Research on the Mechanism of New Agricultural Business Entities Driving Farmers' Income Increase

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Abstract: Against the backdrop of comprehensively promoting rural revitalization and consolidating and expanding the achievements of poverty alleviation, new agricultural management entities centered on family farms, farmer professional cooperatives, and agricultural leading enterprises are the core carriers that connect small farmers with modern agriculture and leverage farmers' sustained income growth. Compared with the traditional decentralized management model of small farmers, the new type of agricultural management entity relies on its advantages of scale, intensification, industrialization, and branding to effectively solve the pain points of fragmented production, weak risk resistance, and narrow income channels for small farmers. This article systematically defines the core connotation and types of new agricultural management entities, deeply analyzes the multidimensional mechanism of their role in driving farmers' income growth, and sorts out the current difficulties in the process of agricultural linkage, such as loose interest connections, insufficient radiation and driving capabilities, short industrial chains, and imperfect empowerment mechanisms. Targeted optimization and upgrading paths are proposed. The research aims to improve the theoretical system of the new type of agricultural management entity, the linkage between agriculture and rural areas, and provide practical reference for improving the long-term mechanism of increasing farmers' income, promoting agricultural industry upgrading, and achieving common prosperity in rural areas.

Keywords: New Type of Agricultural Management Entity; Increase Farmers' Income; Interest Linkage; Industrial Empowerment; Rural Revitalization

1. Introduction

The long-term development of agriculture in our country has been dominated by small-scale and fragmented production models, which have led to low agricultural production efficiency, high production costs, weak market integration capabilities, and insufficient sustainability of income growth for farmers. This has constrained the progress of modern agricultural development and rural revitalization. With the continuous acceleration of agricultural modernization, new types of agricultural management entities such as family farms, farmer professional cooperatives, agricultural industrialization leading enterprises, and agricultural socialized service organizations have developed rapidly and gradually become the main force in the development of the agricultural industry. The No. 1 central document of the Central Committee of the CPC in 2026 clearly proposed that we should improve the mechanism of fair sharing of industrial development gains, guide new agricultural operators to drive farmers to increase income and become rich, improve the mechanism of linking support policies for business operators with farmers' income increase, and highlight the core position of new agricultural operators in helping farmers increase income and enriching people and prospering agriculture.

The new type of agricultural management entity integrates agricultural production factors such as land, capital, technology, and market to promote large-scale operation, standardized production, and industrial development of agriculture, effectively filling the gaps in the management of small farmers. Through diversified interest linkage models, small farmers are encouraged to integrate into the modern agricultural industry chain and value chain, broaden their channels for operating income, wage income, and property income, and establish a long-term mechanism for sustained and stable income growth for farmers. However, the development quality of new agricultural management entities in some regions is uneven, and the cooperation between agriculture and farmers is mostly limited to shallow cooperation models. The proportion of close interest connections is low, and the effect of increasing income is uneven and unstable. Therefore, it is of great historical value and practical significance to deeply explore the driving mechanism of its income increase and solve the real development difficulties.

2. Definition of Core Concepts and Types of Subjects

2.1 Definition of Core Concepts

The new type of agricultural management entity is a specialized, intensive, standardized, and industrialized agricultural production and operation organization with moderate scale operation as the core, market-oriented operation as the guidance, and modern agricultural technology as the support, compared to the traditional small-scale farmer management model. It is a key bridge connecting small-scale farmers with modern agriculture. Its core feature lies in breaking the traditional scattered, inefficient, and self-sufficient business model of small farmers, and achieving agricultural quality and efficiency improvement, as well as increasing farmers' income and wealth through factor integration, industrial agglomeration, and market linkage.

The mechanism for increasing farmers' income refers to a series of systematic measures taken by new agricultural management entities, such as factor empowerment, industry promotion, benefit sharing, and service guarantee, to leverage the internal logic and operation mode of diversified income growth of farmers and build a stable income increase system. The core is to achieve risk sharing and benefit sharing between management entities and small farmers, and form a symbiotic development pattern.

2.2 Main Types of New Agricultural Management Entities

One is a farmer professional cooperative. Based on the voluntary alliance of farmers, implementing unified production, unified management, and unified purchase and sales, and reducing production and operation costs through group development, it is the most widely covered and closely connected business entity with farmers, mainly driving farmers' income growth through unified services and profit dividends.

The second is a family farm. Using family members as the main labor force, we carry out moderate scale and specialized agricultural production, with flexible and stable business models. We mainly improve agricultural income through large-scale land management and standardized production, and drive surrounding farmers to work and increase income through land transfer.

