

Optimization of Rural Governance Structure under the Development of New Agricultural Management Entities

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Abstract: The positive impact of the development of new agricultural business entities and their institutional systems on the optimization of rural governance structures can be examined from various perspectives, including the state, market, rural society, urban-rural relations, and grassroots governance structure in rural communities. The development of these new agricultural business entities has not only redefined but also restructured the power distribution and governance patterns in rural developing countries, markets, and villages. The rural social order has evolved into a ternary mutual structure governance pattern, often referred to as the “state market rural” model. This transformation has prompted adjustments in the national economic and social policy structure and management systems at both macro and micro levels. It has led to the reshaping of power dynamics, benefit distribution, and governance structures in both urban and rural areas, resulting in significant changes to the economic and social fabric of rural regions. Furthermore, the grassroots governance structure in rural society, characterized by “township governance and village governance,” is undergoing continuous development and improvement. This transition is marked by a shift towards a collaborative governance structure that encourages diverse participation. Building upon the aforementioned optimizations, the rural governance structure now exhibits new characteristics. These include a more extensive and diverse range of rural governance mechanisms, increased openness in governance processes, and a heightened synergy among various governance mechanisms. This dynamic evolution reflects a richer, more diverse, and more open approach to rural governance, fostering a stronger collaborative effort in the pursuit of effective governance.

Keywords: New agricultural business entities; Rural governance; Structural optimization

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1. Introduction

The optimization of the rural governance structure constitutes a crucial component of rural revitalization. The emergence of a new type of agricultural business entity plays a pivotal role in advancing the strategy for rural revitalization, influencing rural governance across various dimensions, including the nation, market, rural society, and urban-rural relations. The involvement of these new agricultural business entities in rural

governance, along with the concurrent optimization of the rural governance structure, is intrinsic to fostering high-quality development of agriculture and rural areas. This integration represents an inevitable choice in constructing a modern rural governance system, propelling the agenda for rural revitalization, and facilitating the overall modernization of national governance.

2. Transformation of rural governance structure toward a diversified and coordinated framework under the development of new agricultural management entities

The evolution of new agricultural management is driving a profound shift in the rural governance structure toward a more diversified and collaborative framework. On a macro scale, the governance structure is progressively transitioning into a tripartite macro subject mutual structure, encompassing national entities, market entities, and rural social entities. At the micro level of grassroots governance in rural areas, the fundamental governance structure has undergone a transformation toward collaborative governance, incorporating a variety of governance entities within rural society.

2.1. The transformation of macro governance structure toward a “state-market-rural” tripartite interdependence model

The household system stands as the foundational tradition in rural China society^[1]. This traditional system has shaped a three-dimensional interactive governance pattern, fostering mutual benefit and balance among the state, market, and rural in traditional Chinese society. While the 1980s saw the implementation of a dual-layered household contract management system, combining centralized and decentralized management, the household of farmers remained the primary unit of agricultural management. Agricultural production, in reality, continued to echo the traditional household system.

The emergence of new agricultural management entities has disrupted the traditional household-centric pattern, altering the organizational structure and institutional foundation of rural agricultural management. These entities have evolved into advanced and fundamental production and management units in rural areas. The new type of agricultural management entity represents a modern form of agricultural production organization, steering away from traditional household management.

This shift poses a challenge to the traditional household system, impacting the social foundations of the conventional family governance pattern. Simultaneously, with the development of these entities and the establishment of support systems, state power and market forces are deeply embedded in rural areas. State power now directly engages with new agricultural management entities, and market mechanisms have been introduced into agricultural production and organizations.

As new agricultural management entities replace and impact traditional household agricultural management, and with the resurgence of state power and market mechanisms, the rural social order has transitioned to a tripartite governance pattern of “state-market-rural.” The traditional governance model of “state-market-rural” under the household system has transformed into the governance model of “township government-village governance,” ultimately culminating in the “state-market-rural” triple structure.

The return of national power to rural areas coincides with an increase in market forces. New agricultural management subjects emerge as products of the organic combination of market-oriented production factors, such as land, capital, and management. These entities act as producers and operators of agricultural commodities, embodying attributes of a market subject and contributing to the development of the market economy.

In the traditional structure, where farmers serve as the primary constituents and production organizations

of rural society, the level of commodification development in rural areas has historically been constrained by the necessity for survival rather than for commodity exchange and profit. The development of new agricultural management entities, being market-oriented, is expected to significantly boost the rural market economy.

Support policy frameworks are also designed with a market-oriented approach, emphasizing the construction of market mechanisms and the role of the market in policy implementation. The government provides the institutional foundation for market operation while playing a supportive, nurturing, guiding, and regulatory role. The market plays a fundamental and decisive role in resource allocation.

