

# Research on the Development Status and Countermeasures of New-type Management Subjects in Tibetan Areas

## —Taking Hainan Tibetan Autonomous Prefecture as an Example

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### Abstract

**Research purpose:** Investigate the development status of the new form of business entities in the Qinghai Tibetan area, analyze the major issues existing in the development of new business entities in the Qinghai Tibetan area, and propose corresponding improvement measures. **Research methods:** questionnaire survey method, case study. **Main problems:** due to insufficient funds, the growth of some new business entities is rather slow; the processing level of livestock products is low. Thus the added value of commodities is low; there is a lacking of new professional herders, and that the internal mechanism of the new business entities is not perfect; the government's support to the new business entities is not enough; the impact of the culture's traditional way of thinking and policies are significant. **Countermeasures and suggestions:** Broaden financing channels and provide a variety of financial services; encourage the industrialization of new business entities to enhance market competitiveness; strengthen the development of talents for new business entities; increase the degree and precision of governmental support: change the traditional way of thinking and set up a special compensation fund for specific projects.

### Keywords

new business entity; land use; animal husbandry.

## 1. Introduction

With the acceleration of urbanization and industrialization in recent years, a large number of laborers have left town to work. Together with excessive grazing in rural areas in Tibetan areas, it has resulted in underused grassland and desertification. At the same time, China's animal husbandry development has entered a new stage. The original extensive small-scale business model cannot meet the current large-scale, mechanized, and industrialized animal husbandry development methods. To better develop animal husbandry, it is necessary to speed up the grassland circulation, from the current household business entity to new types of business entities, such as animal husbandry enterprises, professional animal husbandry cooperatives, and family farms.

At this stage, the new type of business entity in Tibetan areas is comprised of professional cooperatives, the family ranch, animal husbandry enterprises, etcetera. c. At present, the main operating models are "enterprise + cooperative + pastoralist", "enterprise + cooperative + family ranch", "cooperative + family pasture + pastoralist" and many other forms. According to our investigation, it is found that the major entity of the new type of business that is

currently well developed has the following characteristics: high level of organization, large-scale operation, high value-added industry, with complete supporting infrastructure.

## 2. Literature Review

### 2.1. Research on the New Form of Business Entities

Huang Zuhui et al. believe that "in the current development of China's rural economy, new agricultural business entities, mainly comprised of large farming professionals, farmers' cooperatives, and agricultural enterprises, have shown vitality and potential for development. It has become an important subject in modern agricultural development in China." [1] Lin Lefen et al. believe that "new agricultural management entities have realized moderate scale and intensive agriculture operations through land circulation. It improved land-use efficiency and agricultural production efficiency, which increased farmers' economic income. Achieved in matching supply and demand for agricultural products by engaging in corresponding agricultural production according to market demand, which promoted the adjustment of agricultural structure and the development of modern agriculture." [2] Meng Li et al. believe that "the central entity of new agricultural operations in China is affected by factors such as development experience, supporting policies, land circulation, etcetera. Thus, it should be another phase before reaching a mature level of business entities' development" [3]. The development of a new form of business entity also brings some problems. For example, Chen Xunbo et al. believe that agricultural production is greatly affected by uncertainties. New types of business entities have strengthened their ability to combat risks at a certain level. However, due to the overly large scale of new business entities, the affected scopes are wider. Once problems arise, it will be difficult to solve [4]. In terms of solutions, Zhang Zhaoxin et al. believe that "we should strengthen land circulation services, accelerate the development of policy-based agricultural insurance, increase support for new agricultural operation entities, orderly promote Rural Migrants' Transformation into Urban Residents, and strengthen the development of new talents for entities operations" [5].

At present, there is much research done on new forms of business entities in the academic circle. However, the research object is mainly located in mainland China. There are few studies on the new types of business entities of animal husbandry in Tibetan areas. This article takes Hainan Tibetan Autonomous Prefecture in Qinghai Province as an example, using a different region and perspective to enrich current theories and knowledge.

