

System Disembedding and Adjustment: The Dilemma in Development of Rural E-commerce in Perspective of Embeddedness

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Abstract

The core of rural revitalization is industrial modernization. So far its connotation has transcended the scope of economic revitalization and has become a "people-oriented" rural construction campaign based on actual rural society, with rural reconstruction as the core and socio-economic benefits. Traditional economic concepts emphasize on one-sided promotion of capital market by financing, allocation, risk control and so on. However, as the countryside investment campaign did not bring about a large return of labor and industrial revitalization as expected, instead, it produced rejection phenomenon such as waste of resources, loss of trust, imbalance of distribution and marginalization of farmers. Rural E-commerce platform and corresponding industry are embedded in rural society and local culture. This paper mainly discusses its development and system disconnection resulting from the tension of institutional social network.

Keywords

Rural E-commerce; Embeddedness; Chinese Rural Revitalization Campaign; Disembedding Phenomenon.

1. The Introduction

With rural revitalization campaign carried out through China, modernity has entered the rural society with the torrents of products, marketization and informatization, giving birth to a large number of rural industries based on rural resources, establishing a mature capital market in the countryside in increasingly stabilized business activities. Among them, the rural E-commerce industry is developing rapidly, based on native rural families, cooperatives and other organizations, while impacting the traditional rural social system, strengthening the institutionalization of social groups in the rural network [1].

Embeddedness on the one hand, restricts the development of E-commerce industry, while on the other hand is an endogenous force of E-commerce "fierce development." This is because not only the consumer is embedded in social groups, but their social behaviors also internalize the consumption behavior to a certain extent and becomes the vassal of the "class" of the social class in which it is located. Producers are also embedded in the relationship networks of local societies, forming groups and organizations according to their relatives, and institutionalizing the relationship networks in absorbing resources, seeking supports and organizing productivity.

"People" is also a very important resource for rural E-commerce development is an understanding nearing consensus. Alibaba believes that the most important reason for

Taobao's success is to mobilize people, especially Taobao's founder, participants, leaders and promoters. The Minister of Agriculture and Rural Affairs of Xinhua News Agency, Han Changfu, also pointed out that "E-commerce to the countryside needs to look at 'fellow villagers'." The entry of capital cannot marginalize the inhabitants of the village, and to be a "binder" for rural consensus-constructing, by improving the cooperative consciousness of the villagers. As we clearly point out, the potential of social capital and unique social network in rural areas for the development of E-commerce industry is nonnegligible. The development of rural E-commerce under the current policy has not been fully integrated with the village institutional power structure [2]. At the same time, the incomplete rural-social security system, the strong concentration of resources through social networks, the impact of traditional support networks, and the relative suppression of the enthusiasm of practitioners to participate in development of rural E-commerce system are reasons of system disembedding.

2. The Embedding of E-commerce in Rural Areas

From the perspective of regional particularity, the economic and social development of rural E-commerce in China is extremely uneven at present. For example, the county E-commerce economy in the eastern coastal area is booming and has formed a relatively perfect group in the industrial chain. The county-level online retail sales in Zhejiang Province, Guangdong Province and Jiangsu Province are all among the top three in the province. While the county-level E-commerce industry in Hainan, Ningxia Hui Autonomous Region and Guizhou is booming and lagging behind, its total online retail sales account for only 0.15%; the development of E-commerce industry in county-level mainly depends on the input and matching of regional economic centers, and E-commerce is embedded with capital flow in vast county-level areas.

At the same time, the Government has provided firm support for the development of E-commerce in the county area: 2022 Central Document No. 1 has made new arrangements for rural E-commerce and promotion of industrial development. The second is to promote the coordinated development of rural E-commerce logistics; Thirdly, in view of the lagging development of county commerce and the insufficient supply of goods and services, we put forward the implementation of the county commercial construction action, the "express delivery into the village" project, the "Internet +" agricultural products out of the village into the city project, etc. Against this background, China's rural E-commerce has made rapid progress. In 2020, China's online retail sales of county goods will reach 3530.32 billion yuan. An increase of 14.2% year-on-year. According to estimates by the China International E-commerce Information Center Institute, The county's online retail sales accounted for about 30.0% of the county's total online retail sales. 0.9 percentage points higher than the previous year[3].

