

# Cooperative Governance and Development of Contemporary Villages

## A Case Study Based on Qiyi Taobao Village

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### ABSTRACT

Internet economy has affected the industrial layout and farmers' employment in rural areas. In China, the development of the Internet has led to the emergence of "Taobao villages", which have used the rich local labor resources and superior natural conditions to solve employment and improve farmers' income. However, the operation mode of "Taobao village" is difficult to popularize. Taking Qiyi village, Wuchang City, Heilongjiang Province, China as a case, this paper comprehensively uses the research methods of literature collection, field interview and questionnaire to elaborate the process of Qiyi village developing into Taobao village and the roles of various participants in this process. At the same time, this paper further discusses the reasons why the operation model of Taobao village is difficult to promote, and then puts forward some suggestions for improvement. This paper holds that effective cooperation and active participation of multiple subjects are the key to the success of Taobao village. Revitalization of new countryside should pay attention to the diversified participation of government, farmers and social forces. This case study will help to provide a model and enlightenment for contemporary rural development and also provide an analysis case for the study of pluralistic participation in local governance.

**Keywords:** Taobao village, Collaborative governance, Wuchang rice, Qiyi village.

### 1. INTRODUCTION

The new rural community governance structure system is a complex system engineering, which requires low-cost and efficient collaborative governance [1]. The theory of multi-agent collaborative governance undoubtedly provides a new idea for this project. "Multi-centered governance" was first introduced by Hermann Haken's synergy effects and Ostrom's polycentric governance theory [2-4]. The model combines multi-agent governance with collaborative governance, gives play to the collaborative governance effect among multi-agents, and constructs a new rural community governance model. This model is of great significance to optimize the path of rural economic development and improve the level of government grass-roots governance [5].

Since the 1990s, with the growth of social forces such as charities, social organizations and non-governmental mutual aid organizations, collaborative governance has been more and more applied to the field

of social economy. This theory breaks through the previous concept of "government management" and emphasizes the interaction and positioning of multiple subjects [6]. Collaborative governance refers to coordination, cooperation, interdependence and joint action among multiple subjects [7]. This means that the government needs to give more play to its service functions, social subjects need to be more proactive, and various market forces need to actively participate in building a diversified governance model [8][9].

With the in-depth development of the Internet economy, "Taobao village" has become a phenomenon. Qiyi village is such a case, located in Wuchang City, Heilongjiang Province, China. By selling rice on Taobao, the village won the title of "China's best Taobao village" in 2019[10]. Taking Qiyi village as an example, this paper expounds the development process of Taobao village, especially the role and role of government, market and society. Based on this, this paper hopes to discuss the significance of collaborative governance for Rural Revitalization.

## **2. DEVELOPMENT MODEL OF QIYI VILLAGE**

### ***2.1. Spontaneous participation of social subjects***

The reason why Qiyi Village was able to seize the pioneering opportunity of Taobao e-commerce development was directly related to the exploration of pioneers such as Chen and Liu in 2012. Before selling rice online, they sold rice in physical stores, maintaining a more regular source of customers. When they learned that they could sell their rice to all over the country through the Taobao platform, they independently learned how to register online stores, shelve commodity links, create web pages, and design the outer packaging of their products. The farmers, who were originally not highly educated, tried to learn basic e-commerce skills on their own to open up online sales.

Initially, logistics companies could not enter the village to receive express delivery. They had to transport rice to the town and transport goods from the town to the location of consumers. When Taobao stores rely on high-quality rice for more and more online sales, they can negotiate with logistics companies to allow couriers to enter the village and reduce prices. After the early efforts of these people, Taobao e-commerce project was successfully demonstrated in Qiyi village.

In the past, farmers mainly sold rice to rice factories. When they saw that Chen and Liu made money by running Taobao stores, they began to follow this model. From 2014 to 2015, a large number of excellent new generation Taobao online merchants such as Tai and Wang have emerged in Qiyi village. They not only had good Internet skills, but also better understood the market demand of the city. Their active participation makes the Taobao village model more widely used in the community.

Because the sales of online stores were very good, rice was often in short supply. Many "pioneers" began to sign rice orders with other farmers in the village. They gave farmers higher purchase prices than the market, and strictly stipulated the rice varieties, planting time, harvesting time, and the use of pesticides. These details helped online shop owners ensure the quantity and quality of rice they sold. This development model had also increased the income of some farmers who were proficient in planting technology but did not know how to open online stores. At the same time, Taobao platform required online store owners to issue invoices to consumers, which required operators to have the qualification of cooperatives. Therefore, the villagers grouped themselves into a rice farmer cooperative.

### ***2.2. The service role of the government***

Individual families often faced two major problems in the early stage of Entrepreneurship: insufficient start-up capital and difficult capital turnover. The government helped individual families start businesses without pressure by relaxing market access, optimizing enterprise exit mechanism, improving market supervision system and reducing enterprise operating costs. In cooperation with China Construction Bank, the government established *yucuntong* to solve the problem of people's difficulty in lending, and replenished each store in Qiyi village with sufficient funds to ensure that villagers increase production, income and efficiency.

