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# The Dilemma and Routing Selection of Agricultural Management Organization in China

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**Abstract** The paper introduces the basic connotation of peasant organization and agricultural management organization in China, analyzes the importance of agricultural management organization and puts forward the dilemma it faced with, which contains poor awareness and unbalanced organization development, small size of the agricultural management organization and inapparently driven effect, low level of standardization of organization and low operational efficiency, imperfect related supporting system and high running cost. Based on this, the paper puts forward proposals to improve the level of agricultural management organization in our country. First, enhance publicity and education and strive to transform the peasant's awareness of agricultural management organization. Second, deepen the market-oriented reform, improve the ability of information service and increase the standardization of agricultural management organization. Third, widen the value chain of agricultural products, build carrier of ideal agricultural organization and ensure the peasant's benefits. Fourth, perfect multiple operation mechanism and advance the process of agricultural management organization of China in multi-channel.

**Key words** Agricultural management organization; Ideal organization; Routing selection; China

With strengthening the implementation of the policy of "giving favorable treatment to farmers" and "supporting agriculture", in particularly, conducting by the *Law of the People's Republic of China on Specialized Farmers Cooperatives* and the spirit of "making great efforts to promote the level of agriculture development" proposed in the Third Plenary Session of the 17th Central Committee of the Chinese Communist Party, the scale of the agricultural management organization in our country is expanding continuously. The organized form increasingly presents a trend of multi-level and diversification. Economic and social benefits gradually highlight. This plays an important role in promoting rural economic development. But there is a wide gap of the strength between the farmer and the enterprise and lack of other forces to balance it. So the farmer is short of the right of discourse in the course of production and operation, their independence can not be reflected fully, the right and responsibility between the farm and enterprise is imbalance enormously, the distribution of profits is disproportion and *etc.* A healthy development of agricultural management organization has an important significance in theory and practice to improve the principal part of the peasant in the market and promote relatively rapid development of rural economics.

## 1 The basic components of agricultural management organization

Peasant organizations generally contain the groups that

peasants build to increase their own interests and the intermediary organizations that play a role of bridge and tie between the peasant and market. It is said that agriculture has achieved the organized management as long as reasonably organizing the scattered rural production factors and scientifically and reasonably deploying the smallholder farming production by the forms of industrial chain and value chain and *etc.*

The fundamental purpose of the agricultural management organization in China is to avoid the market risk and improve the efficiency of production and management. It bases on the household contract responsibility system and proper scale management and on the basis of the cooperation system principle which is voluntariness, equality and mutual benefit. It selects various forms of cooperation scientifically, changes the decentralization of agricultural production and strives to transform into management style such as large-scale, commercialization, intensification organization and *etc.* It is a process of continuously innovating the benefit mechanism<sup>[1-2]</sup>. The norms of measuring the level of agricultural management organization generally include the level of peasant organization and agricultural industrial organization. The former focuses on peasants with maintaining and enhancing the benefits of the peasant as the primary goal, reflects the strong political. However, the latter emphasizes the harmony and rationality of the functions of the agricultural production factors, and the main body is agricultural industrial organization, with improving the efficiency of the agricultural production as the primary goal, reflects strong economy<sup>[3]</sup>. The key point of promoting the level of agricultural management organization is trying hard to look for an effective approach to joint the peasants' management on small scale with the socialized large market, combining the interest of each economic body, transforming and decentralizing market risks home

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and abroad through rational flow and deployment of each production factors and division and cooperation among the industrial chain, organized chain and value chain.

## 2 The importance of agricultural management organization

Agricultural management organization is the result of market economy. The heterogeneity and diversity of agricultural production field determine the intensive cooperation desire and tendency of dispersive farmers. As vulnerable groups, the peasants use the cooperation advantage of agricultural management organization and overcome the limitations of peasants' management on small scale to find out the actual arrangement of organization system to strengthen their competitiveness and improve their unfavorable situation. Improving the level of agricultural management organization is conducive to strengthen the peasants' ability of resource controlling and interest expressing, train and bring up new farmers with high risk resistibility and market controlling capability. It also plays an important role in promoting the agricultural production to high efficiency, reducing the cost of agricultural production and management, widening the space of farmers' income increasing, applying and spreading advanced technology, achieving the modernization and industrialization of agriculture, strengthening economic vitality of rural market and so on.

## 3 The dilemma of agricultural management organization in China

Using the practice of agricultural management organization in developed countries and in China for reference, the mode of agricultural management organization can be divided into horizontal and vertical way, community and specialty way, traditional and novel way. But it often reveals an organized form represented by project and point mode in the procedure of specific practice. This also inordinately embodies the dilemma of low level of agricultural organization. The reason is various. It has not only the factor of history, reality and economy but also that of living freedom broadening, diversification of living pattern and etc. (lead to decrease the crisis of sense of identity and the degree of attention). In specific, the dilemma of agricultural management organization represents in following aspects.