The county has formed 4,310 Taobao business townships, 1,118 Taobao business villages, widely distributed in 25 provinces (districts, municipalities directly under the Central Government), and has formed a new force that cannot be ignored in rural economic development.

2.1. Embeddedness and Social Networks

Social networks are the foundation of rural social life and the core of the social support network maintained by traditional ties. Social networks refer to a series of interrelationships between social actors in society and with groups. Social networks are networks of relationships between actors within a certain range through various interactions. At the same time, the economic behavior of social actors is embedded in social relations with other non-economic factors, social relations are embedded in the economic system[4], and economic behaviors of the individuals are embedded in the social structure and largely influenced and constrained by the social environment in which it is located. From this we can acknowledge that the study of the system

shall take its social environment, social relations network and cultural factors fully into account. Only by examining the system in the whole social context can we truly understand the laws of its emergence and operation [5].

The changes in economic structure, social structure and rural society have impacted the traditional formal and informal systems, thus testing the adaptability between people and institutions. When the system becomes part of the social structure, the social culture, when members of society are convinced of the system, then the system is "embedded" in society. In the traditional period, our country is in the structure of "dual-track politics." The main body of its autonomy lies in the clan and gentry groups, which are endogenous forces derived from the countryside. Through village regulations, they conduct governance activities in villages, Under the consolidation of the imperial examination system, intermediary to the gentry governance, Feudal regimes and their cultures are deeply embedded in local society [6]. In modern times, our traditional rural society has undergone the baptism of change and revolution, Traditional local culture began to be replaced by state consciousness, party consciousness, etc. After the reform and opening up, the state began to promote "villagers' self-government," and the village society is still under the power of the state in the organization and integration network, which forms the basis of the village social network on which the village revitalization we advocate today is based.

2.2. The Embedding of E-commerce Platform

According to data from the National Social E-commerce Information White Paper 2017, the development of Internet E-commerce has matured and the market segments of different Internet E-commerce platforms are clearer according to their social function position in the application: (1) traditional E-commerce portals, such as Taobao, which are the main services of E-commerce, enhance users' purchasing feelings by extending the Internet virtual society; (2) The social network grafts offline goods, such as small red books in China, which use the society as the main business and use a large user size for sales; (3) A network platform of "Social + Internet E-commerce Function" that complements each other in the rapid socio-economic development and cooperation of Internet merchants, such as Pinduoduo, through the establishment of a vertical community to enable communication among users in the community and thereby promote commodity trading.

We can understand that different platforms use socialization as an indispensable feature. This is to embed the E-commerce platform in the social circle of community members, and each user is also an important node in the Internet, the network community and self-communication improve the E-commerce platform's upstream sales ability. More importantly, social functions contribute to the creation of "trust." The "trust" system arises from a positive expectation of confidence in the market and among the actors in modern society[7].

2.3. Embedding in Local Society

Some studies regard farmers as the main body of rural E-commerce development. Stressing one-sided and terribly their lack of scientific and technological understanding and obsolescence in dealing with the new thing of agricultural E-commerce, Even underlining the lack of capacity of groups of farmers, which indeed occurs, but this view does not take into account the social nature of peasants in the local society and is not the essence of the problem. On the one hand, farmers have limited funds and opportunities. When they are mobilized to participate in E-commerce industry, they need to learn from other operators in their knowledge and relationships to make risky decisions. On the other hand, mobilizing farmers needs to establish E-commerce platform and farmers trust mechanism as the premise.

As rational operators, once farmers find the E-commerce industry profitable, their enthusiasm will be fully mobilized. The early Taobao community was spontaneously established and

sprung up by the folks, and the basic logic behind it was to successfully embed E-commerce models and E-commerce platforms in social networking sites in rural China. To develop and expand the rural E-commerce industry in the context of the revitalization of the new countryside, it is necessary to organize and mobilize local cooperators to actively participate in all aspects of the development and management of the rural E-commerce industry, and to establish a "communication belt" model according to the local social culture to mobilize relations. From the perspective of the peasant society, it is a strong motivation to raise the income of the individual life of the society. But joining the local network of interpersonal relationships, realizing the social values needed for socialization and ultimately achieving social values and strengthening support bonds are equally important mobilization conditions[8]. Its business activities and business decisions have been affected decisively.

