

# Study on Sustainable Development Ability of Agricultural Product Processing Enterprise in Jilin Province

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## **Abstract**

With the development of the economy, the sustainable development of enterprise ability has become an issue of concern in business circle. How to improve enterprises' ability of sustainable development has become the focus for most enterprises. Based on the present situation in Jilin province, the authors makes an analysis of the existing problems of agricultural products processing enterprises in Jilin province, and put forward some suggestions on promoting sustainable development ability of agricultural product processing enterprises in Jilin province.

**Keywords:** Jilin province, Agricultural products, Processing enterprise, Sustainable development

As a big agricultural province, Jilin's production of agricultural products rises year by year. The resources of agricultural products that can be used as raw materials are very abundant. But the abundant resources cannot be transformed into industrial products effectively because of the limited of agricultural product processing capacity. This causes masses of agricultural products to flow out in the form of raw materials. Meanwhile there is a great need for industrial products. So Jilin province purchases masses of industrial products every year. Thus agricultural products flow out cheaply as raw materials, then flow back to Jilin province after being processed outside. There is a huge outflow of funds from Jilin province. There are market demands for processed agricultural, but they cannot be met by the agricultural products processing enterprises.

Therefore accelerating the development of the agricultural product processing industry and advancing the whole industry level are significant for enhancing the overall economic strength of Jilin province.

## **1. Analysis of Status-quo for agricultural product processing industry of Jilin province**

Jilin province is located in middle latitude Zone of North Hemisphere in Northeast China. At its central is Song-Liao Plain with a planting area of 3.959 million hectares. Per capita grain possession, grain commercialization, grain outflow and maize export rank top in China for many years. Jilin province is the biggest commodity grain base in China with an abundant production of maize, soybean, rice and so on. Song-Liao Plain is an important commodity grain base and famous Corn Belt in the world. After Reform and Opening-up with the development of production levels and production technology, the grain yield increased by a large extent, there is more and more surplus. During the period, the grain processing industry which mainly engages in primary processing has the initial development.

### *1.1 Status-quo of agricultural product processing industry in Jilin province*

By the end of 2007, there are altogether 776 agricultural products processing enterprises, representing a great increase. Meanwhile, the total assets of the enterprises reached 64.14 billion Yuan climbing up to a new stage. Total industrial output value of the whole year reached 86.78 billion Yuan; profit and tax were 7.524 billion Yuan; value added were 28.746 billion Yuan; total profit were 3.951 billion Yuan. All these mark that agricultural product processing industry of Jilin province is becoming an important pillar industry.

### *1.2 Level of processing of agricultural product processing industry in Jilin province*

With the forming of industry group of agricultural product processing industry in Jilin province, leading enterprises begin to take shape, and agricultural product processing capability has been significantly enhanced. By the end of 2007, there were nearly 200 kinds of maize processing products. Among them there are only 40

deep processing products. The proportion of rough processing and deep processing is approximately 5:1. Processing maize is only about 10% of maize production.

### *1.3 Development of agricultural product processing industry in Jilin province*

In recent years, relying on leading agricultural product processing enterprises to lead and drive standardized production on the part of farmers, Jilin province successfully combine enterprises, bases, farmers and standardization ,which help develop production effectively, promote development of agricultural industrialization, and initiate a new industrialization road characterized by the combination of enterprise, base, farmer and standardization.

This not only benefits farmers but also will create remarkable economic benefit, social benefit and ecological benefit, and promotes regional economic development and new countryside construction. In 2007, the fourth series' 8 demonstrative areas of state -class farm standardization pass examination and checking smoothly. The scale of 6 demonstrative areas for planting industry is enlarged. Their total area increased to 60262 hectares from 54585.7 hectares, an increase of 10.4% in compared with before. The two demonstrative areas for breeding industry increase to 760 thousand heads of animals from 72 thousand, which increase 10.6 times in comparison with the before. The average yield for 8 demonstrative areas increased by more than 10%, the average income increased by more than 20%, enterprise profit increased by more than 15%, and total output value increased by more than 20% .(DATA SOURCE: Jilin News Network)

## **2. Existing Problems of agricultural product processing industry in Jilin province**

At present, the development of agricultural products processing industry in Jilin province cannot match the title of a big agricultural province. There are still some problems during the development as listed *below*:

### *2.1 The agricultural products processing industry scale is relatively small scaled and less developed*

Compare with Liaoning and Shandong province, the development of agricultural product processing enterprises is relatively slow. From the proportion of indicators such as the number of employees, which is a direct measure of scale, total assets and sales revenue over the whole country, Jilin province still lags behind. Jilin is a big agricultural province, but the level of agricultural products processing industry is lower than the average level of our country. This shows that Jilin's agricultural products processing industry and its abundant agriculture and husbandry resources are uncoordinated, the development has fallen behind relatively, and economic aggregate is not significant.

