Lesson Learned from Successful Agricultural Social Entrepreneurship in Guangxi

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Received: 13 September 2023 Revised: 28 September 2023 Accepted: 3 October 2023

Abstract

Rural revitalization and young people returning home to start businesses are two major problems facing China. Farmers' cooperative is one of the main forms of agricultural social entrepreneurship in China, but in practice, the lack of entrepreneurial ability and the lack of market, economic and human resources support have affected the enthusiasm of young people. In this paper, expert surveys, interviews and other methods are used to find out the factors that affect the success of agricultural social entrepreneurship, draw lessons from them, and draw strategies to improve young people's ability to participate in rural social entrepreneurship. It is clear that the orientation of social entrepreneurship should be adhered to in the process of starting a business. Entrepreneurs can improve their entrepreneurial competence through internal and external learning, market research and social support. The application of technology and management knowledge can improve efficiency and create a good social reputation. Most of the human resources support comes from the support of local communities and experts. The business model of "Company + Cooperative + Farmer" is basically conducive to the development of rural social entrepreneurship.

Key words: Lesson Learned, Success factors, Agricultural Social Entrepreneurship

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Introduction

Rural revitalization by motivating young graduates to return home for create new entrepreneurial establishment or work in existing industries are quite important in Chinese society today. Currently, job finding in big city is quite a crucial. Therefore, Chinese government encouraging university graduates to return to their hometowns to start their own businesses or joining to the existing industries. Since there are demand for food its derivatives, so it is suitable for young people to start their social entrepreneur venture in producing needed agricultural product. Since there are not mush study on these problems, so, there are needs to study for solving these problems, particularly on “agricultural social entrepreneurship” in all blinded dimensions. Moreover, through lesson learned study from successful ventures can give real and value facts.

Young talents rooted in the countryside are the practitioners of rural revitalization cause, and also the vital force to implement the rural revitalization policy (Xu & Tang, 2023). Farmers' professional cooperatives are one of the important forms of social entrepreneurship practice, and social entrepreneurship undertakings carried by cooperatives are considered an effective means to achieve rural revitalization. It is therefore necessary to understand the current problems, opportunities for development and key factors for the success of farmers' cooperatives in order to help more people to participate.

This research will be done with the objective on identifying the current problems, opportunities, and key success factors of social entrepreneurship development, and making a lesson learned study from successful social entrepreneurship in Guangxi.

Scope of this study, there are many types of agricultural social entrepreneurship, this thesis only studies the most common type in China, namely the farmer's cooperative or farmers' professional cooperatives; un-control factors of farmers' cooperatives, namely policy factors and financial factors, are not included in this thesis.

1.1 Current Problems for Agricultural Social Entrepreneurship

Heads and members of specialized farmers' cooperatives have a low level of literacy, and the operation and management of cooperatives lack the basic capabilities they should have (Xu et al., 2023). Lack of financing channels, they don't have much money, so it is difficult

to borrow money from relatives and friends, because the villagers don't have much money, and the rural financial departments lack loan financing plans to support cooperatives, so it is difficult to borrow money (Chen & Sun, 2023). On one hand, there is the problem of imperfect organizational management system and lack of standardized management system and operation process. On the other hand, it is manifested in the lack of member participation (Zhou & Wu, 2022) leading to a decline in the operational efficiency of farmers' professional cooperatives. The loss of labor force (Diao, 2020), resulting in the operation, the lack of composite talents who know technology and management (Huang, 2022 ; Yi, 2023). Many cooperatives operate under the banner of professional cooperatives, but in fact operate a variety of businesses, with low specialization, low efficiency, outdated technology and equipment, low productivity, low mechanization and simple production methods (Shao & Long, 2023 ; Sun & Zhang, 2022). Due to the insufficient level of information technology processing by farmers' cooperatives, it is difficult to deal with the ponderous market information, lack of market information and lack of smooth marketing channels (Wei, 2022), and lack of marketing of the products, it is difficult to obtain enough corporate profits to expand production (Qin & Liang, 2023).

1.2 Opportunity for Agricultural Social Entrepreneurship

Market opportunities and trends in the agriculture sector in China and the global market are influenced by various factors, some of the key market opportunities and trends are listed below.