## 3. An Analysis of the Development Status of the New Forms of Business Entities in the Tibetan Areas of Qinghai

On November 16, 2013, the Qinghai Provincial Government issued the "Guiding Opinions of the General Office of the Qinghai Provincial People's Government on the Cultivation of New Types of Agriculture and Animal Husbandry Business Entities," which clearly stated that "actively cultivate large households and family ranches, regulate and develop professional cooperatives such as farmers and herdsman cooperatives, nurture and strengthen leading enterprises in the industrialization of agriculture and animal husbandry, etcetera." "At present, Hainan Tibetan Autonomous Prefecture has a total of 1,125 specialized farming and animal husbandry cooperatives, of which 279 operate in farming, 687 in livestock, 14 in fisheries, 40 in development services, and 91 in other industries; there are 347 family farms, of which there are 106 in farming, 201 in animal husbandry industries, and 40 in both agriculture and breeding.

### 3.1. The New Type of Business Entity with Better Development Efficiency

#### Qinghaihu Scenic Area Tiebujia Ecological Animal husbandry

Specialized Cooperative is located in Gonghe County, Hainan Prefecture. The cooperative is a provincial cooperative, led by Qinghaihu Scenic Area with an investment of 200,000 yuan. The purpose is to guide local villagers to reduce the number of livestock breeding to protect the local ecological environment. At present, the village is divided into two partnering shareholding groups. There are 106 registered households in the village, with a population of 359 and a labor force of 176, including 27 poverty-stricken families, with a total of 135 persons. The integrated grassland area is of 84,862 acres, and the integrated arable land area is 160 acres. The integrated livestock is a total of 8,120 heads. The total number of shares is 12,404.11 shares, each share is 1,000 yuan, and the overall stock valued at 12.40411 million yuan. Including the total number of shares issued was 11,704.114. Converting shares into cash would be 11.7041 million yuan; 699.996 shares were allocated to the government, and converting them to cash would be 699,000 yuan.

The cooperative is mainly selling livestock products such as lamb, beef cattle and sheep, ghee, and Qu La. In recent years, based on improving the quality of animal products such as yak yogurt, ghee, Qu La, air-dried meat, and rice cake, the cooperative has actively worked with enterprises to process Tibetan clothing, wool car cushions, cow hair shawls, hats, and other daily necessities to achieve product diversification. At the same time, taking full advantage of the geographical benefits of tourism resources such as Qinghaihu Bird Island, Chaka Salt Lake, ectera., establishing of Mujiale ( Pasture tourism ) offering Tibetan meals, accommodation, horse riding photography, archery and other services. The cooperative actively cooperates with livestock product processing enterprises to develop the "enterprise + cooperative" business model. For the cattle and sheeps sold by the cooperative, the cooperative is entrusted with slaughtering, fine cutting, processing, and packaging to increase the added value of the product and achieve a "win-win."

At present, the cooperative has also invested a lot in support projects, such as undergraduate leadership, the promotion of high-efficiency breeding technology for Tibetan sheep, the incentive projects for moving the cattle and sheep out of large counties, the improvement of the capacity of professional cooperatives, the construction of ecological animal husbandry infrastructure, and the enhancement of animal species currently 1,150 breeding stocks have been introduced; 89 (10728 square meters) livestock sheds and grass storage sheds are built; 14 sets of various animal husbandry processing machinery and equipment are installed; 250,000 meters of fences are built for the planned zones, and 2,000 acres of forage planting bases are built. Two demonstration farms were built, with 30 herds of cattle (one for every 80 heads), 25 herds of sheep (one for every 310 heads), and 2 herds of horses for a total of 78. The cooperative production and operation team is divided into five groups: the pasture grazing group, planting group, animal feeding group, secondary and tertiary industry groups, and labor export group. In 2017, the dividend was 1.52 million yuan, and the per capita dividend was 8636.4 yuan, an increase of 2741.4 yuan compared with the non-members.