The government of Qiyi Village took the lead in joining the *Wuchang Rice Association* and the *Wuchang Rice Chamber of Commerce*. The official associations provided reliable information exchange channels for market participants and shortened the process of villagers looking for upstream and downstream business participants. The Village Committee attached great importance to the development of e-commerce in the village. Based on the fact that most villagers were not well educated, the village often organized e-commerce training activities led by the village committee to teach Taobao store opening and operation knowledge, and even train basic skills such as smartphone use and typing, so as to ensure that the labor force of each family can be used for online store operation.

Under such circumstances, the entrepreneurial atmosphere in Qiyi village was very strong. Many villagers thought actively and exchanged their efforts for better living conditions. The government signed a strategic contract with Jingdong to jointly hold Wuchang rice Festival, which would integrate various advantages and build an online promotion platform for Wuchang rice industry.

In order to reduce the rice milling cost of each household, the government built a rice processing plant, saving more than 2 million yuan in rice milling and processing costs every year. At the same time, due to the increasing demand for paper shell packaging, the Supply and Marketing Cooperative of Qiyi village planned to build a paper shell packaging factory in the village and establish a logistics center and warehouse for unified supervision.

With the help of the government, Qiyi village had improved relevant supporting industries and formed a complete industrial chain integrating rice planting, processing, warehousing, packaging, sales and distribution.

### ***2.3. The market provides favorable conditions***

Taobao village's series of service providers include logistics companies, communication operators, third-

party e-commerce, training institutions, etc. After Taobao village develops to a certain scale, the economies of scale generated by agglomeration will attract service providers to move in or generate local service providers.

In the early stage, because many villagers lacked the necessary network marketing skills, many villagers choose to outsource customer service and hire professional customer service companies. With the gradual expansion of Taobao store in Qiyi village, customer service companies also actively contacted cooperatives, which greatly facilitates subsequent villagers to join the ranks of online store operation. In terms of logistics, villagers were faced with challenges such as high logistics prices and logistics not entering the village at the beginning of entrepreneurship. The pioneers took advantage of their own cooperation advantages, conducted a lot of negotiations with logistics companies, and finally reached an agreement, realizing the demand for express delivery to the village and reducing express costs. In the subsequent operation of Taobao store, cooperative members also paid attention to the changes of logistics information in real time, and obtained the lowest logistics cost through multiple price comparisons.

Consumers' recognition of Wuchang rice brand has helped many Taobao stores get the first pot of gold. Mrs. Wang said that the first customers of the online store were attracted by the name of "Wuchang rice", and then became regular customers [10]. Through familiar customers and recommending new customers, snowball liked to obtain the initial customer base of the online store. In the transaction process, consumers would also put forward demand for sellers, forcing the industry to make progress. Tai said, "at the beginning, I only knew to sell rice, and then some customers asked for more. I knew there were so many varieties of germ rice and refined rice, and then I had this consciousness to their research [10]."

Throughout the development process of Qiyi village, it is not difficult to find that the traditional industrial base provides support for the formation of this market structure and transaction order. The interaction between villagers promotes the development of this market structure and transaction order. The intervention and support of local governments maintain the stability of this market structure and transaction order.

### **3. SIGNIFICANCE AND DILEMMA**

#### ***3.1. The Significance of the Model of Qiyi Village***

Qiyi village uniformly uses rice seeds, pesticides and chemical fertilizers, strictly controls the application amount, and adopts traceability and anti-counterfeiting

technology to ensure the authenticity of Wuchang rice and strictly control the whole process quality of rice. The government cooperates with the e-commerce platform to hold "Wuchang rice e-commerce Festival" and other activities to enhance the popularity of Wuchang rice. With the development of market economy, commodities are becoming more and more abundant. Consumers not only demand higher grade and quality, but also pursue personalized products, which further subdivides and complicates the product market, thus bringing new market opportunities. Wuchang rice in Qiyi village has different grades and specifications, which can meet the needs of different consumers.

Qiyi village has formed the industrial structure of Taobao village through the division and cooperation of government, society and market. It has played a great role in promoting residents' economic income and realizing regional coordinated development. Other rural areas in Northeast China can learn from the multi-agent cooperation mechanism of Qiyi village. All subjects can give full play to their subjective initiative and jointly contribute to the development of rural e-commerce.

#### ***3.2. The dilemma of promoting the e-commerce model in Qiyi Village***

Wuchang rice is deeply loved by people for its excellent quality, and has formed a certain brand advantage. However, most other rural agricultural products in Northeast China lack brand effect. Products are highly homogeneous, which is difficult to attract consumers. This is not conducive to the opening of the sales market in the early stage of e-commerce.

