Research on the Current Situation and Countermeasures of Professional Farmers' Entrepreneurship Based on Family Farms

Ying-Li WANG¹,a, Yi-Hua DUAN¹,b, Zhi WANG¹,c,* and Sheng-Shuang CHEN²,d

¹School of Economic and Business Administration, Central China Normal University, Wuhan, Hubei, China
²Hankou University, Wuhan, Hubei, China

a2415364325@qq.com, b393655751@qq.com, cwl0309@sina.com, dchenshsh@whut.edu.cn

*Corresponding author

Keywords: Professional farmers, Family farms, Entrepreneurship, Current situation, Countermeasures.

Abstract. With the “four modernizations” synchronous propulsion, entrepreneurship has become the effective way and inevitable choice to farmers' survival and development. Family farm, which takes the family as the main body, is the most ideal organization form of the peasants’ entrepreneurship and is also the foundation of cultivating new professional farmers. In this paper, we put forward the corresponding countermeasures and suggestions by exploring the current situation and existing problems of the professional farmers' entrepreneurship which is based on the family farm. First, it is important to regulate the rural land circulation market and improve the rural social security system. Second, the relevant departments should take measures to improve the rural financial system and implement the preferential tax policy. Third, it is vital to improve the comprehensive quality of family farmers. Fourth, the local government ought to establish and perfect the rural social service system.

Introduction

Since 2012 the word “professional farmers” the first time appeared in the “No 1 central Document”, it has become a hot topic in the academic field. Scholars have made a lot of researches on the definition, characteristics, current situation, the formation mechanism, the training mode, the development path and so on, and have accumulated rich research results. As long ago as 1996, domestic scholar Shu-Dong HU put forward, family farm combines the advantages of small peasant economy and collective farms, and it should become the main organizational form for agricultural in economically developed regions in the future[1]. Until 2013, the word "family farms" the first time appeared in the “No 1 central Document”. There is a mutual interdependent relationship between family farms and new type of professional farmers. The existence and cultivation of new professional farmers need carrier, and family farm is the ideal carrier of new professional farmers [2]. With the development of industrialization and urbanization, the gap between urban and rural areas is widening, entrepreneurship has become our country farmers (including land-lost farmers, returning migrant workers, the new generation of college students, etc.) necessary way to increase
employment and income. Meanwhile, there are correlated theoretical issues between family farms and entrepreneurship. Entrepreneurship activities is not only an indispensable periodical strategy in the life cycle of the family farms, but also runs through the whole process of the growth of the family farms[3].

Characteristics of Family Farm Entrepreneurship

Mainly to the Family Labors, Family Farmers are the Owners, Agents and Workers

The organizational main body of the entrepreneurship is the family, family members are the main employees within the organizations, which hire few or no non-family members, and the family agricultural labors force in full employment status. On the basis of economics theory of entrust–agent, family farmers is the unity of the owner, agent, and laborer, who has both ownership and management right, so the cost of principal-agent is extremely low, even does not exist [4]. The benefit function and objective function of the organization members are consistent, which determine the different results of the organizational members working for themselves and working for others. It is beneficial to improve the production efficiency and quality of agricultural products.

The Scale Management of Agricultural Production is Realized

Family farm is a kind of upgraded "Household Contract Responsibility System" organization, based on the land circulation system innovation and the appropriate scale of operation. According to the theory of new classical economics, in order to realize the agricultural scale management and achieve the optimal boundary labor market transaction costs, family farm business must meet a certain stable operating scale, which is one of the conditions to meet the family farm business registration. Based on the geographical features of different regions and different resource endowments, the scale of the land required to start a family farm business is also different. For example, the moderate scale of family farms need to reach 100-150 mu in Songjiang, Shanghai, China, while the moderate scale of family farms is 30-200 mu in Changsha, Hunan, China.

Take the Market as the Guidance for Enterprise Operation and Management

The family farm is an organization that needs to be registered in the local Industry and Commerce Administration Bureau. The main role of the family farmer is the owner and the agent, followed by the workers. According to the theory of enterprise growth, the family farmer takes the market as the guidance to be engaged in the agricultural enterprise production and management is one of the main characteristics of the family farm [5]. Meanwhile, the purpose of family farm entrepreneurship is to make maximum profits through independent operation and management. The income of agricultural production and operation is the main or all source of income for family organizations. And the income is not only the profit of the family labor remuneration, but also its salary rewards [6].

