

## Optimizing Path of the Structure of Agricultural Businesses in China from the Perspective of New Development Concept

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**Abstract:** The agricultural business is the main undertaker and beneficiary of agricultural production and operation. At present, the low efficiency of agriculture leads to the fatigue of agricultural businesses, the imperfect support system of agriculture restricts the development of new-type agricultural businesses, and the distorted allocation of agricultural resources leads to the unbalanced development of the structure of agricultural businesses. Therefore, to promote the reform of agricultural supply side, we must stimulate the vitality of agricultural businesses and cultivate a new type of agricultural economy, with leading the optimization of structure of agricultural businesses with new development ideas. We can reduce negative externalities of agriculture and stimulate the vitality of agricultural businesses through innovation-driven development and sharing reform results. We can focus on building two-oriented agriculture and cultivating new agricultural businesses through green quality development and opening up reform ideas; We can develop the sixth industry and optimize the structure of agricultural businesses through coordinating agricultural structure and coordinating the government and market.

### 1. Introduction

At present, China's agricultural and rural situation is generally better, farmers' income continues to grow rapidly, rural public services and infrastructure have improved significantly, and rural society is harmonious and stable. After years of unremitting efforts, China's agricultural and rural development has entered a new historical stage. The main contradictions in agriculture have changed from insufficient aggregate to structural contradictions, highlighting the coexistence of phased oversupply and insufficient supply. In recent years, China has focused on the structural reform of agricultural supply side, which calls for speeding up the transformation of agricultural development mode, focusing on increasing agricultural efficiency, farmers' income and rural greening, and taking the path of agricultural modernization with high output efficiency, product safety, resource conservation and environment friendliness, which is embodied in the solution of "who will supply" "supply what" "how to supply" in agricultural development. In order to solve these three problems, we must fully stimulate the endogenous motive force of agricultural businesses, cultivate more and better new agricultural businesses, and dynamically optimize the composition and linkage mechanism of agricultural businesses.

Agricultural businesses refer to all kinds of economic entities directly or indirectly engaged in agricultural production and operation activities, including not only farmers, but also those economic entities that do not have agricultural household registration or do not live in rural areas but engage in agricultural production and operation activities [1]. Agricultural businesses can be divided into family business entities (such as ordinary peasant households, major professional households, family farms, etc.), cooperative business entities (such as farmers' professional cooperatives, leisure tourism cooperatives) and enterprise business entities (such as leading industrialized enterprises). Agricultural business is the main undertaker and beneficiary of agricultural supply-side reform, the creative source of all agricultural production and wealth, the fundamental support of all agricultural reform and innovation [2], and the core force driving the transformation of agriculture from

traditional to modern. The orientation function of agricultural businesses is different, and the production structure formed by it and the agricultural products supplied by it also show certain characteristics, and then the whole structure of agricultural businesses will also have an inevitable causal relationship with the structure of agricultural production and the structure of agricultural products [3]. Therefore, it is of great practical significance to explore the optimal path of the structure of agricultural businesses for enhancing their development power, promoting the reform of the agricultural supply side and fostering the momentum of agricultural and rural development.

## **2. Discussion**

### **2.1 Outstanding Problems in the Development of Agricultural Businesses in China.**

Agricultural efficiency is not high, which leads to the fatigue of agricultural businesses. To promote the structural reform of agricultural supply side, it is urgent to stimulate the vitality of agricultural businesses. In recent years, China's grain production, imports and stocks have increased at the same time, and a large number of agricultural products have entered the market with foreign goods. Some agricultural products have also fallen into the disadvantageous dilemma of price "ceiling" and cost "floor" squeezing and superimposing. The proportion of farmers' household operating income accounts for per capita net income or disposable income decreases year by year. The comparative efficiency of agricultural production is not high, and the difficulty of increasing farmers' household income, has become the objective situation of agricultural production and operation in China, which has seriously frustrated the enthusiasm of agricultural businesses. Some farmers in the main production areas give up farming due to their reduced income or insufficient income.

The inadequate agricultural support system restricts the development of new agricultural businesses. It is urgent to cultivate more and better new agricultural operators to promote the structural reform of agricultural supply side. Farmer household is the most original form of agricultural production organization in China. Later, under the joint effect of compulsory institutional change and induced institutional change, farmers gradually began to differentiate and develop, and gradually produced a large number of new agricultural businesses. However, it should be clearly recognized that the healthy development of agricultural businesses in China is facing a severe practical test. In addition to the difficulties of land use, financing, hiring, high logistics costs, weak infrastructure and lack of professionals, some new agricultural businesses need to effectively solve the problems such as poor dealing with farmers, insufficient understanding of the characteristics and laws of agricultural production and agricultural policies, lack of family and social identity, etc.