Qijia Village Ecological Animal Husbandry Professional Cooperative is located in Gonghe County, Hainan Prefecture. The cooperative has 250 registered rural households, accounting for 48.7% of the total households in the village and with a population of 915, accounting for 51.3% of the village's population. 509 labors, accounting for 60.7% of the total labor force of the village. Integrated pasture area of 420,000 mu, accounting for 46.7% of the village's pasture area. Integrated cultivated land area of 1,832 mu, accounting for 29% of the entire village's cultivated area. Integrated 17,949 head of livestock (including 595 head of cattle, 17334 sheep), accounting for 18.7% of the total livestock in the village. The total number of shares is 15,308.59 shares, each share is worth 1,000 yuan, and the total value of the share is

15,308,600 yuan. Among them: 13,939.37 individual shares, equivalent of 13,939,400 yuan; the government allotment of 13,692,177 shares, equivalent of 1,369,200 yuan. There are five herds of cattle (1 for every 130 heads) and 21 herds of sheep (1 for every 280 heads). A dividend of 2.8 million yuan can be distributed, and a per capita dividend of 3,060 yuan, an increase of 360 yuan in income from a non-member.

An analysis of the reasons for the positive development of the two cooperatives: the herders quantified the original grassland, livestock, capital, and other production materials into the cooperative, thus solving the problem of the cooperative's lack of funds and grassland. Secondly, both cooperatives have achieved large-scale operation, and breeding technology and infrastructure have been significantly improved. Lastly, two cooperatives develop the tourism industry and other industries based on animal husbandry and the actual local conditions while processing the raw products to increase the value of the products.

### **3.2. A New Form of Business Entity with Lagging Development**

Xinglong Meat and Sheep Breeding Professional Cooperation in Xiamen Village, Chabcha Town, Gonghe County, is a cooperative that raises live animals. At the time of establishment, the cooperative had 18 households, and 95 people invested in the cooperative by putting cattle, sheep, and/or cash into capital. Due to successive losses in 2013 and 2014, many shareholders withdrew from the cooperative. At present, there are only 6 shareholders, a total of 30 people still actively participates in the cooperative.

According to the investigation of this research, there are currently 400 new business entities Hainan Gonghe County, of which about 60% are well-operated cooperatives, and most cooperatives are not so well developed.

Analysis of the reasons: First of all, many new business entities are formed under the government's guidance rather than the market itself. The government guided most new business entities at the initial stage of establishment. They existed to enjoy the benefits provided by the government, not formed due to market demand. Secondly, there is no deep processing of products, as they are often sold as primary products. The added value of the products is not high, and the efficiencies are low. Finally, the new type of business entity is not sound in its construction.

## **4. Problems in the Development of New Business Entities**

1. Due to insufficient funds, the development of some new business entities has been slow. (Taking Gongfu County Lufu Tibetan sheep Breeding Cooperative as an example)

The cooperative was established in 2012 and currently has 53 registered households, accounting for 32% of the village. There are 4300 acres of circulated grassland and 370 acres of arable land. The main source of income comes from the breeding and selling of Tibetan sheep. In 2017, 7,000 live sheep were bred, with an output value of 5 million yuan and a sales profit of 1.2 million yuan. The per capita net income of cooperative members is 6,200 yuan. In the investigation, it was found that the cooperative was already established earlier, but it developed slowly. The cooperative is also in need of expanding production. The cooperative currently has a loan of 1.7 million yuan through local government loan policy and the mortgaging the cooperative's real estate. However, the cooperative currently requires 8-10 million yuan to expand production.

2. New-type agricultural business entities suffer from losses due to the low resistance of new business entities to combat market price fluctuations of agricultural and animal husbandry products (E.g., Yulong Ecological Animal Husbandry Farmers Professional Cooperative).

Yulong Ecological Animal Husbandry Farmers Professional Cooperative was established in 2012 in Yuanzhe Village, Datanghe Town. It has 4 registered rural households and has 1,200

mu of grassland. The cooperative mainly breeds Tibetan sheep and sells it to Qinghai Dairy Company at the price of 800 yuan per sheep through the order sales model. The cooperative benefit was good in the early stage of establishment. Later, the price of live sheep in the market continued to rise, since it was under order sales model, the new type of business, entities faced losses.

3. The processing level of animal husbandry products is low, and the added value of products is low. (Take Zanla Family Ranch in Cheji Village, Shinaihai Township, Gonghe County as an example)

Zanla Family Ranch, Cheju Village, Shinaihai Township, Gonghe County, was built in 2016. The family ranch has 1,300 acres of grassland, 2,000 acres of circulated pasture, and 25 acres of arable land. There are currently 150 yaks and 700 sheep. At present, the family ranch's main source of income is the sale of live animals. Due to the long production cycle of animal husbandry, together with various uncertainties such as natural risks and technical problems, they do not process livestock products. Thus, the products have low added value.