3. The Disembedding of Industries and Practitioners

From the perspective of macro-regional industrial development, the return of the population and labor force from the eastern part of China to the central and western part of China (inland) is changing in the same direction. However, it is important to note that at the same time, but in real production activities, there has been a diversion of industries after the migration to central and western China. A large number of factories still have problems with recruitment, That is, a certain amount of product migration and labor return time does not necessarily mean that products and services must be matched. As a result, enterprises continue to suffer from inadequate labour supply in coastal areas after relocation. In the traditional economic sense, the rural E-commerce industry can reduce transaction costs by strengthening the information communication of agricultural products, erasing the information gap between urban and rural industries, so as to improve the comprehensive benefits of agriculture. Therefore, on the basis of benefit, a positive cycle of "benefit-production" is generated, so as to realize industrial development and empower rural self-hematopoiesis and sustainable development ability. However, it has encountered such a paradox in the real development: namely, the rural industries produced and developed in large numbers in theory lack the support of sufficient practitioners, especially young and middle-aged practitioners. Floating population dynamic monitoring data analysis showed that in 2015, the average age of the population is more than 40 years, return migration and population level of higher education level of return migration is in the majority with high school education, the reason of return migration is mostly due to care for family or doing sideline production, family factors of return migration proportion is about fifty-six point percent. Therefore, on the basis of benefit, a positive cycle of "benefit-production" is generated, so as to realize industrial development and empower rural self-hematopoiesis and sustainable development ability. However, it has encountered such a paradox in the real development: namely, the rural industries produced and developed in large numbers in theory lack the support of sufficient practitioners, especially young and middle-aged practitioners[9]. Floating population dynamic monitoring data analysis showed that in 2015, the average age of the population is more than 40 years, return migration and population level of higher education level of return migration is in the majority with high school education, the reason of return migration is mostly due to care for family or doing sideline production, family factors of return migration proportion is about fifty-six point percent.

On the one hand, the young labor force is separated from the support network based on traditional ties. On the other hand, due to the lack of psychological construction and rural social construction, they are reluctant to return to their hometown. They are not only separated from the system, but also from the rural cultural tradition. Under the current condition that the rural welfare security system is very incomplete, the willingness of young and middle-aged people to return home to participate in the entrepreneurship and development of E-commerce is

discouraged. At the same time, there is no large-scale transfer of urban industries to rural areas along with the trend of value. However, urban industrial and commercial capital will encounter such phenomena as waste of resources, loss of trust, misallocation and marginalization of farmers after entering rural industries, which further restricts the development of rural E-commerce industry. From these two aspects, the hollowing out of rural industries in China, especially in the central and western regions, has a limited mitigation effect, which makes the development of rural E-commerce industry fall into the bottleneck of stock competition at present. Existing studies have proved that the stability of the diffusion of emerging technologies must depend on rural social networks, and the same applies to network and E-commerce technologies.[10]

4. Re-embedding and Rural Reconstruction

4.1. Re-embedding: Activating Autonomy, Practicing the Rule of Virtue, and Promoting the Rule of Law

Re-embedding requires the government to recognize and actively guide the entanglement between urban production and consumption activities in the process of market economy and rural economic and social network in social governance, gradually return to the value orientation of "people-oriented", and pay attention to the cultivation of social endogenous subjects of new village rules and regulations. Contemporary Village rules and regulations in China are established and implemented by national organizations, and are in urgent need of support from local social networks. Therefore, in the process of rural governance, the government should pay attention to the cultivation of rural endogenous ability, so as to obtain the strong support of rural self-governing institutions and rural elites. In the process of supporting and cultivating "new rural elites", the inheritance bond that maintains rural society and ADAPTS to modern society should be rebuilt. And implement article 10 of the No. 1 document of the Central Government "Opinions on the Implementation of the Rural Revitalization Strategy", "Gather all social forces to strengthen the support of talents for rural revitalization." The key point is to mobilize the social capital in the rural cultural system, get rid of the dependent status of the countryside, and return to the soul of the countryside as the subject of review and development. Let the driving forces for rural development surge. 2021 national two sessions, National People's Congress representative Zhao Wanping submitted "on the role of new township talents in rural revitalization" in the national two sessions, to lay the foundation for the extensive cultivation of township talents. To be specific, it is necessary to sublimate traditional culture, advocate family virtues, adjust the interaction between people and rebuild the social behavior mechanism with the guiding principle of socialist core values. Strengthen the construction of rural public culture, comprehensively develop and preserve the essence of traditional rural culture, lay the common foundation for farmers' life and production, maintain social harmony and stability in the rural industrial division of labor, and build the village culture of "remembering nostalgia"; The government should take the initiative to promote the establishment of village rules and conventions in rural areas, while respecting the village autonomous body and local social network, strengthen the rule of law and take the law as the bottom line to ensure the operation of villagers' life and production under the protection of law, and optimize the way of "presence" of the state at the grass-roots level to avoid the infringement of farmers' legitimate rights. Strict supervision shall be carried out on the specific provisions and working procedures of village rules and regulations, and any violations shall be pointed out, criticized and improved.