Family Members Who Work in the Farm are New Type Professional Farmers

Career orientation of family farm members is a new type of professional farmers who take farming as a lifelong occupation. Based on the theory of human capital, new professional farmers are different from traditional farmers, and new professional farmers should continuously improve their human capital through training and learning. They not only possess high cultural quality, technical competence, management skills, market consciousness,
and can familiar with relevant laws knowledge, also should have a high degree of organizational social responsibility for the surrounding ecological environment, society, countryperson neighborhood and future generations [7].

**Current Situation and Existing Problems of Family Farms Entrepreneurship**

According to the statistical survey results of 343000 family farms in 30 provinces, autonomous regions and municipalities (excluding Tibet), which was conducted by the Ministry of Agriculture Rural Economic System and Management Division and the Station of Rural Cooperative Economic and Operation Management at the end of 2015, 61.9% family farms engage in planting, 25.1% family farms engage in breeding, 9.0% family farms combine planting and breeding, and other types of family farms account for 4.0%. Regard to the source of farmland, the cultivated land obtained through the household contract management is 8.793 million mu, the cultivated land obtained from circulation management is 31.869 million mu, and the others is 2.447 million mu. The average household farming land is about 125 mu. In terms of labor situation of family farms, the average number of family farm labor is 6.6, among them, the number of family member is 4.3, and perennial hired servants is 2.3. When it comes to the family farms’ income, the total gross income of all the family farms under investigation is 126.02 billion Yuan and the average income of each farm is 368000 Yuan in 2015. By the end of 2015, there are 6.6% family farms got financial support from the state, and the total amount of funds is 1.34 billion Yuan. Family farms which obtained financial support fund mainly concentrate in Jiangsu, Shanghai, Chongqing, Zhejiang, Shaanxi, Anhui, Jiangxi and other provinces and cities. Furthermore, the total amount of support funds from national loans is 4.05 billion Yuan, which obtained by 20000 family farms which concentrate in Zhejiang, Anhui, Jiangsu, Jiangxi, Hubei and other provinces and cities. However, among them, there are 13000 family farms just gain no more than 200000 Yuan.

In order to obtain related data, field surveys were conducted in the form of questionnaires and in-depth interviews in Hubei, Hunan and Anhui and other places. The research object of this study is the family farmer who has registered in the Industry and Commerce Administration Bureau. According to the field survey results and the analysis of the Current situation, it is conclude that there exist some problems in the process of family farms entrepreneurship, which are listed below.

**Difficulties of Land Circulation and Use**

Land is the very important resource in the entrepreneurial process of family farms, in order to achieve the appropriate scale of agricultural production; it is needed to expand the scale of operation through the land transfer. Firstly, due to the rural social security system is not perfect, the consciousness of “cherishing land” is very strong among farmers, they would rather abandon farming and let the land barren than transfer land. Secondly, the price of land circulation rises rapidly and land concentration operation is difficult to conduct, which increase the cost. At present, our country land circulation lack of standardization and marketization, and farmers’ land contract right is restricted by the collective ownership of land, so land stability of the family farms is insufficient. Furthermore, although there are relevant government documents to allow agricultural business entities to build agricultural production and management sites within 5% of the total transfer area of land, strict basic farmland protection system has restricted the implementation of the policy [8]. According to the research results, a part of the family farms reflect, due to the limited use of agricultural land, they are lack of warehouses and production workshops.
Lack of Perfect Rural Financial System

Family farms’ start-up investment need much money, but the rural financing channel is single, as well as the lack of perfect rural financial system, the main funds are from the family internal or relatives and friends. The threshold that farmers apply for bank loans is high so that financing needs are difficult to meet. According to the field survey data in Hubei, Hunan and Anhui and other places, 78% of the surveyed family farms business funds are relying on family primitive accumulation or private lending and almost all of the family farmers have financing puzzle. The main reasons include small loan amount, complex warranty procedures, short term loans, high Interest rates, no human relationship and the lack of collaterals. In addition, the demand for agricultural insurance is also very large, but the current variety of insurance is limited to rice, corn and other 15 kinds of crops, especially in the field of aquaculture, the insurance has been in a blank state.

Family farmers’ Comprehensive Quality Needs to be Improved

As farm managers, family farmers should possess professional agricultural skills, adequate knowledge of financial, legal and e-commerce, management talents as well as keen market response capabilities. In addition, the family farmers' social responsibility consciousness and psychological quality is also very important. According to the field survey data in Hubei, Hunan and Anhui and other places, 87.5% family farmers are below the high school education level, while 12.5% family farmers are college degree or above. In general, the proportion of family farmers with professional education background is still relatively low, the cultural quality of family farmers, skills, psychological quality and other qualities also need to be improved.