4. The lack of new professional herdsmen, the internal mechanism of the new management entities is not perfect

Provincial human capital is an essential factor for the development of new business entities. Emerging professional herders can bring capital, technology, and other production factors to the countryside, promoting the development of new business entities. However, according to our investigation, the age of the members participating in the new business entities is too old. To develop the new business entities, we must introduce good breeding stock and corresponding mechanized elements and add people who are prepped with modern science and skillful enough to use new production factors. The internal management mechanism of cooperatives is imperfect. Often, a small number of people are operating inside cooperatives, and they work independently. Democratic decisions cannot be made in production plans and other significant decisions.

5. The government does not provide enough support for new business entities

In recent years, the state and governments at all levels have formulated corresponding policies documents to support the development of agriculture and animal husbandry and new business entities, which have played a great role in the development of agriculture and animal husbandry, and presented certain problems. There is a lack of practical policy support from the government to the new business entities. For example, many new business entities have no access to funds and project support, and there are still out of touch in various agricultural support policies. Many agricultural support policies are issued by the higher-level departments to the subordinate departments' layer by layer, making the policies disintegrated, incoherent, and time lagged.

6. Traditional cultural thinking and policies have a significant influence

Marshall believed that "religious and economic forces have shaped the history of the world, and religious motive is stronger than economic motive" [6]. Since most people in Tibetan areas believe in Tibetan Buddhism, many precepts and doctrines influence people's ideological concepts and behavior logic. New business entities are also affected by traditional ideas in the development process, and development is restricted to a certain extent. At the same time, due to the fragile environment of the Tibetan area and the importance of environmental protection, some new animal husbandry business entities have clear quantitative regulations on the number of cattle and sheep, and the supporting infrastructure cannot be approved due to environmental protection requirements for sewage and land use. To a large extent, it restricts the development of new business entities.

## **5. Suggestions on New Management Development**

### **5.1. Broaden Financing Channels and Provide a Variety of Financial Services**

When financing, we cannot rely solely on a few state-owned financial institutions. Various private financial institutions and local financial institutions should be included and encouraged to open commercial outlets at the grassroots level. Different types of financial institutions can develop financial products that meet the needs of new types of business entities and customize differentiated financial services according to the operating characteristics and capital demand characteristics of different new types of agricultural business entities and provide various forms of financing solutions. Accelerate the pilot work of rural property rights mortgage financing and implement the mortgage business with land management rights and homestead use rights as the primary focus.

### **5.2. Encourage the Development of New Business Entities to Integrate the Animal Husbandry Industry and Enhance Market Competitiveness**

The integration of animal husbandry includes horizontal integration and vertical integration. In terms of vertical integration, new agricultural business entities are encouraged to further process animal products, establish animal husbandry companies, carry out products and markets, etcetera., to reduce transaction costs and increase the added value of animal products. In terms of horizontal integration, new types of business entities are encouraged to combine industry and tourism to expand the sector's scale.

### **5.3. Strengthen the Construction of the Talent Team of New-type Management Entities**

Provide regular training to the directors or emerging professional farmers who are willing to engage in new business entities, and formulate corresponding evaluation standards and evaluation procedures, identify qualified training personnel, and provide training about the industry, technology, social security, finance, and financial support to them. At the same time, we should also attract graduated college students, village cadres, returned home workers to start new business by offering incentives, to strengthen and build up talents.

### **5.4. Increase Government Support and Precision**

At present, a lot of human resources, material resources, and financial resources are invested in the development of agriculture and animal husbandry, but the current financial support is still small. The government strongly supports those role model new business entities, while the newly established small-scale business entities are not supported, which restricts the development of some new business entities. The government should increase support for small and medium-sized new business entities and provide guidance and support in many ways.

### **5.5. Change Traditional Thinking and Set up Special Compensation Funds**

Guide the masses through propaganda and education to change some of the traditional ideas that are not suitable for economic development, educate the crowd to look at economic growth from a scientific perspective secondly, because the new type of business entities in the Tibetan area must not only take into account the financial benefits but also take into account the local ecological environment. The government should set up special environmental compensation funds to compensate for the development of new business entities.

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