization construction. Information plays a vital role in the development of industries in rural areas, which can provide the latest market information and guide the rural industry to develop for the better. Since launching new village construction in China, it has greatly strengthened the construction of rural informatization. According to National Bureau of Statistics, as of 2006, 95.5% of the villages in China have had interrelated roads; 98.7% of villages in China have had electricity; 97.6% of the villages in China have had communications; 97.6% of the villages in China have been able to receive TV programs; 71.3% of the towns in China have had radio and television stations; there are 87.3 color TV sets per one hundred households in rural areas; there are 51.9 fixed telephones per one hundred households in rural areas; there are 69.8 mobile phones per one hundred households in rural areas; there are 2.2 computers per one hundred households in rural areas. The advance of informatization construction provides considerable comprehensive and valuable information for rural households, and the development of informatization construction also provides opportunities for the development of rural industries.

2.4 Challenges

2.4.1 Challenge 1: the transformation from closed rural envi-

ronment with weak infrastructure to open rural environment with sound infrastructure. Now the rural areas are still in relatively isolated state, and a lot of migrant workers choose to go out for jobs, but how to attract the enterprises is a difficult problem. Meanwhile, the weak infrastructure also makes enterprises reluctant to invest in rural areas and build factories in rural areas. Therefore, how to strengthen rural infrastructure construction, improve the rural investment environment, change the closed state in rural areas now, communicate with the outside world frequently, and attract external capital and power, are the primary challenges faced by the development of rural industries.

2.4.2 Challenge 2: the transformation from traditional agricultural production mode to modern industrial development mode. At present, China's agricultural production pattern with long tradition has not yet changed. The characteristics of China's agricultural production pattern are as follows: taking household as unit; conducting small-scale management; high cost and small benefit; ubiquitous small farmer consciousness. The characteristics of China's agricultural production pattern thwart the development and prosperity of rural industries. The modern rural industry requires a kind of production mode which focuses on scale and analysis of cost and benefit, which contradicts the traditional agricultural production. Therefore, how to change the thinking and ideas, and how to change the traditional backward small-scale operation model in order to develop modern industry, not only need the government guidance, but also need ceaseless development and evolution of society, which has become a great challenge faced by the development of rural industry.

2.4.3 Challenge 3: the transformation from administrative management model to service-oriented management model. The development of rural industries is inseparable from the government support and guidance. In comparison with the traditional agricultural management pattern, the management pattern at present has undergone great changes. Traditional agricultural production management is a single and administrative way, while the development of modern rural industries needs more high-efficiency and high-quality public services provided by the government, including information, finance, administrative examination and approval, training, and so on. The government is facing the transformation of role and function, which poses an unprecedented challenge for the government departments that are inured to the way of control and command.

3 The corresponding strategies of promoting China's rural modern industrial development at present

3.1 Change thinking and concept and use open attitude to guide rural modern industrial development In order to develop rural industries, we must first change the traditional thinking and ideas, and guide farmers to establish the concept of modern industrial development and to spurn small farmer consciousness, so that it provides good atmosphere for the development of rural industry. The government departments and administrative staff should change their concepts, and give up

the conservative and hidebound ideas. They should establish market awareness, strive to seize commercial opportunities, take the initiative to go out, communicate with the outside world with an open mind, publicize themselves, and attract the investments of enterprises and social forces. The government departments and administrative staff should also encourage and support the autonomous entrepreneurship of rural residents, and develop rural enterprises; at the same time, the administrators should establish service awareness, guide the development of rural industries, take the initiative to provide high-quality services, innovate upon management mode, and promote the development of rural industry.

3.2 Perfect infrastructure, use high-quality conditions to promote rural modern industrial development In order to attract capital to flow into the rural areas, solid infrastructure is a primary prerequisite. Therefore, we should vigorously promote the construction of rural infrastructure. First, we should focus on the development of service industries to strengthen the rural informatization, mainly including improving the construction of communication, TV, internet and so on in rural areas, so as to provide more industrial information for rural industrial system. Second, we should vigorously promote the construction of transport facilities, and facilitate the supply of materials and export of product. Third, we should establish and improve supporting living and production service facilities, mainly including water, electricity, gas, medical care, and so on, so as to provide the most basic material conditions and services for the development of rural industries.

