

Research on the Interest Connection Mechanism of Modern Agricultural Industrialization Union

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Abstract. Chongren chicken have always enjoyed the honorary title of "one of the three most famous chicken in Jiangxi province", which is the pillar industry of Chongren county's agricultural characteristics. In March 2018, Chongren Chicken Industrialization Union was established, which promoted the optimization and upgrading of Chongren chicken industry. In this paper, questionnaire survey method, field survey method, interview survey method is adopted to carry out an in-depth investigation. Combined with the survey results, the paper studies the effects of interest connection mechanism of modern agricultural industrialization union and the existing problems. at last, the paper will put forward relevant suggestions according to the problems.

Keywords: Agricultural industrialization union; Interest connection mechanism; Rural revitalization.

1. Introduction

1.1 Research Background

The development of agricultural industrialization union is one of the most important measures to promote the strategy of rural revitalization. Since the 19th national congress, the Communist Party of China and the government have issued a series of policies to encourage and support the development of agricultural industrialization unions, including *opinions on promoting the development of agricultural industrialization unions*, *the notice on the implementation of agricultural production development projects in 2019* and so on. In response to the national policies, many regions actively carried out the pilot work of building agricultural industrialization union. And the number of unions increases rapidly. But in the process of building industrialization unions, there exists some problems to be solved.

1.2 Literature Review

At present, domestic scholars mainly study the operation mechanism, development dilemma and performance of the association of modern industrialization. Haotian Zhou has studied the operation characteristics and development dilemma [1]. Jijun Tang has studied the dynamic evolution of the mode of agricultural industrialization organization [2]. The interest connection mechanism of industrial union is of great significance to the union, but there is little research on it in China.

2. Overview of the Agricultural Industrialization Union

2.1 The Introduction of Chongren Chicken Agricultural Industrialization Union

2.1.1 Status of the Union

Led by the provincial leading company called *Chongren Guopin Chicken Limited Company*, Chongren Chicken Agricultural Industrialization Union has 3 chicken industrial companies, 18 professional cooperatives, 32 family farms, 2 socialized professional service organizations and more than 2,600 chicken breeding professionals.

2.1.2 Effects after the Establishment of the Union

After the establishment of union, the company formed a cooperative relationship for common development with *Yuanfeng Chicken Farmers' Professional cooperative* and *Mingliang Chicken Farmers' Professional Cooperative*, absorbing high-quality members and giving advice on the

cultivation and promotion of Chongren chicken. The effects of the union’s establishment are shown in Table 1.

Table 1. Effects of the union’s establishment

The name	Before the joint	After the joint
The companies	280 million yuan	360 million yuan
Professional cooperatives	186 million yuan	282 million yuan
The family farms	195 million yuan	306 million yuan
Aquaculture specialists	509 million yuan	872 million yuan
The number of employees	1300 people	3800 people
The number of helped farmers	1,450 households	3,000 households
Farmers’ annual income	23000 yuan	42000 yuan
Breeding demonstration bases	12	35

2.2 Interest Connection Mechanism of the Union

2.2.1 Element Sharing

The bodies of the union establish the mechanism of interest connection through the mutual integration of production factors such as production capital, brand, technology and information. As the leading role of the union, *Chongren Guopin Chicken Limited Company* has solved many technical problems about the chicken for farmers.

2.2.2 Distribution of Profits

After the industrial combination of Chongren chicken, the original profit distribution mechanism was broken. In particular, cooperatives, family farms and large farmers can buy shares of leading enterprises with land or capital, which not only speeds up rural land circulation, but also helps these companies find a new profit distribution mechanism.

2.2.3 Interest Protection

A mutual assistance connection mechanism is established within the union. The vaccine and immunization service teams provide the immunization service for the family farms, and the catching service team would provide service of catching chicken. Risk control and mutual assistance mechanism of industrialization union is shown in Table 2.

Table 2. Risk control and mutual assistance mechanism of industrialization union

Method of cooperation	The content
Financial support	Provide guarantees for members of the union experiencing liquidity difficulties. Provide baby chick for poor farmers.
The lowest price	The leading company of the union signs an agreement about purchasing price with famers.
Secondary distribution	The union will return the surplus to the farmers.
Joint risks	If a member of the union suffers a loss, the union shall subsidize 12% of the loss.

3. The Deficiencies of Chongren Chicken Industrialization Union

3.1 The Defective Tightness of Interest Connection Mechanism

In the process of field investigation, members of the investigation team learned that the effects of rural modernization industrial cooperation in promoting the increase of farmers' income are mainly reflected in family farms and large farmers. For general farmers, it improves farmers' income and improves the utilization rate of rural land to a certain extent. The interest connection machanism is of defective tightness.

3.2 The Defectiveness of Policy Support System

The members of the union are not quite satisfied with the degree of government support. So, the degree of policy support needs to be strengthened. At the same time, there are problems such as the superior departments providing unclear policy support and unclear development direction.

3.3 A Large Gap in the Financial Products of the Union

In the process of the investigation, we found that the existing degree of satisfaction with agricultural insurance is low. There is a large difference between the amount of insurance and members' expectations. Compensation procedures are complex. To a majority of farmers, the willingness to buy agricultural insurance has reduced a lot. At present, there is a lack of financial products and service models for agricultural industrialization union in the market.

4. Suggestions

4.1 Improving the Interest Connection Mechanism in Various Forms

The union can guide farmers to buy shares in contracted land and stimulate farmers' enthusiasm to participate. Special protection can be adopted for the part of villagers who join the union with the right to manage rural land, so that farmers, especially those with poor living standards, can enjoy stable benefits from investing in the right to manage land.

4.2 Improving the Policy Support System

The government should continue to introduce relevant preferential policies to increase support for the union. Make innovations in financial support policies. Shift agriculture-related funds toward subsidies for agricultural insurance, infrastructure construction and industrial funds within the union. Provide support for agricultural land security, land used by unions, speed up the circulation of rural land and maximize the utilization of abandoned or unused farmland on the premise of conforming to planning and use control.

4.3 Increasing Financial Support

The government should encourage local governments to take comprehensive measures such as fiscal discount interest or financing guarantee to support local industrial chain development and provide financial guarantee for the construction of rural modernization industrial cooperative body to solve financing problems. Encourage the establishment of a mutual insurance mechanism funded by the union, supported by the government and entrusted by a third-party institution. the rural modernization industrial cooperatives have advantages of capital and information.

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