Thirdly, it is a leading agricultural enterprise. Having advantages in funding, technology, brand, and market, leading the integration of the upstream and downstream of the agricultural industry chain, covering the entire chain of planting and breeding, agricultural product processing, cold chain logistics, and brand sales. Through methods such as contract farming, stock cooperation, and employment opportunities, we aim to drive large-scale integration of farmers into the industrial system.

The fourth is agricultural socialized service organizations. Focusing on agricultural production trusteeship, agricultural machinery operation, technical guidance, agricultural material supply, production and sales docking and other services, providing specialized services for small farmers, reducing production costs, improving production efficiency, and achieving cost savings and income increase.

3.The Core Mechanism of New Agricultural Management Entities Driving Farmers' Income Growth

3.1 Integration Mechanism of Elements: Addressing the Shortcomings of Small-Scale Farming and Achieving Cost Savings and Increased Income

Traditional small-scale farming faces problems such as fragmented land, outdated technology, high procurement costs for agricultural materials, and low utilization of agricultural machinery, making it difficult to improve production efficiency. The new type of agricultural management entity integrates core production factors such as land, technology, agricultural materials, and agricultural machinery to achieve large-scale and intensive operation, reduce agricultural production costs from the source, and help farmers achieve cost savings and income growth. In terms of land element integration, business entities utilize methods such as land transfer and land trusteeship to activate idle and fragmented rural land, achieve contiguous large-scale planting, and effectively improve land use efficiency and unit area output. In terms of agricultural materials and agricultural machinery elements, the operating entities concentrate on purchasing seeds, fertilizers, and pesticides, significantly reducing the unit price of agricultural materials procurement. At the same time, large-scale agricultural machinery equipment is uniformly allocated to solve the problem of inorganic availability and high agricultural machinery operating costs for small farmers, significantly reducing farmers' production inputs. In terms of technological elements, the operating entities introduce modern agricultural technologies such as breeding of high-quality seeds, green planting, and scientific breeding to provide technical training and guidance to farmers, improve the yield and quality of agricultural products, and achieve quality improvement, efficiency increase, and income growth.

3.2 Industry Extension Mechanism: Extend the Agricultural Industry Chain, Expand Value Added and Income Increasing Channels

Traditional agriculture is limited to primary production processes such as planting and breeding, with a short industrial chain, low product added value, and narrow income growth opportunities for farmers. The new type of agricultural management entity extends the agricultural industry chain and improves the industrial system, promoting the extension of agriculture from a single production link to back-end value-added links such as processing, warehousing, cold chain, brand sales, and rural tourism, and expanding the dimensions of farmers' income growth. Agricultural leading enterprises focus on the deep processing of agricultural products, transforming primary agricultural products into deep processed products, significantly increasing product added value, while absorbing local farmers' employment, allowing farmers to obtain dual income from production and wage income. Cooperatives and family farms focus on standardized production and brand building, creating distinctive agricultural product brands, expanding sales channels through online e-commerce, offline supermarket docking, and other methods, solving the problem of unsold and low-priced agricultural products for small farmers, and improving agricultural product sales revenue. Some business entities rely on characteristic agricultural resources, integrate new formats such as leisure picking, agricultural experience, and rural tourism, promote the integrated development of agriculture and tourism, and provide new channels for farmers to increase income.

3.3 Interest Linkage Mechanism: Building a Shared Pattern to Achieve Stable Income Growth

Interest linkage is the core mechanism for new agricultural management entities to drive farmers' income growth. Currently, a diversified and multi-level interest sharing model has been formed, effectively ensuring the sustained and stable income growth of farmers. One is the income from land transfer. Farmers transfer idle land to the operating entities to obtain stable land rental income, freeing themselves from the constraints of land and allowing them to work nearby to increase income. The second is the income from employment through migrant work. The business entity absorbs local farmers to participate in production, processing, management, sales and other work, allowing farmers to achieve employment at their doorstep and obtain sustainable wage income. The third is the guaranteed purchase income. Through the order agriculture model, the operating entity signs a guaranteed purchase agreement with farmers to lock in the purchase price of agricultural products, avoid market price fluctuations, and ensure stable production income for farmers. The fourth is the dividend income from equity participation. Farmers use land, labor, and idle funds to invest in business entities, participate in annual surplus dividends of enterprises and cooperatives, and obtain property based income gains. The fifth is the secondary rebate income. Some standardized cooperatives distribute secondary profits based on the transaction volume and shareholding ratio of farmers, further benefiting farmers and building a close community of interests.

