

# *Research on the Factors of Production of Family Farm Entrepreneurship in Modern Society*

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**Keywords:** Modern society, Family farm entrepreneurship, Factors of production

**Abstract:** In the context of China's rural revitalization plan, more and more farmers choose to return home to start their own businesses. Although family farms have developed rapidly under the general environment, they still face the constraints of production factors, such as land use right restriction, lack of funds, shortage of labor and shortage of talents. In this paper, through the in-depth analysis of the outstanding problems of modern family farms, we find out the outstanding problems in the production factors in the start-up stage, and puts forward the corresponding solutions and countermeasures, in order to put forward effective solutions for the problems faced by the development of family farms.

## 1. The Present Situation of Family Farm in Modern Society

Family farm is a new type of management subject in China agricultural production and management in recent years. [1] With farmers as the basic production unit, we should increase input in technology, capital and other factors, implement specialized agricultural production and large-scale operation, improve the agricultural output rate and the commodity rate of agricultural products, and improve the level of agricultural production mechanization and intensification of agricultural operations. In 2013, the No.1 Central Document proposed to encourage and support transfer of contracted land to large professional households, family farms and farmers' cooperatives. Among them, the concept of family farm first appeared in the No.1 Central Document. [2]

In recent years, family farms have developed rapidly. According to statistics, by the end of 2018, the number of family farms in China has reached 600,000, and the total number of innovative and entrepreneurial talent returning to the countryside has reached 7.8 million. As one of the main trends of agricultural development in the world, family farm entrepreneurship has been paid more and more attention. Family farm entrepreneurship conforms to the current law of rural agricultural economic development and promotes the development of new agricultural subject, which is of great significance to the rural entrepreneurial economy and the realization of rural sustainable development.

In recent years, successful cases of farmers returning home to start their own businesses have emerged in endlessly. For example, the weekend farm located in the south of Miyun County, a national ecological civilization County, based on the principle of biological chain, in the farming planting, breeding, agricultural products processing, catering, distribution and other industries in the farm will be built into a relatively perfect circular agricultural mode, and become a safe and

reassuring family farm for organic vegetables and agricultural products.

However, at present, family farm entrepreneurship is still limited by a variety of environmental factors, such as land transfer issues, financial policy issues, talent training and so on. Whether the family farm can break through the bottleneck and solve the dilemma is closely related to the solution of the outstanding problems in the production factors of the family farm.

## **2. Outstanding Problems of Family Farm Entrepreneurship in Production Factors**

### **2.1. Unstable Land Ownership**

Land is the basis of human survival and development. [1] China's basic national conditions of more people and less land and the contradiction between land supply and demand have become increasingly prominent, which determines that land has more special importance. Therefore, land transfer is the outstanding problem of family farm entrepreneurship.

The biggest difference between family farm and state-owned farm is that the land ownership of state-owned farm belongs to the state, while the land ownership of family farm belongs to farmers. Because the land management in China is too scattered, the land area planted by most farmers is difficult to reach the scale of family farm operation, so most family farms choose the way of land circulation to achieve intensive management. Although many migrant workers have been working outside for a long time, the land at home is not idle and abandoned. Considering the unstable factors in the future, they seldom do long-term transfer, which leads to the problem of vague and unstable land ownership.

As we all know, long-term and stable land ownership is one of the important conditions to promote the long-term operation of family farms. However, in many areas, farmers do not know enough about land ownership and do not distinguish enough, which leads to the occurrence and intensification of contradictions, and even the forced return of land by farmers, which seriously affects the operation of family farms. So the first thing family farms have to face is land management.

