

Countermeasures and Thoughts on Cultivating Modern Agricultural Industrialization Consortium

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Abstract: In recent years, the state has vigorously promoted the structural reform of the agricultural supply side, requiring the transformation and upgrading of the agricultural structure, and it is particularly urgent to fill the shortcomings of agricultural modernization. This requires innovative agricultural industrialization and organizational forms, and modern agricultural industrialization. The body is a new achievement in exploring the organizational form of agricultural industrialization. This paper expounds how the industries, factors and interests of modern agricultural industrialization complexes are closely linked, and then proposes countermeasures for the development of modern agricultural industrialization complexes.

1. Introduction

The report of the 19th National Congress of the Communist Party of China proposed to build a modern agricultural industrial system, production system, and management system, improve the agricultural support and protection system, develop various forms of moderate scale management, foster new agricultural management entities, improve the agricultural socialized service system, and realize small farmers. It is organically linked to modern agricultural development. The core is the innovation of the agricultural production and operation organization system. The agricultural industrialization complex is one of the organizational forms of innovative agricultural industrialization. It aims to achieve agricultural efficiency, increase farmers' income, and increase profits. It builds an industrial chain around the leading enterprises, and integrates operations through rational division of labor. Farms, large professional households, cooperatives and other business entities will maximize their operational advantages, which will reduce the agricultural production costs and default risks of various business entities, enhance competitiveness, and help farmers increase their income and satisfy consumers' quality of agricultural products. To this end, the "Opinions of the General Office of the General Office of the CPC Central Committee on Accelerating the Construction of a Policy System to Cultivate New Types of Agricultural Management Subjects" clearly proposes to foster and develop a combination of agricultural industrialization.

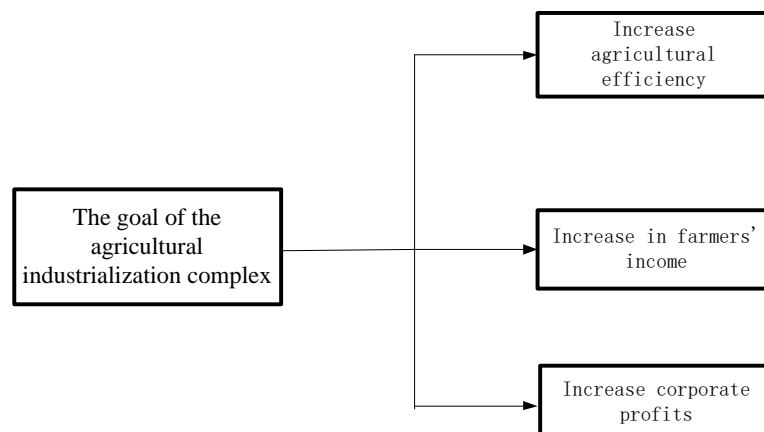


Fig.1. The goal of the agricultural industrialization complex

2. Reasons for the agricultural industrialization complex

2.1 Agricultural production chain division of labor refinement

The division of labor has increased the industrial level and extended the industrial chain. It also enables agricultural producers or operators to concentrate on fewer market sectors, such as family farms (or large professional households) focusing on agricultural production, and professional cooperatives providing quality agricultural services. Leading companies focus on market development. On the one hand, the division of labor has brought about an increase in labor productivity and a reduction in production costs, which has led to an increase in the scale of returns, and on the other hand, an increase in transaction costs. The finer the division of labor in the industry chain, the larger the transaction scale, the higher the transaction frequency and cost. When the market fluctuates, the damage to the interests of the weak parties will be more prominent. Eliminating the phenomenon of promoting the industrialization of agriculture and protecting the interests of farmers requires a sophisticated design of transaction coordination mechanisms.

2.2 Agricultural Technology Change

Advances in agricultural technology, such as the promotion of fine varieties, the improvement of mechanization rate and the use of soil testing formulas, have promoted the shift of the agricultural production possibility curve. At the same time, the development of the Internet has greatly reduced the cost of information search and transmission, leading to leading enterprises and professional cooperatives. The establishment of more complicated institutional arrangements with family farms is profitable, leading to a significant change in the agricultural industrial chain from separation to integration, from vertical integration to mixed integration.