**3.1 Poor awareness and unbalanced development in organization** Due to the fetter of traditional thoughts like small-peasant economy and lack of cooperating concept, the peasants are negative and worried about developing rural cooperative economic organization. Even some of them attending into the organization, it is general for them to have psychological speculation as "want to win and fear to lose". And some professional large families and capable persons are lack of dedicative spirit, thus make the organization lack of cohesion and vitality. Some of the competent departments haven't got enough realization of the importance of the agricultural management organization in the new period. The short-sight and prevention mind is existed. Thereby, the support and guidance is not in

pace, all kinds of agricultural management organization develop slowly and with an uneven development trend.

**3.2 Relatively small size of the organization and inapparent driven effect** At present, agricultural management organization universally exists a phenomenon of less members, relatively narrow coverage, uneven distribution of industries, narrow business scope and so on. The driven force and comprehensive strength is not strong, often has the circumstances like "cooperate when there is profit and scatter when there isn't, collapse when meet the risk and break one's promise each other". Some business organizations even stand in "paralyzed" or "half paralyzed" state. By the end of September 2008, the registration of farmers' professional cooperatives were 79.6 thousand, peasant households joined in were 1.04 million, less than 5‰ of the total amount of peasant households. Intermediary services organization connecting with the farmers of leading enterprises were 84 thousand, including only 25 thousand which were dimensions above<sup>[4]</sup>. In addition, many agricultural management organization have a phenomenon of "insufficient coordination and bull management". It causes different standard and definition of cultivating and developing agricultural organizations, and finally lead to the inapparent driven effect.

**3.3 Low level of standardization of organization and low operational efficiency** Quite a lot of agricultural management organizations (association) existed have no fixed place, activity funds, relevant professional personnels and regulations, also have neither legal entity registration nor have non-standard rules, lack of necessary management system, and the decision in major projects and activities is not democracy *etc.*<sup>[5]</sup>. From the perspective of agricultural management mechanism, we still haven't fully formed a profit combination mechanism which is benefit sharing and risk pooling; Data shows that, in 2007, the industrialized organization through combination of cooperation and shareholding co-operative system was 50 thousand, only takes up 29.3% of the total amount of the industrialized organization<sup>[4]</sup>. From operation procedure of agricultural management organization, it is still lack of effective supervision mechanism, and, to a great extent, can't operate normatively. This makes bad mutual trust among organizations, some even become loose and seasonal organizations which have mere formality and lack of autonomy.

**3.4 Imperfect related supporting system and high running cost** It is short of necessarily applicable legal rules for our agricultural management organization in registration of legal entities, tax collection and payment, loan and etc., or there is a law but with bad executive effects, this condition has brought inconvenience to the business activities. For example, agricultural management organizations often cannot obtain loans from bank, credit cooperative and other financial institutions; In order to avoid external conflict of interests, most of the agricultural management organization rely on economic entity, and thus, cause changes in nature and function which go against the maintenance of peasants' interests. Due to the reason of non-standardized contract and inequivalent status and *etc.*, agricultural management organization often appears the problems of

increasing cost of default, performing, operating and coordinating the over excessively high cost.

## 4 Routing selection of agricultural management organization in China

**4.1 Increasing publicity and education and striving to transform the peasant's awareness of agricultural management organization** Specific to misunderstanding or prejudice in the awareness of agricultural management organization, we should promote the publicity vigorously through various media, establish education training center actively, do rotation training for farmers in time, strengthen education of the basic spirits of mutual cooperation and principles of cooperation organization. What's more, go ahead training of various professional skills in the organization and strive to build a scientific and integrated educational service system; Play a leading typical role and strengthen exchanges and cooperation; The government should encourage, support and guide agricultural management organizations to be truly "farmer's backing and enterprise's foundation".

**4.2 Deepening the market-oriented reform and increasing the standardization of organization** The core of construction of marketing institutionalization is marketization and standardization. Through deepening foreign trade of agricultural products and reforming the circulation system, standardizing the regional planning of wholesale market of agricultural products, establishing a sound rank system of collecting and releasing marketing information, we should move forward to clear the content of the nature of agricultural management organization, procedures established and supervision of operation and so on, so as to accelerate the pace of market institutionalization and internationalization. It is particular to accelerate opening of agricultural investment fields, enlarge competition, thus improving the equilibrium price of agricultural products and making the farmers and agriculture really benefit from agricultural industrialization. The central and local levels of administrative department in agriculture should strengthen short-term forecasts and information distribution of market quotation and provide timely, reliable, objective, authoritative, scientific information of the situation to the peasants. At the same time, the government should improve the original country system of the agricultural products, establish scientific evaluation system of quality inspection, carry out system of record and examination and mechanism for resolving conflicts in contract and etc. to realize the standardization of the transaction.