### **2.2. Lack of Funds**

Although the establishment of family farms in China was relatively late, by the end of 2018, the number of family farms in China had reached several hundred thousand. However, most family farms are still in the primary stage of development. [1] At present, the most prominent problem of family farm entrepreneurship in China is the lack of funds. In the start-up stage of family farms that need a lot of capital investment, such as land contract commission, agricultural technology, input cost of machinery, cost of seeds, pesticides and fertilizers needed for planting crops, etc. With the different agricultural economic conditions each year, the cost of land rent and pesticides and fertilizer also fluctuates. Due to China does not invest much in agriculture, agricultural investment has the characteristics of long production cycle and slow capital turnover, so it is difficult for family farms in modern society to bear such a high amount of investment funds in the early stage of entrepreneurship, and they often need capital loans. At present, the amount of loans in rural areas is small, with the maximum amount less than 50000 yuan, which is difficult to meet the capital needs of family farms. Because of the high natural risk in the process of agricultural production, the imperfect agricultural insurance system and the lack of collateral for farm assets, it is difficult for banks and financial institutions to issue loans to farms or farmers. This has become an important problem that hinders the entrepreneurship and development of family farms.

## 2.3. Labor Shortage

With the deepening of reform and opening up and the rapid development of urban economy, most migrant workers work outside the home for a long time, and the rural labor force has been gradually reduced, and the aging phenomenon has appears. The main labor force of a family farm is family members, but under the background of modern agricultural economic development, the whole labor force of ordinary family can not fully support the operation of a family farm of standard scale. Part of the family farm in China in the form of manager investment operating family farm. Because of the shortage of rural personnel who understand agricultural planting technology, and the workers with knowledge, culture and technical level rarely choose to work on farms with difficult working environment, it is difficult to recruit long-term and stable labor force in production, technology and other aspects when family farm entrepreneurship.

## 2.4. Entrepreneurial Talent Shortage

Entrepreneurial ability usually refers to the ability of entrepreneurs to establish and manage enterprises. Most family farm entrepreneurs are farmers. Through the big data research on Farmers' education level, the survey results show that only 12.5% of farmers have the education level above college level, and 55% of farmers only have the education level of junior high school or primary school. Family farm is the transformation from traditional agriculture to modern agriculture under the background of modern society, and it is also a process in which the natural agricultural economy gradually transforming into commodity economy. In this complex dynamic process, farmers are required to have relevant professional knowledge and management ability to adapt to changes. However, many family farm entrepreneurs have vague entrepreneurial motivation and lack the ability to predict farm risk and future development direction, which leads to the loss or stagnation of farm entrepreneurship.

## 3. Feasible Solutions

### 3.1. Standardizing Land Ownership

(1) Increase publicity channels, increase publicity efforts, and set up corresponding activity groups to let family farm entrepreneurs and farmers know the benefits of land transfer, clarify the identification standards of family farms and corresponding support measures for family farms, realize intensive land management, and reasonably regulate the land circulation, so as to promote the registration and certification of family farms.

(2) We will improve the land transfer policy for family farms and implement the national support and subsidy policies for family farm entrepreneurs. This year, the national Central Committee No.1 proposed that "new subsidies should be inclined to family farms and other new production and operation entities", together with the formulation of corresponding low-acquisition policies, will significantly improve the sustainable development of family farms. Through the implementation of national policies, it can not only help the poor and help the farmers, but also make the rural economic level on the road of well-off, and effectively reduce the financial burden of family farm entrepreneurs.

(3) Standardize land management measures. [1] The corresponding national land management departments should assume the re-management sponsibility of land ownership, keep in touch with all family farms and farmers at all times, so as to discover, analyze and solve problems in time, and protect the ownership of family farm entrepreneurs more comprehensively.

### 3.2. Construction of Fund Service System

Although family farm has become one of the main body of modern new agricultural management, it still needs the support of financial institutions and the state in terms of funds, so that the future management can adapt to the progress of the times.

(1) We will improve the loan mechanism for family farms. The long time of agricultural capital turnover and unstable income make the investment long-term. Improving the loan mechanism, properly adjusting the loan term and increasing the loan amount can not only meet the large capital demand of family farms, but also play a positive role in the development of family farms.