Agricultural Social Service System is Not Perfect

The entrepreneurship based on family farms need to rely on the socialized service system of agriculture assistance, including the technology services, agricultural machinery and equipment rental services, sales platforms, information services and so on. However, the existing agricultural social service system in rural areas is not perfect, and the development is seriously lagging behind. For instance, the basic technical personnel cannot meet the demand for personalized service of family farms, and lack of agricultural machinery and equipment rental services, which increase the cost of production and restrict the farmers’ entrepreneurial intentions and behaviors. According to the field investigation, the vast majority of areas are very scarce farm machinery rental services, though the local family farms have urgent needs for it.

Countermeasures and Suggestions on Family Farms Entrepreneurship

It is Important to Regulate the Rural Land Circulation Market and Improve the Rural Social Security System

Referring to developed countries, such as Japan, which is similar to our country basic national conditions, through reforming land use rights and revitalizing the land management rights to promote the family farms entrepreneurial successful incubation. Hence, it is important to establish land circulation systems and regulate rural land circulation market. Through extending land contract period, encouraging land concentration operation, and determining the use rights of land in the form of formal agreements, famers can own stable land
management rights. It is crucial to accelerate the construction of rural land transfer public information and trading platform for the land transfer both sides to provide convenient information and transaction services. Improving the relevant laws and regulations of the land transfer is also significant. It is crucial to increase financial support and provide land transfer subsidies for homesteaders and peasants who transfer land. To improve the system of rural social security, and provide farmers with the same service of social security as urban residents, such as setting up pension insurance system, medical insurance system and rural minimum living security system, so as to eliminate the peasants’ consciousness of “cherishing land”. In addition, on the basis of protecting farmland cultivation layer, allow agricultural business entities to build agricultural production and management sites within 5% of the total transfer area of land.

The Relevant Department Should Take Measures to Improve the Rural Financial System, and Implement Preferential Tax Policies

Drawing lessons from the international experience, perfect rural financial system and preferential tax policy will help to promote the family farms entrepreneurial behaviors. To improve the system of rural credit insurance, and take the family farm business scale and business performance as the division standard to provide financial subsidies, low interest or interest free loan policy. It is vital to innovative financial services, encourage local commercial banks to provide small credit loan business for homesteaders, and simplify loan guarantees procedures, as well as guiding the grassroots government agencies as family farms loan guarantors. Some policies should be formulated to allow a variety of forms to act as collateral, such as the right to use agricultural land, and large agricultural equipment. The establishment of agricultural insurance fund and expansion of the scope of agricultural insurance, especially for the field of aquaculture, is beneficial to reduce the risk of natural risk and operational risk faced by farmers. For the agricultural products, especially those passed the certification of "Pollution-Free", "Green" and "Organic", the relevant department should implement preferential tax policies, such as reducing or exempting from income tax and value-added tax.

It is Vital to Improve the Comprehensive Quality of Family Farmers

In order to deal with the problem "who is going to farm” and cultivate new type of professional farmers, it is necessary to improve the family farmers' comprehensive quality. By studying the American family farms, it can be concluded that the successful family farmers should possess higher comprehensive qualities, such as solid professional knowledge and rich management experience. Considering Chinese national conditions, agricultural leading enterprises ought to be encouraged to help family farmers improve their knowledge and skills through knowledge spillover effects. In cooperation with the agricultural colleges, incorporating homesteaders into the modern agriculture leading talents training plan, is the key to vigorously develop the family farmer occupation training. And the local relevant department should guide the family farmers to learn independently, so as to improve the cultural qualities, technical levels, management ability, market consciousness, social responsibility consciousness and so on. At the same time, the government should encourage new generation college students to start family farms entrepreneurship or work in the family farms, so as to inject fresh blood for the development of the family farms.
The Government Ought to Establish a Sound Social Service System in Rural Areas

With reference to international experience, a sound rural social service system is the powerful guarantee for the success of the family farm, such as the service system of “Agricultural Education-Research-Promotion” in America, and “Peasants Association” in Japan. The development of family farms cannot do without the support of the social service system, the whole process of investment, production and sales all need the supports of social services, such as the purchase of agricultural inputs, farm machinery leasing, technical guidance, sales of agricultural products. Therefore, the local government should set up the association of family farmers, and establish a sound social service system in rural areas for family farms to provide technical guidance, information services, marketing consulting, e-commerce trading platform and so on. The local government should encourage technicians dock with family farms, family farms dock with markets, support agricultural financial leasing, and expand agricultural chain service, etc.

Acknowledgement

This research was financially supported by the National Social Science Foundation Project entitled "Research on professional farmers' entrepreneurship incubation mechanism based on family farms" (project number: 14BJY132).

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