4.2. Build Trust

First of all, on the one hand, the interests of consumers and enterprises should be protected by improving relevant laws and regulations in rural areas, and a stable expectation of farmers' E-

commerce employees, enterprises and other social roles should be formed by building a fair, open and transparent rural modern commodity trading market. The National Rural Industry Development Plan (2020-2025) of the Ministry of Agriculture and Rural Affairs emphasizes the decisive role of the market in resource allocation, activating factors, markets and subjects, and guiding resource factors to converge more in rural areas with rural enterprises as the carrier. It emphasizes the importance of embedding modern market with stable order and circulation of elements into rural system. In the 14th Five-year E-commerce plan, it is clear that the policy supports the extensive sinking of financial services to help rural areas, which can further serve the steady and long-term development of rural E-commerce. On the other hand, E-commerce technology should be further empowered to rural residents through the promotion of rural network information technology, E-commerce technology training, so as to mobilize farmers' enthusiasm and learning desire for Internet application technology, and use data transfer technology to expand farmers' information dividend and reduce the rural digital divide. The second is to promote the establishment and improvement of county-level logistics distribution system, improve the convenience of farmers' transportation and easy contact with logistics, and enhance farmers' enthusiasm for E-commerce transactions of agricultural products. Third, through government policy support. The availability of data and network resources provided by the government for agricultural areas, convenient application and reasonable industrial order can significantly promote the development of agricultural E-commerce. However, unilateral government push will result in regulatory overlap and regulatory barriers, and social capital can be embedded in the rural social structure.

4.3. Reconstruction of "Relationship"

Reconstructing the direct interaction between enterprises in rural areas and individual rural residents is conducive to the smooth insertion of enterprise system into the countryside.

(1) Embedding of employment

Enterprises can reduce the cost of localization and management by bringing the social network and social relations in villages into the production management of enterprises through localization of labor force and hiring local leaders as managers. At the same time, relying on the social network of acquaintances can alleviate the dilemma that it is still difficult to recruit workers after industrial transfer. At the same time, workers introduced by acquaintances are more stable because of the constraints and influence of social relations.

(2) The embedding of supervision

In terms of labor supervision, companies moving to rural areas and living in rural communities may not only abandon urban time concept of strict, strict factory time mode, but also adopt informal supervision, so that employees can flexibly work on and off time, and give employees a relatively generous vacation space. After adjusting the management system, once an employee has something to do at home, he/she can manage it by himself/herself after taking a vacation. After that, he/she can deduct part of his/her remuneration according to the vacation date. The flexible management system ADAPTS to the fragmentary situation of employees' time. This relatively flexible management system actually implants the company's production and operation into the daily life of rural residents and workers, enabling the company to make use of rural informal labor at a lower cost.

(3) Embedding of site selection

Low-end manufacturers can choose to move to the country, on the one hand, save cost in industrial park, on the other hand, due to its industry does not need complex supporting facilities, and embedding companies moved the villagers living community is conducive to rural society, its staff from commuting in underdeveloped rural traffic, to integrate into the rural social networks and to maintain a stable and cheap Labour force, To gain a competitive advantage.

(4) "standard" weighing

Since the 18th National Congress of the Communist Party of China (CPC), the new concept of development has emphasized the adherence to coordinated development and the formation of a balanced development pattern between urban and rural areas. It is true that cities are the engines of economy and the providers of materials, especially industrial production, but ignoring the subjectivity of rural areas and farmers' needs will harm the long-term interests of the overall development, and is not conducive to implementing the development concept of innovation, coordination, green, open and sharing, and to giving play to the relative advantages of rural production factors. Instead, we should promote more efficient and coordinated urban and rural development and regional development based on the concept of coordinated urban and rural development.

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