The Chinese Government has issued a series of laws, regulations and policies to support and encourage the development of farmers' specialized cooperatives (Zeng, 2022). China's expanding middle class population is driving demand for higher quality agricultural products (Wang, 2021). Global climate change poses a major challenge to food security (Ahado et al., 2022 ; Kangogo et al., 2021; Yang, 2023). Agricultural social entrepreneurs can capitalize on this trend by providing sustainably produced products and promoting regenerative agricultural practices, exploring opportunities to reduce food waste (Luo, 2022).

1.3 Key Success Factors for Agricultural Social Entrepreneurship

Social enterprises with a social mission are more likely to be supported by local people and entrepreneurial orientation is very important for social enterprises (Gao, 2022).

Entrepreneurial orientation, knowledge support, knowledge dissemination, technical support and application, social network support, financial support, main business and product, development strategy, level of education (Rubilar-Torrealba et al., 2022). It is needed to build an entrepreneurial ecosystem in which educational institutions, industry associations, etc. are involved, contributing to the success of rural social entrepreneurship (Galvão et al., 2020). It is pointed out that entrepreneurship, social feedback (Atahau et al., 2022; Musinguzi et al., 2023), knowledge dissemination, technical support and application (Chou & Lin, 2023), and social network support have a significant effect on the performance of rural social entrepreneurship (de Guzman et al., 2020 ; Pinheiro et al., 2021 ; Zhou et al., 2021). The four factors of member participation, cooperative board of directors, vertical integration and collective action also have a significant impact on the performance of cooperatives (Kusmiati et al., 2023).

Entrepreneurial experience, risk taking behavior, interest rate and initial capital have a significant effect on the probability of entrepreneurial success and entrepreneurial profit (Saghaian et al., 2022). Entrepreneurship, social support, infrastructural conditions, financial support, human resource support, main business and products, and growth strategy affect the success of social enterprises (Henry Oswald Esau, 2022).

Material and Methods

Identify current issues, opportunities and critical success factors for the development of social entrepreneurship in agriculture have been done through 21 questionnaire expert surveys. Experts are agricultural social enterprise managers recognized by relevant government departments, stay in the business more than 1 year with capital contribution over 50,000 RMB (RMB is Chinese currency, namely Chinese yuan). Used online questionnaires to collect data.

Learned process have been done through 25 main questions structure interviewing responsible persons or founder of selected 5 social entrepreneurship in Guangxi. Those social entrepreneurships should continually operate for more than 3 years with a registered capital of more than 1 million RMB. The data were analyzed according to grounded principle.

From literature review, 104 questions were asked by 21 experts, with 49 problem questions, 7 opportunity questions and 48 success factor questions.

The Index of Item Objective Congruence (IOC) evaluated questionnaires were distributed to 21 experts for surveying the current problems, opportunities and key success factors in the operation of Chinese farmers' specialized cooperatives. Mean statistics and standard deviation were used to determine the consistency of the experts' opinions, and the mean value was used to clarify the interpretation criteria of the data.

Results

Since there are some factors in the management and operation of farmers' specialized cooperatives that cannot be controlled by the cooperatives themselves, such as financial factors, policy factors, etc., this study only discusses the controllable factors of cooperatives.

From literature review, all questions were agreed.

3.1 Current Problems, Opportunities and Key Success Factors of Agriculture Social Entrepreneurship Development

A. Survey Method Current Problems of Agriculture Social Entrepreneurship Development Through the expert opinion, there are six aspects that were significantly accepted, which are lack of entrepreneurial competence, lack of entrepreneurial learning, lack of financial support, lack of human resource management knowledge, lack of technical and managerial knowledge, and lack of marketing knowledge, mean statistical value over 0.9. Ranked according to the mean statistical value, lack of financial resources is the highest in their entrepreneurial process, followed by lack of entrepreneurship competence, lack of entrepreneurial learning, lack of marketing management knowledge, lack of technical and managerial knowledge, and lack of human resource management knowledge ranked least, as shown in Table 1.