3.4 Service Empowerment Mechanism: Reduce Business Risks, Build Strong Income Guarantee

Small farmers have weak risk resistance abilities and are prone to reducing production and income, and returning to poverty when facing risks such as natural disasters, pests and diseases, and market fluctuations. The new type of agricultural management entities are empowered by comprehensive socialized services to safeguard farmers' income growth. In terms of production services, the operating entities provide comprehensive custody services including unified supply of agricultural materials, unified operation of agricultural machinery, unified prevention and control of pests and diseases, and unified technical guidance, in order to improve the standardization level of agricultural production and reduce production risks. In terms of market services, business entities rely on mature market channels, brand advantages, and market analysis capabilities to accurately meet market demand, avoid the risks of unsold agricultural products and price drops, and stabilize farmers' operating income. In terms of risk protection, most business entities purchase agricultural insurance uniformly, establish a dual risk fallback mechanism for natural disasters and market fluctuations, minimize farmers' business losses, and ensure the stability and sustainability of farmers' income growth.

4. The Current Dilemma of New Agricultural Management Entities Driving Farmers' Income Growth

4.1 Loose Interest Linkage Mechanism and Insufficient Stability in Increasing Income

At present, the cooperation between new agricultural operators and farmers in most regions still remains in shallow and loose models such as land transfer, temporary employment, and single order acquisition. The proportion of closely linked interest models such as guaranteed dividends, stock cooperation, and secondary rebates is less than 30%. Some business owners prioritize self-development over empowering farmers, and their relationships with farmers are mostly simple buying and selling. Farmers find it difficult to participate in the distribution of income in high value-added links such as agricultural product processing and brand sales, and can only obtain primary production income, which limits their income growth potential. At the same time, some cooperation agreements lack standardization and rigid constraints. When the market situation is sluggish, there are problems such as enterprise default, price suppression, and arrears of payments. Farmers' income is difficult to guarantee, and the stability of income growth is weak.

4.2 Low Industrial Level and Weak Value-Added Capacity of the Industrial Chain

At present, a large number of new agricultural operators are still mainly engaged in primary breeding, with a single industrial layout, a short industrial chain, and insufficient deep processing capabilities. Agricultural products are mostly sold as primary products, with low added value and small profit margins. Most small and medium-sized cooperatives and family farms lack brand building awareness, with severe homogenization of characteristic agricultural products and weak market competitiveness, making it difficult to achieve high quality and good prices. At the same time, the supporting facilities for agricultural cold chain logistics and storage preservation are not perfect, and the loss rate of agricultural products is high, further compressing the industry's value-added space, resulting in limited ability of business entities to radiate and drive farmers' income growth, making it difficult to form a large-scale and sustainable income growth effect.

4.3 Uneven Development Quality of Business Entities, Significant Differentiation in Radiation and Driving Capabilities

The development of new agricultural management entities in China shows a clear polarization trend. Large scale agricultural leading enterprises and demonstration cooperatives have strong funds, advanced technology, and a complete industrial chain, which radiate and drive a large number of farmers and have a significant effect on increasing income. However, a large number of small and medium-sized cooperatives and family farms at the grassroots level have problems such as small scale, shortage of funds, outdated technology, non-standard management, and weak market competitiveness. Their own risk resistance ability is insufficient, making it difficult to sustainably and stably drive farmers' income growth. Some shell cooperatives and formal family farms only rely on qualifications to obtain policy subsidies, and have not carried out substantive production and operation, as well as agricultural linkage work, completely losing their function of helping farmers increase income.

4.4 The Empowerment Service System is Incomplete, and There Is Insufficient Motivation for Farmers to Increase Their Endogenous Income

Some business owners prioritize production and operation over empowering farmers, resulting in insufficient technical training, skill guidance, and market awareness cultivation for farmers. Most traditional farmers have low cultural levels, lack modern agricultural skills, and weak market thinking. They can only participate in basic production labor and are unable to handle value-added positions such as agricultural product processing, e-commerce sales, and brand operation, making it difficult for them to share the high-end benefits of the industry. At the same time, there is a serious outflow of talents and funds from rural areas, and the cultivation of new professional farmers lags behind. Farmers overly rely on the driving force of business entities, and the endogenous motivation for independent entrepreneurship and income growth is insufficient, which limits the sustainability of income growth.