Land reform aims to promote land transfer and establish a unified urban-rural land factor market for market-oriented land factor allocation. The reform of the registered residence system encourages the flow of urban and rural labor forces and the establishment of a unified labor allocation market. Fiscal and financial support policies focus on leveraging commercial and social capital to invest in agriculture and rural areas. Within the policy system supporting new agricultural management entities, market mechanisms have become crucial tools for achieving support goals.

With the development of new agricultural management entities, market-oriented allocation systems for factors such as land, talent, and capital have gradually infiltrated rural society. These mechanisms have become new operational rules and institutional systems for the rural economy and society, with the market economy system emerging as a novel governance mechanism for rural economic operation.

Under the resurgence of the state and market, rural society is gaining strength, and the governance structure is taking on a three-element coordinated framework known as the “state-market-rural” structure. The intervention of both the state and market contributes to the establishment of rural governance order, achieved through the integration and mutual construction of state, market, and rural elements.

With the return of national influence and market forces, rural areas are experiencing progressive development and growth, fostering the endogenous development of rural regions. The establishment of support policy systems for new agricultural management entities signifies a process of redistributing political and economic power to farmers and rural society under the guidance of national political authority. It is also a process where industry feeds back into agriculture and cities to support rural areas.

As rural populations and land factors gain increasing economic and political power comparable to their urban counterparts, various economic resources are directed toward rural areas through policies supporting and benefiting agriculture. The market economy’s operating mechanism infiltrates rural areas, and the governance mechanisms for rural agriculture at all levels of the political party and the state are becoming more robust. The supply of high-quality economic resources, production factors, and institutional support enables rural society to access equal economic, political, and social development rights, resources, and opportunities, mirroring urban society.

This process is conducive to activating the endogenous development momentum of rural areas, propelling the expansion of farmers and rural power. It promotes the development and growth of the rural economy and society, significantly elevating the status of rural areas within the entire country. The nation has once again reached rural areas through resource input and institutional supply. The development of the market economy and market mechanisms in rural areas has led to an unprecedented and robust embedding of the state and market as the main external conditions driving rural socio-economic changes.

Rural society undergoes constant reshaping through mutual construction with the state and market, and the traditional boundaries of rural areas are becoming increasingly blurred under the influence of the state and market. Rural governance is achieved through the coordination efforts of the state, market, and rural components.

2.2. The diversified collaborative governance pattern within rural society

External conditions significantly shape the effectiveness of rural governance systems, acting as structural constraints that these systems must operate within ^[2]. While the urban-rural dual structure in China remains fundamentally unchanged, the contrast coefficient for urban-rural duality in developing countries typically falls between 0.31 and 0.45, whereas in developed countries, it ranges from 0.52 to 0.86. As of 2016, China's urban-rural contrast coefficient was only 0.25, highlighting the continued sharpness of the urban-rural dual structure ^[3]. However, entering the new century, the sustained and rapid growth of China's economy, coupled with increased national strength, has created more favorable conditions for industry feedback into agriculture. Urban-rural relations and agricultural/rural policies have undergone a transformation from "taking" to "giving," with policies such as "coordinated urban-rural development," "integrated urban-rural development," and "urban-rural integration." These policies, along with institutional mechanisms, have propelled urban-rural relations towards integration.

The resurgence of the country and market in rural areas, coupled with the growth of the rural economy and society, has resulted in a governance structure characterized by triple synergy, known as the "state-market-rural" model. This has become a crucial external constraint influencing the adjustment and optimization of rural governance mechanisms.

The nation's objective in returning to rural areas is to nurture agriculture and rural regions. This is evident in the government's continuous increase in resource investment in agriculture and rural areas, improving urban-rural relations through direct resource input, and enhancing institutional supply to break the binary system mechanism of urban-rural separation. This continuous effort essentially grants equal economic and social rights to farmers, rural areas, and cities, integrating them into the country's modernization process.

The equal status and economic and social empowerment of rural and urban entities, along with production factors such as population and land, fundamentally enhance the economic and social status of farmers and rural areas. The Third Plenary Session of the 18th Central Committee of the Communist Party of China, proposing to "innovate the social governance system" and achieve the transformation from "social management" to "social governance," emphasizes the establishment of a new modern social governance pattern of "co-construction, sharing, and co-governance" under government leadership. For rural governance, establishing a new governance pattern with the participation of diverse social entities in rural areas is a necessary choice for significant changes in the external conditions and social environment of rural society. The development and growth of rural society, guided by government-led resource input, lay a social foundation for the development of a diverse and collaborative governance pattern in rural areas.