Table 1. Current Problems in The Development of Agricultural Social Entrepreneurship

Problems	$\overline{X}$	S.D	Sorting
Lack of Entrepreneurial Competence	0.9814	0.1354	2
Lack of Entrepreneurial Learning	0.9762	0.1531	3
Lack of Financial Support	0.9881	0.1091	1
Lack of Human Resources Management Knowledge	0.9286	0.2586	6

Lack of Technical and Managerial Knowledge	0.9405	0.2380	5
Lack of Marketing Management Knowledge	0.9444	0.2300	4

Source: Summary of survey results from 21 experts

B. Opportunities of agriculture social entrepreneurship development

Through the expert opinions, there are two aspects are that were significantly accepted, which are markets and opportunities in China, global market opportunities and trends, mean statistical value over 0 . 9 . Ranked according to the mean statistical value, global market opportunities and trends is the highest one, which is also related to the fact that many cooperatives are concerned about the import and export business, as shown in Table 2.

Table2. The Opportunities of Agriculture Social Entrepreneurship Development

Opportunity	$\overline{X}$	S.D	Sorting
Markets and Opportunities in China	0.9524	0.2140	2
Global Market Opportunities and Trends	0.9762	0.1543	1

Source: Summary of survey results from 21 experts

C. To identity key success factors of agriculture social entrepreneurship development

Although the financing factor is one of the problems of agricultural social entrepreneurship, the financing problem often cannot be controlled by the enterprise, so here we exclude the factor and do not discuss it for the time being.

Through the expert opinions, all the key factors in the development of social entrepreneurship in agriculture were accepted with scores above 0.9, which is confirmed with the previous literature review. Ranked according to the mean statistical value, marketing management knowledge is the highest in their entrepreneurial process, followed by technical and managerial knowledge and social support tied for the second, entrepreneurial competence, and human resources management knowledge ranked least, as shown in Table 3.

Table 3. Key Success Factors of Agriculture Social Entrepreneurship Development

Key Success Factors	$\overline{X}$	S.D	Sorting
Entrepreneurial Competence	0.9546	0.2083	3
Entrepreneurial Learning	0.9444	0.2300	4
Technical and Managerial Knowledge	0.9683	0.1760	2
Marketing Management Knowledge	0.9762	0.1531	1
Social Support	0.9683	0.1767	2
Human Resources Management Knowledge	0.9127	0.2834	5

Source: Summary of survey results from 21 experts

3.2 Study a lesson learned from a successful technology based social entrepreneurship in Guangxi

Lessons learned were obtained through structured interviews with five founders of farmers' specialized cooperatives that had been in business for more than 10 years and continually operate for more than 3 years with a registered capital of more than 1 million RMB.

Table 4 Conclusion of The Interview

Factors	Categories	Interviewee 1	Interviewee 2	Interviewee 3	Interviewee 4	Interviewee 5
Entrepreneurial competence	Entrepreneurial orientation	1. Promote the growth of the local rural economy; 2. Increase farmers' income levels				
	Opportunity identification	1. Market research and analysis 2. Partner Information 3. Network Information	1. Market research and analysis 2. Partner Information 3. Internal meeting discussion	1. Market research and analysis 2. Partner Information	1. Market research and analysis 2. Partner Information 3. Learn from others	1. Market research and analysis 2. Partner Information
	Ability to learn	1. Active learning				
	Management capabilities	1. Reasonable division of labor 2. Hold regular meetings	1. Reasonable division of labor 2. Reward mechanism	1. Reasonable division of labor 2. Hold regular meetings	1. Reasonable division of labor 2. Hold regular meetings	1. Reasonable division of labor 2. Hold regular meetings
	Risk identification, avoidance, and affordability	1. Focus on meteorology and disease; 2. Diversified planting and breeding; 3. Reserves and venture funds were established				
	Resource integration capabilities	1. Cooperate with government departments,	1. Cooperate with government departments, scientific research	1. Cooperate with government departments, scientific	1.Cooperate with government departments, scientific	1. Cooperate with government departments, scientific research