The distorted allocation of agricultural resources leads to the unbalanced development of the main structure of agricultural businesses. To promote the structural reform of agricultural supply side, it is urgent to scientifically construct a three-dimensional complex modern agricultural businesses system. The functions of the main players in the agricultural businesses system determine to a great extent the structure of agricultural products that can be supplied, and also greatly affect the depth and breadth of integration of the primary, secondary and tertiary industries in agriculture. They are the decisive factors for the extension and optimization of the agricultural value chain and industrial chain. However, due to the agricultural endowments and resource conditions of different regions, they are the decisive factors for the extension and optimization of the agricultural value chain and industrial chain. In addition, it is difficult to quantify the proportion of agricultural businesses and the input of resources, which requires that the best combination of market function and government action be found. On the one hand, the decisive role of market in resource allocation and the basic role of price formation of agricultural products should be fully exerted, and the adjustment of the structure of agricultural businesses should be guided by price. On the other hand, we should give full play to the key role of the government in improving the agricultural support service system.

## **2.2 The Logic of Leading the Structural Optimization of Agricultural Businesses with New Development Concept.**

The new development concept of innovation, coordination, green, openness and sharing profoundly reveals the only way for China to achieve a higher quality, more efficient, fairer and more sustainable development. It is also the direction guide for promoting structural reform of agricultural supply side and optimizing the structure of agricultural businesses. Agricultural supply-side structural reform is a major practical problem facing China's agricultural economic development, an active choice to implement the new concept of development, and a key measure to promote agricultural efficiency, increase farmers' income and rural prosperity [4]. At present, the academia has basically formed a consensus on the direction of structural reform of agricultural supply side, which is "adjusting structure, improving quality, promoting integration, reducing costs, de-stockpiling and making up shortcomings". The accomplishment of these tasks must depend on the agricultural businesses. Therefore, how to cultivate the new agricultural businesses, stimulate the vitality of the agricultural businesses and promote the coordinated development of the agricultural businesses should become the primary logic of the structural reform of the agricultural supply-side. The new development concept is the fundamental solution to the new normal situation of China's economic development and the sluggish situation of world economic recovery. Innovation concept pays attention to solving the motive force of development, coordination concept pays attention to solving the problem of unbalanced development, green concept pays attention to solving the problem of harmony between man and nature, openness concept pays attention to solving the problem of internal and external linkage of development, and sharing concept pays attention to solving the problems of social fairness and justice, which are also the practical problems urgently needed to be solved in the reform of agricultural supply-side structure and optimization of agricultural businesses. Therefore, it has theoretical logic and practical basis to use the new development concept to guide the reform of agricultural supply-side and seek solutions for the optimization of structure of agricultural businesses.

## **2.3 Using New Development Concept to Lead the Path of Structural Optimization of Agricultural Businesses.**

Adhere to reduce negative externalities of agriculture and stimulate the vitality of agricultural businesses through innovation-driven development and sharing reform results. In the process of China's development from traditional agriculture to factor-driven modern agriculture, the transformation of agriculture from traditional "three-low agriculture" (low input, low output, low pollution) to modern agriculture with high output as its prominent feature has basically solved the problem of feeding 1.3 billion people in the country, but at the same time it has brought a series of negative effects. Externalities include agricultural product safety, non-point source pollution and unbalanced structure of agricultural products[6]. To reduce a series of negative externalities brought about by factor-driven modern agriculture, we must innovate in theory, system, science and technology and culture, stimulate the creativity of agricultural businesses, and actively take the road of innovation-driven agricultural development. In all the top-level design and practice of the system, we must adhere to the people-centered approach and strengthen the sense of acquisition of agricultural businesses, so as to ensure that agricultural businesses can share the results of the reform in the practice of participating in the reform of the agricultural supply-side, and further stimulate and strengthen the creativity and reform power of the main agricultural businesses. To construct an institutional system conducive to the initiative innovation practice of agricultural operators, we should encourage agricultural operators to actively participate in the innovation and entrepreneurship practice of agricultural modernization and structural reform of agricultural supply-side through institutional construction and financial support, and also have a mechanism to accommodate the failure of new agricultural businesses in the process of innovation. At the same time, we should speed up the reform of the system of "separation of three powers" of rural land, so that the elements of urban and rural development can flow freely, because complete land property rights can reduce transaction costs, reduce operational risks, encourage long-term investment, and

promote the motive force of moderately expanding the scale of operation of existing agricultural businesses. We should strengthen the concept of promoting agriculture by science and technology, and give full play to the role of science and technology in promoting agricultural efficiency, increasing farmers' income and enhancing the competitiveness of agricultural products. High and new agricultural technology, which meets the requirements of agricultural supply-side reform, asks for increasing support, industrialization and standardization as soon as possible through agricultural technology extension service system. Market-oriented mechanism of technology transformation should be furtherly improved, and benefits and shares of agricultural scientists and technicians and agricultural businesses in the process of research and development, promotion and application should also be increased. Adoption of the above-mentioned approach, can bring agricultural businesses enthusiasm to improve quality, efficiency and income of production and management. We should uphold the concept of shared development and optimize the existing agricultural financial support system. We should not only ensure fairness, but also highlight key points of resolving the problems of disparate agricultural policy support, such as more inclusive subsidies, more price protection, less productive investment, less infrastructure investment and less ecological compensation. We should give priority to the increment of policy funds for the construction of agricultural infrastructure, agricultural service system and the improvement of the relevant agricultural production conditions. In addition, we should gradually realize the separation of price and compensation, and the transformation of subsidies from "yellow box" to "green box", so as to create a good production and management environment for agricultural businesses, accurately stimulate the development power and protect the production and management enthusiasm of agricultural businesses according to their characteristics.