The market mechanism is increasingly embedded in rural society, enabling various market entities, represented by new agricultural management entities, to fully develop. Various market-oriented governance entities, including new agricultural management entities and market mechanisms, are playing an increasingly crucial role in rural governance, expanding from economic governance to political, social, and other governance fields. With the development of new agricultural management entities and market mechanisms in rural markets, factors such as land, labor, and capital are increasingly allocated according to market value laws. The relationship between rural areas and the market is becoming closer, and the significant position and role of market entities in rural governance are becoming more evident.

Entities such as family farms, farmer professional cooperatives, agricultural leading enterprises, and new professional farmers have become leading forces in the development of the rural market economy and agricultural modernization. Agricultural management organizations, represented by new agricultural management entities, play a dual role as important entities in rural market and economic governance and

bridges between agriculture and rural areas. Their influence extends beyond the economic realm, impacting various aspects of the rural economy, society, and culture.

Economic elites from new agricultural management entities, such as family farmers, cooperative leaders, professional tycoons, and agricultural enterprise owners, directly participate in rural governance through party membership, village cadre elections, and other means. Some new agricultural management entities leverage their economic strength and social influence in rural society to seek institutional agents through “elite capture,” particularly in cases involving industrial and commercial capital entering rural areas.

New agricultural management entities not only assume roles in rural economic and political governance but also serve as providers of public goods. These entities can supply public goods to rural areas independently or under the leadership of village committees. Various new types of agricultural operators play essential roles in the provision of rural public goods, contributing to the governance of the rural economy, politics, society, and other fields. Social and economic organizations dominated by new agricultural management entities play crucial roles as governance entities in rural governance, contributing to the overall diversity of the governance system.

3. New features of rural governance structure

3.1. Transformation from binary governance with urban-rural differentiation to unified governance with urban-rural integration

The separation and imbalance in resource allocation, based on different institutional arrangements between urban and rural areas, have been significant factors contributing to the dual structure of urban and rural regions. The establishment of a policy support system for the development of new agricultural management entities has progressively dismantled the urban-rural economic and social governance framework. Reforms in population management, cultivation systems, and rural land governance mechanisms have empowered both urban and rural populations, as well as other entities, to increasingly enjoy equal economic and political power. As market factors, they have attained equal economic and social status, and their operational frameworks, institutional rules, and management mechanisms are becoming more interconnected and unified.

Support policies in fiscal and financial aspects have constructed a fiscal and financial operation and management system and a market operation mechanism for rural economic development from two dimensions: government and market. This marks the expansion of the urban modernization fiscal and financial system mechanism into rural areas and the transformation of rural areas, integrating them into the urban modernization fiscal and financial system. Policy and institutional arrangements that previously adhered to urban-rural dualism are now shifting toward a unified urban-rural system and policy arrangements under the new policy support system. The dual governance pattern of urban-rural integration is also transitioning toward a unified governance pattern of urban-rural integration.

The new type of agricultural management entity serves as a crucial organizational carrier and practical force for promoting urban-rural integration and development. This entity represents the carrier of resource element combinations, and its development results from the optimized allocation of factors such as land, population, and capital. The growth of these entities leads to the equal and free flow, as well as optimized allocation, of factors between urban and rural areas. It signifies a process of breaking the mechanism of input differentiation between urban and rural areas, the market system separation, and the industrialization model differences. This process is also about forming a progressively consistent urban-rural governance system and achieving integrated urban-rural development through factor integration and optimization.

New agricultural management entities and their organizational systems possess robust integration capabilities. Their development necessitates the free flow and allocation of elements between urban and rural

areas, acting as a link to establish institutional and elemental connections and a bridge to smooth out the disparities in institutional and resource allocation between urban and rural areas. The development of new agricultural management entities and the construction of their policy support system facilitate the dismantling of the urban-rural dual governance structure. This fosters the formation of a more unified urban-rural governance structure, addressing aspects of resource allocation, rule mechanisms, and economic and social governance mechanisms. Essentially, the development of new agricultural management entities serves the function of breaking the urban-rural dual structure and propelling the integration of industry, agriculture, and urban areas. It has become a crucial element in enhancing the system, mechanisms, and policy framework for urban-rural integrated development. The development of new agricultural management entities and the construction of their policy system lay the economic and institutional foundation for urban-rural integration.