### *2.2 Quality of raw materials does not meet the requirement of agricultural product processing enterprises*

Most farmers take the scattering management and they decide the species and variety on their own, which results in a complicated variety of agricultural products. Moreover, without unified management and standard, an excess of pesticide residue and fertilizer are used. Agricultural products thus cannot reach the standard of agricultural product processing enterprises. Also, without unified management of epidemic prevention and feeding in animal husbandry, the use of hormone and veterinary drug is hard to control. As a result, many animal products cannot reach the requirement of importing countries. This imposes an invisible trade barrier for the export of agricultural product processing enterprises.

### *2.3 Low-level processing and low technological content*

The level of agricultural product processing industry in Jilin province is not high, and the technological level is limited and relatively backward. In addition, high-tech and high value-added products are few. A majority of enterprises are primary processing enterprises producing products with low technological content and low added value. Enterprises with high technological content are mainly large-scale enterprises and few.

### *2.4 Few Patents, few brands, lacking competitive advantage*

Agricultural products processing enterprises in Jilin province have few patent projects and a weak consciousness of the brand. Products of most enterprises are of the same category within the same industry, lacking their own characteristic in that they have no products with competitive edge. Some enterprises have developed products with independent intellectual property, but due to lack of patent consciousness, they fail to apply for patent protection, which result in imitation by other related enterprises and cause them to lose their competitive advantage.

## **3. Measures on enhancing the sustainable development ability of agricultural products processing enterprises**

Enterprise sustainable development ability is correlated to enterprises' development ability to a great degree.

Under the same circumstances of social economy, only enterprises with strong survival function can obtain great vitality and ensure a healthy and sustainable development for themselves. Enterprises should enhance the development ability from the following aspects:

### *3.1 Improving resource utilization efficiency*

#### **3.1.1 Human-oriented and emphasize human capital**

Agricultural products processing industry is the labor intensive industry, so staffs play an important role for enterprises. The population quality of most agricultural products processing enterprises is not high and there is a high mobility of population. All of these have adverse effect on the development of enterprises. Agricultural products processing enterprises should realize the role of employees in driving the enterprises' development, affirm employees' position in enterprises, and provide reasonable guarantee for employees, which will ensure employees' loyalty and improve their working efficiency. Moreover, enterprises can improve the overall level of employees by continuous training.

Moreover, enterprises should pay attention to executive officers and technology developers. More and more enterprises change their focus from production efficiency to management efficiency. Reasonable management plays an important role in sustaining the development of enterprises and promoting the continual growth of the enterprise. Maintaining the stability of executives is significant for the continual growth of the enterprise. Technology is the first impetus for the development of enterprises. Technology exploiters are very important for enterprises. Absorbing and maintaining talents has great significance in development of enterprises.

#### **3.1.2 Keeping advantage in technology, keeping advantage in technology**

Low technological content and fewer patent projects are a common problem in the majority of agricultural products processing enterprises. Although some enterprises' production technology level is high, but their patent level is low, which results in an adverse position in market competition in that they can not keep the competitive advantage. The economic efficiency of per unit commodity from primary process is very small compared with deep processed products. Agricultural products processing enterprises must change from the primary processing with low technology level and develop toward deep processing. Because of the low threshold of the primary processing, agricultural products primary processing enterprise face fierce market competition and threat of the potential entrants, and they are easily kicked out by fierce market competition. On the contrary, deep processing enterprises with high technology do not face intense competition.

Leading enterprises in agricultural products processing industry must pay attention to the investment on technology, strengthen research/ development, and improve their production technology level. While maintaining their leading position in technology within the industry, leading enterprises must create its own patent products through research and development so as to enhance their competitive strength. Meanwhile enterprises must protect independent intellectual property, prevent plagiarism and forgery so as to ensure the enterprise's rights.