At the same time, rice is the absolute staple food of Chinese families, with rigid demand. Other important agricultural products in Northeast China, such as Dongning black fungus, Keshan potato and Hulin linden honey, have three unfavorable sales characteristics compared with rice: Firstly, the demand for agricultural products is volatile. Secondly, consumers' demand for these agricultural products is small and the purchase rate is low. Thirdly, there are regional differences in consumers of agricultural products such as potatoes and corn. Due to the influence of eating habits, the demand of consumers in the northern region is often much greater than that in the southern region, resulting in restrictions on the sales market of agricultural products. It can be seen that compared with rice, the sales of other agricultural products in Northeast China are more difficult.

Through interviews with villagers, we learned that the number of sellers on the early e-commerce platform was small and the competitive pressure was low. Villagers could attract recommendation services by buying the platform at a low price, and the sales effect was good. However, in today's saturated e-commerce

market, the competitive pressure of sellers has increased significantly, which makes it more difficult and costly to attract new customers. In addition, the customer stickiness of e-commerce in Qiyi village is high. E-commerce retains old customers by strictly controlling product quality, and its means of attracting traffic mainly relies on the recommendation of old customers to introduce new customers. This model is not easy to copy.

In the rapid development of Taobao ecosystem in Qiyi village, the government, society and market all play an irreplaceable role. Due to the sparse and scattered rural population in Heilongjiang Province, it is difficult to form a cluster effect. Therefore, the government should play a leading role in infrastructure construction. The development model of Qiyi village puts forward high requirements for the government service ability of rural communities. The development of rural e-commerce is also inseparable from the support of the government. The government should provide more timely and effective policy support for e-commerce and carry out top-level design according to local conditions to ensure the comprehensive and sustainable development of rural e-commerce.

#### **4. RECOMMENDATIONS**

Diversified teaching methods are worth considering. According to the villagers' feedback on the existing e-commerce skills training, the e-commerce training in Qiyi village should abandon the original indoctrination teaching mode, give full play to the villagers' subjectivity and improve the comprehensive level of participants. The teaching mode of combining case explanation, Q&A, independent discussion and physical simulation is adopted to guide villagers to interact with online store registration and strengthen cooperation and exchange. The trainer shall conduct on-site demonstration and teaching, adopt open training method, improve the learning ability of trainees, and pay attention to explaining in a language and way that farmers can understand.

The adjustment of teaching content cannot be ignored. During the investigation, we learned that Qiyi village has carried out several entrepreneurship training courses, but the villagers generally reflect that the content of the training courses lags behind. The villagers have mastered these skills for a long time. Therefore, most of them are not interested in the training courses provided by the government.

In view of this situation, Qiyi village should timely adjust the teaching content of the training course according to the needs of the villagers. The government can organize observation groups to go deep into farmers to understand the current sales difficulties and problems to be solved, and provide targeted e-commerce training

courses. Villagers participating in the training can be divided into several classes according to their current e-commerce development stage. On the one hand, the government should guide class members to learn from each other's experiences and lessons. On the other hand, we should sum up the problems. Guide senior students to take the initiative to help newcomers create a virtuous circle model of "planting pears for future generations".

Do a good job in the after-sales service of e-commerce training. In view of the lack of follow-up service of e-commerce training courses, this paper believes that each training course should be equipped with a professional tracking service team. Colleges and universities should provide follow-up guidance through the entrepreneurial needs of students, establish a contact and return visit system between professional trainers and students, and take the follow-up guidance as an important standard for performance evaluation.

The government should make top-level design as soon as possible, establish and improve various policy support, coordinate various departments, and give full guarantee in the targeted poverty alleviation policy of agricultural e-commerce. In the process of e-commerce development, the government should provide financial and logistical support for villagers according to local characteristics and support new villagers to join the ranks of e-commerce. In addition, the government should strengthen policy publicity and improve the villagers' recognition of the policy.

#### **5. CONCLUSION**

Guided by the collaborative governance theory, this paper shows the whole process of Qiyi village becoming Taobao village. Its foundation is the good reputation of Wuchang rice accumulated for many years. Some entrepreneurial pioneers returned to the countryside from the city and brought back advanced Internet technology and e-commerce sales concept. Their success has formed a demonstration effect. The first mock exam encountered many difficulties in the early stage of development. For example, fake commodities, transportation difficulties and ineffective publicity were the main problems. Government departments and non-governmental organizations intervened, and provided a positive policy support and effective market supervision by developing traceable two-dimensional code, establishing logistics centers, holding rice exhibitions and sales meetings. The government, the market, farmers and civil society organizations worked together to pave the way for the prosperity of Qiyi village.

However, the value of the model is limited by some objective factors. Rice products have the characteristics of high yield, large demand and convenient storage. In contrast, other specialties in Northeast China, such as black fungus and honey, are more difficult to sell

publicly. Over the years, the field of e-commerce has gradually saturated, and it is more and more difficult for Taobao new store to attract customers. This model itself also has some defects, which brings some inconvenience in the early stage of development. Therefore, this paper summarizes the detours taken by Qiyi village in the process of multi-agent cooperation, and puts forward the development direction of this model. It is hoped that this study can help rural governments improve their service capacity in publicity and education, capacity training, policy support and organizational support, and build a service-oriented government. At the same time, it will also provide enlightenment for the research of local governance with multiple participation.

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