2.3 Changes in the pattern of agricultural products market

The agricultural products are rapidly changing from the seller's market to the buyer's market. Under the background of unsalable agricultural products, the brand effect of agricultural products can be obtained, and consumers can be recognized. As a result, market participants turn from the average profit of acquiring quantity to the monopoly profit of improving quality. The main business entities of the first, second and third industries in the agricultural industry chain can only be consistent with the external, internalization of the external market through the coordination mechanism, and the external market transactions between leading enterprises and family farms, leading enterprises and cooperatives, cooperatives and family farms. Internalize as transactions within the same entity to save on transaction costs. Therefore, the current specialized division of labor and agricultural technology in agricultural production chains have increased labor productivity, and the market structure of agricultural products from the seller's market to the buyer's market has given birth to the innovative needs of the agricultural industrialization organization system. The production of consortium is essentially a process in which the market entities associated with the production chain are connected to each other on the basis of specialized division of labor and changes in agricultural technology to prevent market and natural risks. That is, family farms (professional big households), cooperatives expect to cooperate with leading enterprises to reduce market risks and share profits in processing and sales; leading enterprises expect to form alliances with cooperatives and family farms (professional big households) to obtain stable quality raw materials supply, and then Reduce the risk of trading; family farms (professional big households), cooperatives also expect to participate in leading enterprises with land, technology and other elements, thus enjoying certain decision-making power and supervision.

3. The connection mechanism of the modern agricultural industrialization complex

As a consortium with closely linked industries, factors and interests, its operating mechanism has fully utilized the advantages of scale operation, which is in line with the objectives and requirements of the structural reform of the agricultural supply side, and has realized economic, ecological and social benefits.

3.1 Industry Connection

The fundamental of the continuous increase in revenue and efficiency of the modern agricultural industrialization complex is its close industrial linkage mechanism, which enables the various business entities within the consortium to continue to grow and achieve aggregate development. Leading enterprises are at the core of the modern agricultural industrialization complex. It combines independent family farms and large professional households through cooperatives, so that all aspects of agricultural production can be closely linked to form a complete industrial system. All kinds of business entities are integrated into a unified new agricultural management organization, so that the main body of each production link can share the value created by the brand and realize the close connection of the industry. Close industrial linkage can enhance the brand value of agricultural products, and can also increase the price of primary agricultural products after intensive processing. All kinds of business entities in the joint body can obtain the profits brought by the price increase, and obtain the benefits brought by the industrial linkage. The internal aggregation relationship is closer.

3.2 Elemental connection

An important guarantee for the consortium to achieve a tight connection is the connection of elements. The consortium is market-oriented and requires that various elements such as land, capital, talents, information, and technology can flow freely and achieve agglomeration in order to achieve rational allocation of resources. The premise of the link of elements is that the objectives and actions of all kinds of business entities in the joint body are consistent: taking the leading enterprises as the core, focusing on building agricultural product brands, controlling the inputs from the source, and formulating a strict set of agricultural production standards for family farms, Large professional households and cooperatives provide agricultural technical services and training; based on family farms and large professional households, they undertake planting tasks in accordance with the requirements of leading enterprises, and adopt inputs such as seeds, fertilizers, pesticides, etc. that meet agricultural production standards; Full-service services, such as releasing the latest agricultural market information and providing agricultural machinery and agronomic services. The consortium relies on the comparative advantages of leading enterprises in terms of capital, technology and information to establish their own agricultural product brands, fully tap the market potential, and provide quality and safety and consumer trustworthy agricultural products.