Adhering to build two-oriented agriculture and cultivate new agricultural businesses through green quality development and opening up reform ideas. Practical technologies of resource-saving agriculture and environment-friendly agriculture, especially water-saving and land-saving technology and environmental-friendly bio-fertilizer pesticides [7], should be highlighted, so as to generate more agricultural businesses specialized in one link in the chain of technology from laboratory to product application and promotion. At the same time, we should encourage the existing managers to combine their own advantages to make technology extension services and demonstration applications, and overcome the problems of unclear functional boundaries of the existing managers, ignoring quality and inaccurate production services. Against the background of aging labor force, rapidly increasing scale of agriculture, we should focus on deepening the supply content and quality of agricultural cooperatives in agricultural socialization services and agricultural technology extension[8], and promoting the driving role of agricultural cooperatives in agricultural product quality and safety control, agricultural industry development and innovation of modern agricultural commercial formats, so as to promote the existing agricultural economy. We should pursue a win-win and mutually beneficial strategy of opening up, and promote the growth of existing business entities and the emergence of new business entities through the introduction of technology, capital and new peasants, so as to form a mutually beneficial pattern of deep integration of business entities, land, capital, technology and market, and effectively strengthen market competitiveness of agricultural Industry of China under the combined force of multi-business entities. To conform to the trend of China's economic integration into the world economy, we must have a global agricultural strategic vision, focusing on promoting the construction of regional supply brand of agricultural products. To support local enterprises, relying on the leading agricultural enterprises and trade associations, combining the characteristics of regional agricultural culture and agricultural product quality, by introducing modern elements and innovative marketing mode to create regional characteristic brand of agricultural products, through the "Internet +" and other channels, the agricultural product resources will be pushed to the market with higher market profits, so as to drive the redistribution and function optimization of agricultural businesses.

Adhere to building the sixth industry and the structure optimization of agricultural businesses through coordinating agricultural structure and coordinating the government and market. In order to rationally coordinate the relationship between the new agricultural businesses and the traditional

agricultural businesses, it is necessary to lay too much emphasis on cultivating the new agricultural businesses while neglecting the development of the traditional agricultural businesses, which will lead to the rapid decline of the traditional agricultural businesses, the vacuum of productivity[9], the sharp decline of productivity and the mass unemployment of farmers. We must avoid serious food security and social crisis in the process of agricultural modernization transformation. We should straighten out the relationship between the existing agricultural businesses, enhance their strengths and avoid their weaknesses according to their characteristics, and coordinate their functions. We should adhere to the basic position of family management, give priority to supporting family farms in policy, farmers' cooperatives in the links of agricultural productive services and sales of agricultural products, expand and strengthen leading agricultural enterprises in the links suitable for company-based management such as agricultural product processing and logistics, especially in the areas of improving leading enterprises and other economic sectors. A "close" interest linkage with the general peasant households, major professional households, family farms and cooperatives should be established through the form of joint-stock cooperation [10]. We should strengthen the agricultural industry chain and value chain from quantitative to quality-benefit, link the production, processing and marketing of agricultural products, encourage the development of multi-functional agriculture, strengthen the first production, and promote the development of the sixth industry by giving full play to the role of multiple agricultural operators. Agricultural industry cluster based on the concept of multi-functional agriculture should be cultivated, so as to force the positioning of agricultural businesses and the optimization of its functions under the influence of the market. We should coordinate the relationship between the government and the market, give full play to the role of market force and market orientation to realize the free flow and accurate allocation of factors, and at the same time, we should re-play the role of the government in policy guidance and error correction in the adjustment and optimization of the structure of agricultural businesses.

### 3. Summary

This paper focuses on the analysis of the strong demand for the optimization of the structure of agricultural businesses to promote the reform of the supply-side of China's agriculture, analyses and discusses the problems existing in the development of agricultural businesses in China, and demonstrates the logic of guiding the optimization of agricultural businesses with the new development concepts of innovation, coordination, green, openness and sharing. From the three dimensions of innovation-driven development, sharing reform results, green quality development, opening reform concept, collaborative agricultural structure and government-market collaboration, this paper puts forward the path to optimize the structure of agricultural businesses in China.

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