#### **3.1.3 Rationalization of industrial organization structure**

Rational industrial organization can promote the development of enterprises. Enterprises of different types in different periods need different organization structure. Many agricultural products processing enterprises are formed on the basis of family workshop. Therefore, along with the enlargement of enterprises, the organization structure of the management can not keep up with the development of enterprises. Excessive centralization of organization structure brings certain hindrance in the development of enterprises.

In addition, the organization structure of most large scale agricultural products processing enterprises is pyramid structure with more than 5 hierarchies, which is basically a functional organization structure. Such an organization structure increases workload of coordination among departments and also affects enterprises' ability of opening up new market. Moreover, the organization structure with many hierarchies affects the information transmission speed and information accuracy, which restricts the flexibility of enterprises. Therefore, agricultural products processing enterprises should examine their own organization structure, improve appropriately, decentralize properly, establish an appropriate flat organization structure, promote information transmission speed and enhance the ability of opening up the market. This can help enterprises seize the market opportunity, strengthen cooperation with foreign companies, and make enterprises develop better and faster.

### *3.2 Promote enterprise development ability*

#### **3.2.1 Enhance the market exploitation rate of agricultural products processing enterprises**

Agricultural products processing enterprises belong to processing enterprises with high resource consumption. But most of their products are easily consumed and have a high mobility. So the stability of resource supply must

be guaranteed. Most agricultural products processing enterprises in Jilin province are located close to main resource-producing areas. Therefore, many enterprises settle down at one place and bring about intense competition for resource.

Accordingly, enterprises must development stable product resource market and ensure the stabile supply of raw material. In present market situation, enterprises should enhance the requirement of raw material so as to guarantee the quality and credit of their products. How to guarantee the supply and the quality of raw material is a problem that enterprises must solve. Raw material base with sufficient, stable and high-quality supply and fast supply channels is one of the important factors for the fast development of enterprises. For example, enterprises can adopt "Corporation + Farmer" or "Technology and Labor force" model. By using of technical advantage of enterprises, the quality of raw material is guaranteed; by using of plenty of the labor force, the supply of raw material is guaranteed.

### 3.2.2 Enhance utilization rate of production resources

Enterprises change their growth pattern from focusing on scale efficiency to technology and management efficiency. Agricultural product processing enterprises in Jilin province must transform its own economic growth pattern, Starting from the basic, enterprises should emphasize efficiency of production resources, increase technological content, improve resource utilization rate and enhance output efficiency of per unit raw material.

Firstly, enterprises should emphasize efficiency from deep processing. Enterprises should raise the technological content of equipment and processing technology level, enhance output of per unit so as to increase enterprise efficiency and guarantee enterprise competition advantage. Enterprises should make use of advantages in technology and make high-added-value deep processing so as to enlarge profit space.

Secondly, enterprises' processing should transform to multi-level processing. Enterprises should change the production pattern of single raw material and single product, excavate the utilization value of waste material at all levels and not waste any resource in order to get the resource efficiency maximization.

### 3.2.3 Strengthening enterprise social responsibility of university, enhancing enterprise image

Enterprise is an organic part of society. Enterprises and society are coordinate and mutually beneficial. The development of enterprises can promote the development of society; meanwhile the development of society can promote the development of enterprise. Enterprise is influenced by social factors as a member of society.

In 2008 a series of food security crisis broke out. Food security has become a concern of society. In fact, the series of crisis reflects enterprises' lack of social responsibility. No matter the tainted milk or the tainted egg, the reason behind them is that the manufacturing enterprises have problems during their production. These issues can be tracked down to enterprises' lack of social responsibility. Enterprises do not raise food security to the level of social public security and do not realize their production is responsible for social public security.

As manufacturing enterprises, their primary responsibility and task is to guarantee security of their products. Only after their product security is guaranteed can enterprises develop in other respects. This is social responsibility which enterprises have to shoulder. Now the whole society aims to establish a socialist harmonious society with joint effort, everyone has the responsibility to contribute to the common goal. Agricultural products processing enterprises also have the unshakable responsibility. We must realize the importance of it and undertake the responsibility resolutely. Enterprises should strictly control the good security and quality and provide safety and high quality products.

With the rapid development of agricultural products processing enterprises, we can see one pillar industry is rising rapidly. With the guidance of reasonable policy, on the basis of present, enterprises should make continuous improvement and strengthen their own sustainable development ability. By means of this, agricultural products processing enterprises of Jilin province will surely make more progress.

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