(2) Reduce the tax rate of family farm entrepreneurs and increase the integration of funds for supporting agriculture projects. The state should provide small loans to family farms and support them to improve their infrastructure. At the same time, it can also provide financial support for the development of family farms.

(3) Strengthen of financial support, the improvement of family farms, and promote their all-round development. The state should bring the family farm into the national support team, and subsidize the industrialization and standardization of eligible family farms.

### 3.3. Improve Labor Shortage

In the process of the development of modern society, we often find that during the spring and autumn harvest period, some family farms will have a shortage of labor force, so they can only turn to foreign labor. We can improve this situation according to the following points, and even cultivate new farmers and professional farmers for enterprises, so that family farms can develop more scientific and technological.

We will support and encourage young people to devote themselves to the cause of professional farmers and improve the aging of the labor force. At the same time, the government should provide some convenience for college students who return home to start their own businesses. This is not only conducive to more comprehensive family farm types, but also can bring more experience and feelings for customers.

Increase the relevant professional training of farmers' staff, improve their cultural, technical, moral and other aspects of literacy. This is not only conducive to enhancing the production and management efficiency of family farms, but also conducive to the realization of rural entrepreneurial economy and the realization of rural sustainable development.

Guide and support the transfer of rural surplus labor to family farms, give them a good social security system, fully integrate them into it, improve the average income and output value of rural population, and promote the development of rural agricultural economic foundation.

### 3.4. Promote all aspects of entrepreneurship development

(1) Cultivate the decision-making ability of family farm entrepreneurs. As the leading force of the farm, farmers need to constantly improve their learning ability and their ability to predict the future market. Conform to the pace of the development of the times, learn advanced agricultural technology and improve the production technology related to family farm.

(2) Create an "Excellent Family Farm". Such activities can not only effectively improve the quality of farmers, but also enhance the communication and learning among farms. After the event, the family farm entrepreneur can learn from other farm management experience, take the essence and discard the dross, improve the short board problem of their own farm, improve their competitive advantages, and promote the efficient and steady development of the family farm.

(3) Cultivate young family farm entrepreneurs. Compared with the current social situation and

future development, young talents have a scientific vision, and have a more comprehensive grasp of technology and management. They can not only make the family farm sustainable development, but also better turn the family farm to younger, expand the scope of consumers, improve the management structure of family farm, keep pace with the development of the times and create more possibly.

#### 4. Conclusion

Family farm is a new operating entity in agricultural production in China. On the basis of adhering to the characteristics of agricultural production and operation dominated by farmers, the scale of operation has been expanded and broken through the traditional agricultural mode. Under the four outstanding development problems of unstable land ownership, lack of funds, shortage of labor force and shortage of entrepreneurial talent, we break through up the whole into parts one by one and integrate modern science and technology and ideas into them. At present, China has classified family farms as the main destination of agricultural development. With the continuous attention of the state, it is better to protect the people's land ownership policy, so that the problem of land management that family farm have to first face when starting-up of family farms. With the financial institutions and the state vigorously supporting the farm economy, under the current farm environment with insufficient fouds, the state supports and subsidies continuously pour in, which to a large extent encourages Chinese farmers to strive for a better life. As a large agricultural country, China has fundamentally solved the problem of farmers' shortage, fully realized that the land must be planted, and makes a large number of energetic young people join the ranks of family farm development. Today's China is transforming itself in the wave of innovation and rapid development of science and technology, and it is necessary to cultivate high-tech agricultural talents. As the leading force in China's agriculture, family farm entrepreneurs should follow the trend of the times, master new science and technology, and repay the country and the people. As a mode of agricultural production, family farms aims at profits, pursue profit maximization and realizes the largest benefit subject. Family farms will continue to develop a new agricultural model, so that China's agricultural development into a new higher level.

#### Acknowledgement

Provincial innovation and entrepreneurship practice plan project of Heilongjiang Bayi Agricultural Reclamation University (Project No.: 202010223148).

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