

# Analysis on Function Orientation and Development Countermeasures of New Agricultural Business Entities

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**Abstract:** Along with the rapid advance of industrialization and urbanization process, fostering new agricultural business entities become inevitable for agricultural transformation and the construction of agricultural modernization in China. The status of the new agricultural business entities determines the level of modern agricultural development. In recent years, new agricultural business entities have grown rapidly. However, there are still many problems including the difficulties in financing loans, inadequate agricultural insurance system, bad implementation of agricultural subsidies, jagged agricultural talents and so on. In order to foster new agricultural business entities, countermeasures should be carried out to ensure financial support, perfect the agricultural insurance, strengthen the level of agricultural subsidies, strive to develop the degree of specialization agricultural operators and so on.

**Key words:** new type agricultural business entities, restrictive factor, function orientation

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## Introduction

In 2014 No.1 Central Document, it was explicitly pointed out that building new agricultural business entities included the development about a variety of forms on scale, supporting the development of new agricultural business entities, improving the agricultural socialized service system, accelerating the reform and development of supplying and marketing cooperatives, etc. The so-called new agricultural business entities which made commercial production as the main goal of modern agricultural operation organizations, compared with traditional agricultural business entities, had a relatively large in scale, a better material and equipment condition, a higher scientific and technological level and management ability and

higher labor productivity, resource utilization and land productivity.

Many scholars carried out researches on cultivating and developing about the new agricultural business entities. Meng *et al.* (2015) discovered that the family farm was the ideal mode of reforming and perfecting traditional business organization. And it was the basic main body of agricultural production in the future. Yuan and Zhu (2014) found that the spontaneous dispersible flowing of new middle peasant could become an effective form of moderate scale management. The research of Wang (2015) revealed that agriculture leading enterprise as the important path for dealing with the three issues in the rural areas set up perfect development strategy system of agriculture leading enterprise, urged enterprises to adapt to the new normal, speeded up the transformation and

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upgraded the core competitiveness of enterprises. Luo and Zheng (2015) discovered that specialized farmer cooperatives were playing an increasingly important role in increasing farmers' income and the transformation of the mode of agriculture. In conclusion, the paper agreed with all the kinds of new agricultural business entities that had the functions and characteristics. In the short term, the new agricultural business entities were coexistence and played irreplaceable roles in the development of agricultural modernization. But in the long run, the new agricultural business entities would make full use of their respective function advantages to realize the extension of industry chain and increase their added values.

With industrialization and urbanization, we have been facing with several serious problems, such as the concurrent business farmers, farming aging and the non-food phenomenon of cultivated land (Weng and Ruan, 2015). Small scale and diversification of agricultural management pattern have produced many defects. Therefore, researches on how to perfect and improve the new agricultural business entities in China must be important, and it also had a positive significance in solving the problem of agriculture, rural areas and farmers and realizing agricultural modernization.

## Current Situation About Development of New Agricultural Business Entities

In quantitative terms, it showed that farmer professional cooperatives which were registered according to law amounted to 1.289 million by 2014 the Ministry of Agriculture. In the same year, the professional investors (more than 3.3 hm<sup>2</sup> business area) were more than 3.414 million households, accounting for 1.3% of the total number of farmers; among them, the number of farmers whose business area in 3.3-6.6 hm<sup>2</sup>, more than 3.3-6.6 hm<sup>2</sup> and 6.6 hm<sup>2</sup> were accounted for 69%, 21.9% and 9.1% on the number of farmers of more than 3.3 hm<sup>2</sup>. As shown in Table 1, 30 provinces, districts and cities (excluding Tibet) in China had 877 000 family farms by the end of 2012 and cultivated land areas were 11.7 million hm<sup>2</sup> and accounted for 13.4% of the contracted farmland; in the same year, the agricultural leading enterprises were nearly 120 000, among them, the number of planting industry, animal industry, fishing industry accounted for 56.9%, 27.4% and 6.6% of the total, respectively. Agricultural products and processed products accounted for one third of the market supply and more than two thirds of "vegetable basket" products supplying in major cities (Xu and Long, 2015).

**Table 1** Scale of new agricultural business entities in 2012

Organizational form	Quantity (Ten thousand)	Area of household (hm <sup>2</sup> )	Total area (Ten thousand hm <sup>2</sup> )	Proportion of total Arable land (%)
Professional investor	270	6.67	1 800	14.8
Family farm	87.7	13.33	1 170	9.6
Specialized farmer cooperative	63.4	—	—	—
Agricultural leading enterprise	12	—	—	—

Functionally, the degree of scale, intensification and industrialization of professional investors and family farms were higher than the traditional mode of operation. Professional investors and family farms were playing more and more significant roles

on raising farmers' specialization and setting up the construction of modern agriculture. They stuck to the characteristics of agricultural production which focused on farmers, applied modern corporate system and effectively solved the farmers aging caused by

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