3.2. More diverse and varied rural governance mechanisms

The development of new agricultural business entities has instigated both “land movement” and “people movement,” resulting in a more robust and in-depth governance mechanism around “land” and “people.” The governance mechanism related to “land” involves reforms such as the “three rights separation” and “three plots of land,” the “governance mechanism before, during, and after the land transfer,” and the “industrial and commercial capital leasing land supervision mechanism.” Simultaneously, the governance mechanism concerning “people” encompasses the “reform of urban and rural registered residence system,” “institutional mechanisms for equalization of urban and rural public services,” “employment systems,” and “mechanisms for cultivating new types of professional farmers.” Building upon this foundation, various systems have emerged, including the “new agricultural management system construction,” “agricultural support and protection system,” “coordinated urban-rural integration system and mechanism,” “grassroots party building,” “grassroots democratic management system,” “spiritual civilization construction,” and “administrative law enforcement system reform.” Consequently, rural governance mechanisms have become more diverse across fields such as economy, politics, society, culture, and ecology. Simultaneously, rural governance mechanisms and models have become more varied and diversified. In other words, due to differences in economic, social, cultural, and other aspects of rural development in various regions, there are noticeable regional disparities in rural governance mechanisms. This diversity is also reflected in the diversification and variation of rural governance.

The diversity of innovation is evident in the new agricultural management system and mechanism. The diverse innovation in the new agricultural management system and mechanism is a significant manifestation of the varied nature of rural governance mechanisms. The innovation in the new agricultural management subject system and mechanism results from the amalgamation of central policy spirit and local reality. It is the product of local governments and village committees adapting to local conditions to implement the central spirit. Each region is encouraged to demonstrate initiative and creativity, actively explore, and choose distinct development paths based on the actual economic and social conditions of the local area. Noteworthy examples include the “Renfa Model” in Heilongjiang, the agricultural cooperation system in Chongzhou, Sichuan, the land trusteeship model in Zhoukou, Henan, the land trusteeship service in Jining, Shandong, the Anhui Agricultural Industry Federation, and the innovative agricultural public welfare service supply mechanism in Zhangjiagang, Jiangsu ^[4]. A commonality among these successful models is the active role played by the government. The government provides support and promotes policy support, while village committees coordinate land transfer, and modern agricultural service system construction is carried out under government guidance. Additionally, these models emphasize the establishment of scientific and democratic management systems for various new agricultural management entities, along with fair and reasonable mechanisms for sharing benefits.

The diversity of innovation is also evident in the system and mechanism for cultivating new professional farmers. The cultivation mode of new professional farmers is significantly influenced by the local context, with the development status of the local economy, politics, culture, and other factors impacting the path of cultivating new professional farmers. The eastern region opts for a non-governmental-led cooperative organization or industrial promotion model, the central region adopts a government-enterprise cooperation model, and the western region favors a government-led model. Overall, the new vocational farmer training model can be classified into three types and eleven subtypes: government-led, government-enterprise cooperation, and market operation ^[5]. Various regions are actively exploring and continually introducing some typical models, such as the Chongzhou model in Sichuan, the Nanling model in Anhui, the Ankang model in Shaanxi, and the Xiayi model in Henan. These models are government-led and can be described as a “government+” model.

3.3. The openness and collaborative enhancement of rural governance mechanisms

Openness is evident in both horizontal and vertical dimensions within rural governance. On a horizontal level, rural governance has surpassed the constraints of traditional rural and local administrative divisions, leading to closer connections and interactions between various administrative divisions and regions. When viewed horizontally between urban and rural areas, the mechanism of urban-rural integration governance is progressively becoming more refined and robust, fostering increased openness and integration between these two spheres. On a vertical level, the links between villages, townships, provinces and cities, and the central government have strengthened, resulting in a flatter and more connected administrative structure. The establishment of information platforms, from the central to grassroots levels, covering aspects such as land, e-commerce, and logistics, is gradually unfolding. This has led to flat information transmission and dynamic governance. Simultaneously, the synergy of governance is on the rise, a necessary requirement for openness. Vertically, the dynamics and synergy of central and local governance are heightened, while horizontally, there is a coordinated governance approach spanning “economy, politics, society, culture, and ecology” in rural governance.

The establishment of party organizations on the industrial chain is a significant manifestation of the openness and diversity of grassroots party organizations. As party-level organizations build on the industrial chain, they are becoming increasingly open, flat, and diverse. The influence of new types of agricultural operators and related informal organizations is growing, expanding their role in rural economy, politics, and social life, thereby altering the structure and pattern of rural governance ^[6]. To thrive in the new development situation, the party must transform its organizational form in rural areas. Building a party on the industrial chain has become a prevalent organizational approach. This shift in organizational form has given rise to the coexistence of party organizations on the industrial chain and those originally established based on administrative divisions. Consequently, changes in the organizational form and structure of the party have necessitated adjustments in its management methods. The development scale of new agricultural management entities varies, with some spanning industries and others spanning regions. Addressing how to integrate the relationship between party organizations within the industry and local party and government organizations becomes a major concern. Many regions have adopted flexible and open methods such as “land-based industry” or “all-round management function” (i.e., managing industrial party organizations within the jurisdiction through local all-round party organizations), “party building groups,” or “joint meetings.” The establishment methods and working mechanisms of party organizations are becoming increasingly flexible and open.

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