**4.3 Widening the value chain of agricultural products and building carrier of ideal organization** The ways to enhance the level of agricultural management organization mainly include exploring "new benefit combination" mode with the ligament of property right, using cooperation platform connected by the contract form with the guidance of market-driven force, actively constructing clustering service platform guided by information with the chain of industrialized management, through providing comprehensive full-service and making the network establishment linked to the agriculture as the carrier<sup>[6]</sup>. We should adapt

to the new tendency of driven force changed from producers to the processors and consumers through developing and expanding the value chain of agricultural products, establish an efficient property system and a fair profit distribution system which is conducive to achieve and manage for the peasants with the carrier of ideal organization<sup>[7-8]</sup>; Focus on the development of virtual enterprise, organize the farmers, develop the competitions of other commercial subjects on the supplying chain of agricultural products, ensure peasants to attend into profits distribution and share the benefits increment produced by specialized production.

**4.4 Perfecting multiple operation mechanism and promoting the process of organization** Although the *Law of the People's Republic of China on Specialized Farmers Cooperatives* has already officially appeared, the external environment of the development of peasants' cooperative management organization is not so good. It is hard to carry on various business activities with an independent economic entity. We should perfect interior mechanism and operation mechanism of agricultural management organization through establishing perfect cooperative organization rules, property system, governance structure, profit mechanism, risk sharing mechanism and etc. . At the same time, except by using the means of administration, revenue and law, the government could create the external environment to support agriculture management organization by directly and indirectly subsidy, loan, project preparing to construct, scientific research, skills extending and etc. , accelerate market-orientation development pace of agricultural management organization in China, and achieve the specialization of production. And we should fully develop regional competitive industry and characteristic industry, establish agricultural management organization focused on shareholding system through various channels, improve the degree of agricultural mechanization and technological content so as to promote peasants' qualities, enhance its market competitiveness and carry forward the process of agricultural management organization.

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omy by market economy can save resources, protect environment, and reduce transaction cost. Rural circular economy is not only an economic activity needing rural input, but also has huge profit space. In the aspect of value activity attribute and value composition, rural circular economy market should be established based on the following conditions. Firstly, cultivate the market subject, encourage township enterprises and farmers to develop circular economy, and make rural recycling of resource and environmental-friendly township enterprise profitable. Secondly, clearly establish property and the peasants' ownership of land, water and mineral; and the use right of license, management right, concession, and development right. Thirdly, conduct reasonable pricing. Only when the resources price is reasonable, can producers reach tradeoff correctly between natural resources and "reduction, recycling, reuse", so as to compare the recycled materials and raw materials and to find out a scheme most suitable for "cost-benefit".

**4.4 Implementing mandatory public participation** Self-conscious public participation is based on the high awareness of sustainable development of the public. However, the farmers' awareness of sustainable development is relatively low in Hebei

Province, and mandatory public participation is necessary. In-depth investigation and feasibility study should be conducted before the implementation of mandatory public participation. Besides, we should carry out consultation on all parties, define precise program to obtain efficient results, define the concept of circular economy public, and accelerate the development of circular economy<sup>[2]</sup>.

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## 河北省农村循环经济发展水平测评

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**摘要** 根据农村数据的可得性,立足各地区经济发展实际情况,选取1个1级指标、4个2级指标、20个3级指标建立农村循环经济发展水平测评指标体系。依据相关数据,将数据进行标准化处理,采用因子分析法对河北省各地区循环经济水平测评发现:石家庄市、秦皇岛市和唐山市综合得分最高;邢台市、邯郸市、廊坊市、沧州市和保定市综合得分处于中等水平;衡水市、承德市和张家口市综合得分处于低水平。同时,对标准化的数据进行聚类分析发现,邯郸市、保定市、秦皇岛市、邢台市、廊坊市、沧州市和衡水市为第1类,石家庄市、唐山市为第2类,张家口市、承德市为第3类,这反映河北省各地区农村循环经济状况取决于地理上的接近和地貌特点的近似性。提出了增加政府对农村循环经济的建设的投入、从产业政策视角促进农村循环经济发展、促进相邻地区农村循环经济市场建设、实行强制性公众参与相关建议,以期实现农村经济、社会与环境和谐发展,推进社会主义新农村建设进程。

**关键词** 农村循环经济;因子分析;聚类分析;中国河北

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## 中国农业经营组织化的发展困境和路径选择

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**摘要** 介绍了农民组织和中国农业经营组织化的基本内涵,分析了农业经营组织化的重要性。提出了我国农业经营组织化面临的发展困境,即思想认识不到位,组织发展不平衡;农业经营组织规模较小,带动效应不明显;组织规范化程度不高,运行效率较低;相关支持系统不健全,运行成本过高。基于此,提出了提高我国农业经营组织化程度的对策建议:一是加大宣传和教育的力度,努力转变对农业经营组织的认识;二是深化市场化改革,提高信息服务能力,增强农业经营组织的规范性;三是拓宽农产品价值链,构建合意农业组织载体,保证农民的利益;四是完善多种运行机制,多渠道推进中国农业经营组织化的进程。

**关键词** 农业经营组织化;合意组织;路径选择