		scientific research institutions, enterprises and farmers	institutions, enterprises and farmers	research institutions, enterprises and farmers 2. Support units	research institutions, enterprises and farmers 2. Banks	institutions, enterprises and farmers
	Networks	1. Government; 2. Agricultural scientific research institutions; 3. Farmers; 4. Enterprise				
Entrepreneurial learning	Utilized entrepreneurial learning	1. Attend training 2. Web and social media 3. Regular internal learning 4. Field trip learning	1. Attend training 2. Web and social media 3. Regular internal learning 4. Field trip learning	1. Attend training 2. Web and social media 3. Regular internal learning 4. Read books	1. Attend training 2. Web and social media 3. Regular internal learning 4. Field trip learning	1. Attend training 2. Web and social media 3. Regular internal learning 4. Field trip learning
	Exploratory entrepreneurial learning	Market research to explore new markets				
Technology and knowledge	Production methods and technologies	1. Mechanized planting and breeding technology; 2. Guidance of science and technology commissioners				
	Business management knowledge	1. Internal and external learning; 2. Expert guidance				
Marketing	Product	1. Network 2. Middlemen 3. Businesses offer 4. Industry associations	1. Network 2. Middlemen 3. Government Information	1. Network 2. Middlemen 3. Government Information 4. Market research	1. Network 2. Middlemen 3. Introduced by friends	1. Network 2. Middlemen 3. Businesses offer 4. Industry associations
	Place	1. Online and offline sales; 2. Integration of production and marketing				
	Price	1. Brand building	1. Brand building 2.Differentiation strategies	1. Brand building 2. Launch featured products	1. Launch of featured products 2. Brand building	1. Launch of featured products 2. Brand building
	Promotion	1. Holiday promotions; 2. Group-buying promotions				
	business model	Company + Cooperative + Farmer model	Company + Cooperative + Farmer model	Company + Cooperative + Farmer model	Company + Cooperative + Farmer + Base model	Company + Cooperative + Farmer model
Social support	Investor support	Partnering with local businesses	Good reputation	Good reputation	Good reputation	Good reputation
	Community support	Be active in the community	Give profits to farmers and obtain farmers' support	Give profits to farmers and obtain farmers' support	Give profits to farmers and obtain farmers' support	Be active in the community
	Government support	Participation in rural development projects				
HR support	Talent support	1. Find talent from your local community; 2. Work with experts; 3. Emphasis is placed on the training and development of members				
	organization structure and cooperation	1. Flat management; 2. The person in charge is responsible for the management of each department; 3. Organize regular meetings and discussions				
	Team management	1. Reward system 2. Member training 3. Communicate	1. Reward system 2. Member training 3. Communicate to solve problems 4. Reasonable division of labor	1. Reward system 2. Member training 3. Communicate to solve	1. Reward system 2. Member training 3. Communicate to solve	1. Reward system 2. Member training 3. Communicate to solve problems 4. Manage

		to solve problems 4. Reasonable division of labor		problems 4. Reasonable division of labor 5. Convene a general meeting of cooperatives	problems 4. Reasonable division of labor 5. Convene a general meeting of cooperatives	according to the charter 5. Convene a general meeting of cooperatives

Source: Summary of interview survey results

Conclusion

For the lesson learn, 5 success social entrepreneurships in Guangxi were selected for study. The following conclusions was drawn from those study.

1. The goal of social entrepreneurship should oriented to promote the growth of local rural economy, committed to providing quality products to meet market demand, improve the income level of farmers, and create more employment opportunities.

2. For entrepreneurial competence, opportunity identification needs to focus on market analysis, and compared with information from government, partners, and competitors. Entrepreneurs need to be serious learners to improve their ability. For management competence, they mostly done through reasonable division of labor and regular meetings. For risk management competence, entrepreneurs pay attention to the use of diversified planting and breeding which fit to meteorology and diseases situation and set up reserves risk funds to cope with the emergency. For improving resource integration ability, entrepreneurs have to cooperate with government agencies, scientific research institutes, enterprises, and farmers; and built up a network among them.

3. Entrepreneurial learning is mainly deploying the training process, network and social media autonomous learning, and knowledge exchange within entrepreneurial team.

4. Improve productivity and reduce costs can be done through the use of mechanized planting and farming techniques under the guidance of science and technology specialists. Improve technology and knowledge are done through formal and informal learning, includes discussions, meetings, training, lectures, visits, and expert guidance.

5. Market information is obtained through Internet system and appropriate agencies, both online and offline to reduce risks and gain more profits. Cooperative entrepreneurs also adopt the strategy of integrating production and marketing together with brand building, in “Company + Cooperative + Farmer” business model.

6. Social support for cooperative entrepreneurs can be done through creation a good reputation, sharing profits with farmers, participating in rural development programs, and maintaining good relation with investors, communities, and governments.

7. Cooperatives human resource management need to form a good teamwork and develop it ability through regular meetings, discussions and reward system in a flat organization. New knowledge and problem-solving techniques can be learned from local community talents and expert's support.

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