3.3 Interest Connection

The modern agricultural industrialization complex has a sound interest linkage mechanism and is the internal driving force for its sustained and stable development. All kinds of business entities in the joint venture contracted contracts according to law, and bound each business entity by contract and exercised rights and fulfilled obligations according to the contract. In the production service chain, leading enterprises sell agricultural production materials to family farms and large professional households at prices lower than the market price, provide detailed services for the whole process of production for family farms and large professional households, and also from households at prices higher than the market price. The acquisition of agricultural products by farms and professional households can not only reduce the production costs of family farms and large professional households, but also make them more profitable. In the mechanism linkage link, leading enterprises with strong funds can provide financial services for family farms, large professional households and cooperatives, establish risk sharing and benefit sharing mechanisms, jointly cope with market risks, and enable farmers to better share the benefits of the industrial chain; leading enterprises It is also possible to provide funds for family farms and large professional households to purchase advanced production equipment and strengthen agricultural infrastructure construction; family farms, large professional households, and cooperatives to obtain profits from processing and sales by means of shareholding in leading enterprises.

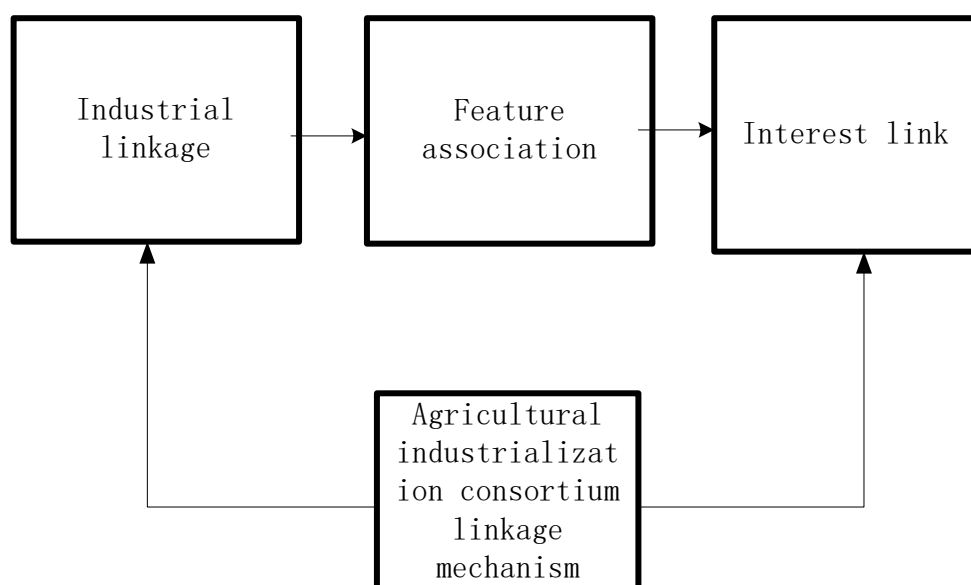


Fig.2. The coupling elements of the agricultural industrialization complex

4. Countermeasures for cultivating agricultural industrialization complex

4.1 Cultivate all kinds of new agricultural business entities

At present, the leading enterprises in the joint body have weaker strengths and cannot play the role of taking action; cooperatives have weak links and non-standard operations; the basic role of family farms and large professional households is difficult to reflect, and it is necessary to cultivate various types of new agriculture business entity. It is necessary to do the following: guide farmers to transfer land to family farms and large professional households, reduce the cost of farmland transfer transactions, and develop various forms of moderate scale operations; when all kinds of agricultural business entities face difficulties in financing and financing, Financial institutions have targeted innovative financial products and services, increased policy support for the construction of agricultural infrastructure, and fostered new professional farmers. These policy measures have a positive effect on cultivating leading enterprises with leading ability, professional cooperatives with service capabilities, and new professional peasants who understand management, and can lay a solid foundation for the development of the consortium.

4.2 Improve the joint mechanism of the association

In terms of factor linkage, family farms and professional large-scale households are encouraged to form cooperatives, use land contractual management rights to join leading enterprises, and continue to supply primary raw materials for leading enterprises; leading enterprises should try their best to give full play to their advantages of providing large amounts of funds, and provide financial guarantees to family farms and professions. Large households, cooperatives, etc.; actively guide the consortium to increase the construction of "Internet +", and use e-commerce to broaden the channels for selling agricultural products. In terms of brand building, family farms, large professional households, cooperatives, and leading enterprises should pay attention to agricultural product brands and establish a model of brand sharing and joint construction; vigorously promote the "three products and one standard" certification of the consortium and expand the influence of agricultural product brands. We will improve the mechanism of "shared interests and risk sharing" and encourage leading enterprises to adopt "guarantee income, dividends by share" and other means to enable various business entities to share the development results of the consortium; encourage the consortium to establish risk funds and improve the joint venture's risk resistance.