3.3 Establish security system, use high-quality service to promote rural modern industrial development Only by establishing and improving the relevant security system can we dispel the worries of the rural human resources and modern industrial development in rural areas, and dedicate ourselves to the industrial development. At present, China's security system needs to pay attention to the following aspects: first, improve the social security system of human resources in rural areas, eliminate differences between urban areas and rural areas, and enlarge the coverage of the rural old-age insurance system, health care system, and the system of subsistence allowances; second, strengthen basic education in rural areas and vocational education in rural areas, establish and improve mechanism of rural education, take promoting the educational level of rural human resources and mastering the practical technology as the core, change the traditional mode of education and training, and make use of what one has learned; third, we should standardize the authority-and-responsibility relation between managers and workers in the process of the development of rural industry, and standardize employment system and so on, so as to effectively protect the legitimate rights of enterprises and rural human resources, reduce disputes, and escort the development of modern industry in rural areas.

3.4 Perfect management system, use scientific system to regulate rural modern industrial development The healthy and orderly development of modern industry in rural areas is

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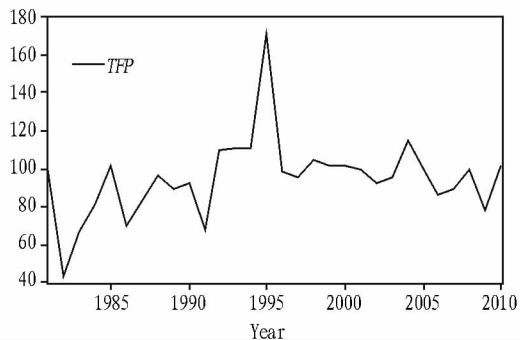
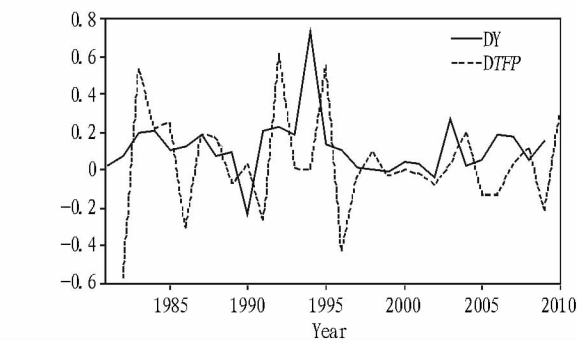


Fig.2 Trend of *TFP* index and curves of ΔTFP and ΔGDP

3 Conclusion

After conducting analysis on the results of empirical research, we get the following conclusions. First, the average annual growth rate of total factor from 1981 to 1989 is about 4.67%, and the contribution of *TFP* growth to economic growth is about 41.62%. Its characteristics is that the growth is accompanied by fluctuation; after slow growth for several years continuously, there will be rapid growth; then there will be slow growth for a couple of years, which reflects the adaptation and adjustment when Anhui Province explored agricultural all-round contract system at the initial stage of the reform and opening up. Second, the average annual growth rate of total factor from 1990 to 1995 is only about 15.67%, and the contribution of *TFP* growth to the economic growth is about 77.08%. This period is characterized by dramatic growth, which lies in that China's economy completes "soft landing" successfully in this period, and the economy of Anhui Province also exhibits overwhelming growth momentum along with the good performance of the national economy. Third, the growth rate of total factor from 1996 to 2000 shows a sharp decline due to the onslaught of Southeast Asian financial crisis, even down to nega-



tive value (-7.8%). The average annual economic growth rate of agriculture also slumps to only 5%. Fourth, the average annual growth rate of total factor from 2001 to 2010 is about 1.3%, and the contribution to economic growth reaches about 19.12%. In this period, the growth of *TFP* climbs or descends. After 2005, impacted by the U. S. subprime mortgage crisis, the driving economic factors of Anhui are under attack, and the population of farmers decreases year after year, therefore, the economy has fluctuations and shocks. After 2009, the situation changes for the better. In summary, the growth of growth rate of agricultural total factor, on the whole, indeed plays a leading role in promoting economic growth in Anhui Province.

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inseparable from the scientific guidance and standardized management of relevant government departments. First, we should establish and improve the management institutions from the central government to the local government, crystallize the duties and powers of these institutions in the rural industrial development, conduct reasonable division of labor, and manage the various kinds of problems in the process of industrial development in the rural areas by agreement. Second, we should take serving modern industrial development in rural areas as the center, formulate sound management system, and use standardized procedures to make the leading role and service functions of the government departments scientific, democratic and transparent. Third, establish and improve chief executive responsibility system in the process of the development of rural modern industry, change the existing performance evaluation mechanism, incorporate the modern industrial development in rural areas into the indicators of government performance evaluation, and arouse working enthusiasm of administrative staff. Finally, we should improve the

coordination mechanism and the mechanism of making government affairs public. The rural industrial development cannot merely depend on one department to bear and solve the problems, and it needs coordination and cooperation among many departments. In the mean time, we should make the affairs of government department public, accept the surveillance and suggestions of public service consumers, and provide democratic, efficient and healthy system space for the development of rural industries.

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