5. The Practical Path of Optimizing the Mechanism for New Agricultural Management Entities to Help Farmers Increase Income

5.1 Establish a Sound Mechanism for Closely Linking Interests and Consolidate the Foundation for Increasing Income

Based on the principles of risk sharing and benefit sharing, we will promote the upgrading of the interest linkage model from shallow cooperation to deep binding. Vigorously promote the diversified benefit distribution model of "guaranteed income+stock dividends+employment income+secondary rebates", guide farmers to invest in the management subject with land management rights, idle assets, and labor force, and deeply integrate into the value-added links of the agricultural industry chain. Standardize the agricultural cooperation agreement for orders, clarify terms such as purchase price, performance responsibility, and breach of contract compensation, strengthen legal constraints, and prevent arbitrary price cutting, breach of contract, and other behaviors. Establish a performance evaluation mechanism for joint agriculture and rural development, directly linking policy support, funding subsidies, project applications, and the effectiveness of increasing farmers' income and the degree of interest linkage, forcing business entities to fulfill their responsibility of helping farmers increase their income, and ensuring that farmers continue to share the dividends of industrial development.

5.2 Extend the Agricultural Industry Chain and Enhance the Industry's Ability to Add Value and Increase Income

Promote the upgrading of the entire agricultural industry chain, fill in the gaps in deep processing of agricultural products, guide business entities to layout industrial links such as initial processing, deep processing, and packaging design of agricultural products, and enhance product added value. Relying on local characteristic agricultural resources, cultivate regional characteristic agricultural product brands, strengthen brand packaging, promotion and standardization construction, and achieve high-quality and high price. Improve agricultural supporting infrastructure, establish standardized warehousing and cold chain logistics systems, and reduce agricultural product storage and transportation losses. Promote the integrated development of agricultural tourism, agricultural electricity, and agricultural culture, cultivate new formats such as agricultural experience, live streaming sales, and rural e-commerce, enrich the scenarios for increasing industry income, broaden diversified channels for farmers to increase income, and enhance the overall ability of the industry to generate revenue.

5.3 Cultivate and Strengthen Business Entities, Enhance Radiation Driven Efficiency

Implement the project of improving the quality and quality of new agricultural management entities, and cultivate management entities in a classified and graded manner. Key support will be given to a group of demonstration leading enterprises, professional cooperatives, and family farms, to create industry benchmarks and leverage the role of large-scale radiation and driving force. Clean up and rectify shell cooperatives and false business entities, standardize business registration, financial management, surplus distribution, and daily operation processes of business entities, and enhance the level of standardized development. Intensify policy, financial, and technological support, provide credit support, technical guidance, and market docking services for small and medium-sized business entities, solve development problems such as funding shortages, technological backwardness, and narrow markets, and comprehensively improve the development quality and agricultural linkage capabilities of various business entities.

5.4 Improve the Empowerment and Cultivation System, Activate the Endogenous Income Growth Motivation of Farmers

Build a normalized and systematic system for cultivating farmers, and jointly organize specialized training on modern agricultural planting and breeding techniques, agricultural product processing, e-commerce sales, market operations, etc. with agricultural and rural departments and agricultural technology promotion institutions to enhance farmers' modern agricultural skills. Vigorously cultivate new types of professional farmers, tap into local talents in rural areas and young entrepreneurs returning home, encourage farmers to start their own businesses and participate in industrial operations, and break away from the passive mode of increasing income. Build a platform for farmers to exchange and learn, promote excellent income increasing cases and advanced production technologies, cultivate farmers' market thinking and innovative thinking, activate the endogenous driving force of farmers' independent and sustainable income increase, and construct a two-way income increasing pattern of "subject driven+farmers' independent".

6. Conclusion

The new type of agricultural management entity is the core carrier for promoting agricultural modernization, driving farmers' sustained income growth, and assisting rural common prosperity. Through four core mechanisms of factor integration, industry extension, interest linkage, and service empowerment, it comprehensively solves the income dilemma of traditional small-scale farming, effectively expands the diversified income channels of farmers' management, salary, and property, and constructs a stable and long-term system for farmers' income growth. Currently, there are still practical problems in China's new type of agricultural management entities, such as loose interest connections, low industrial levels, uneven quality of entities, and insufficient endogenous motivation of farmers, which restrict the full release of the efficiency of helping farmers increase income.

In the future, it is necessary to take the establishment of a sound and close interest linkage mechanism as the core, the upgrading of the industrial chain as the starting point, the improvement of the quality and optimization of the operating entities as the focus, and the empowerment and cultivation of farmers as the support, in order to comprehensively optimize the mechanism for new agricultural operating entities to help farmers increase income. Through multi-party collaboration, we will promote the deep integration and symbiotic development of new agricultural management entities and small farmers, fully unleash the potential for increased income in the agricultural industry, continuously consolidate the achievements of poverty alleviation, promote rural industrial revitalization, and help achieve the goal of rural revitalization with strong agriculture, beautiful rural areas, and rich farmers.

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