4.3 Construction of government service platform

Local governments must build platforms for talent, financing, training and publicity. First,

establish a talent platform. Agricultural departments, research institutes, universities and consortia will work together to build a training base to encourage agricultural experts, science and technology workers and consortia to carry out relevant cooperation. Second, establish a financing platform, establish a long-term financing cooperation mechanism between financial institutions and the consortium, and explore the establishment of a government-supported agricultural catastrophe risk compensation fund. Third, establish a training platform, fully tap all kinds of training resources, and often carry out skills training related to production, management, and agricultural technology, and prioritize new professional farmers into training. Formulate a medium- and long-term new professional farmers training plan, explore the establishment of a new type of professional farmers qualifications, and the agricultural industry access system. Fourth, establish a publicity platform, vigorously promote policies that support the development of the consortium, and create a social atmosphere for the continued healthy development of the consortium.

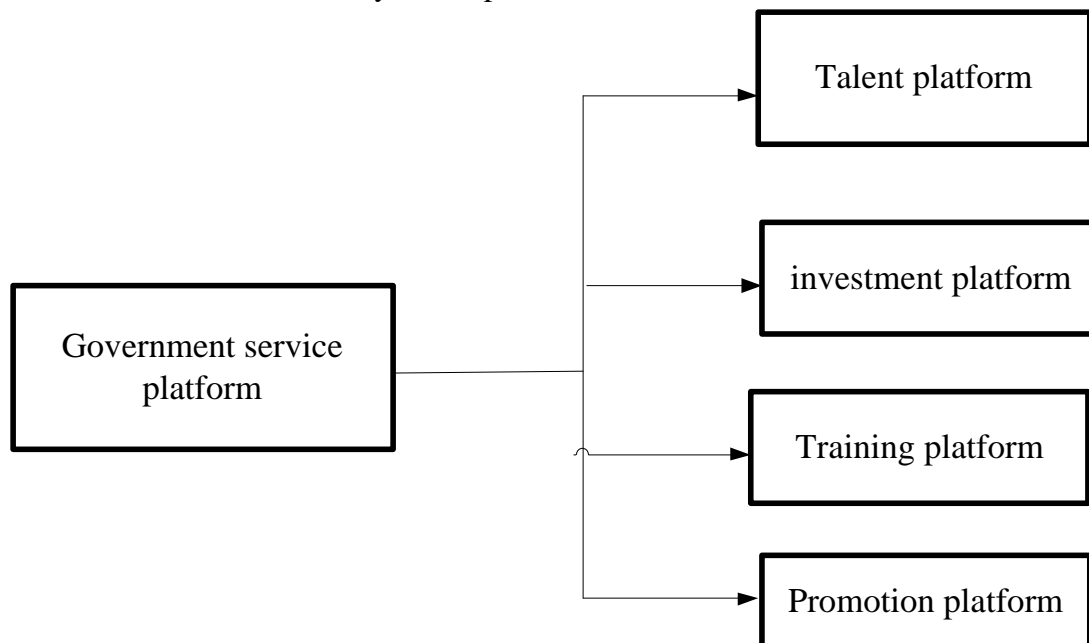


Fig.3. The composition of the government service platform

5. Conclusion

The agricultural industrialization complex is very important for improving agricultural productivity. It is an important starting point for solving the three rural issues. By cultivating various new agricultural management entities, improving the joint mechanism of the association, and building a government service platform, it is possible to cultivate modern The agricultural industrialization complex plays an effective role in helping. Of course, as a new model, whether it can really play a role in practice remains to be further tested by the market, and it is necessary to continuously develop operational abilities in response to problems arising in practice. The response measures will effectively play the role of the modern agricultural industrialization complex.

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