The Definition of Agricultural Outsourcing

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Abstract  
Agriculture outsourcing signifies how specialized the agricultural sector is and to which extent the sector connects to the society, thus deserves the attention of both theorists and practitioners. This essay reviews relevant works to propose the concept, denotation and structure of agriculture outsourcing, based on which an outlook on the future research of the subject is raised.

Keywords: Agriculture outsourcing, Agriculture outsourcing structure, Definition

1. Introduction  

Arnalte and Estruch (1997) stated that agriculture outsourcing is a rationalizing mechanism of production based on smallholder farming, therefore, it has objective economic implications. In China, outsourcing of agriculture can improve large-scale operation of lands, balance the structure between agricultural family operation and agricultural labor, and enhance modern agricultural development, under the premise of not changing the Chinese base agricultural operation system (Wang Zhigang. 2011). Peasants are the operational host of agriculture production. Take crop-plantation as example, this paper is from the view of peasants to discuss the concept and structure of outsourcing of agriculture, hoping to provide more reference of advance study in agriculture outsourcing.

2. Review of the Definition of Outsourcing  

Outsourcing initially came up in the thesis named Enterprise's core competitiveness published on Harvard Business Review (HBR). The famous management master Peter Drucker used to predict in 1989 that enterprises will outsource businesses and activities which could not provide advanced developing opportunities in the coming 10 years. Since then, many scholars analyzed the concept of outsourcing, Besanko et.al (1996) defined the outsourcing as: a lot of traditional (internal) function by an external contractor to complete. Domberger (1998) defined as the definition, outsourcing enterprise previously achieved by internal activities, contract to external undertake to complete a form of market organization. Corbett (2004): outsourcing refers to large enterprises or other institutions in the past engaged in self (self-engaged or expected) work transfer to external suppliers. Malaughlin (2004) gave a sound administrative explanation of outsourcing, he thought outsourcing is a administrative strategy that an organization passes its non-core business onto a professional and efficient service supplier by the means of signing contracts.

About the the outsourcing concept of the definition given by the scholars are too numerous to ennumerate. Presently, the most widely accepted definition of outsourcing in the
community of theorists is, Under the circumstances of finite quantity of resources, for the purpose of attaining greater competitive advantages and then leaving only the most dominant core resources, a company choose to integrate the best specialized resource with the help of outside ones, and at last, achieve the goal of decreasing costs, improving performances, enhancing the company’s core competitiveness and strengthening its strain capacity. Consequently, outsourcing has three elements: outsourcing subject, outsourcing object and contractors which regulate the rules between the subject and the object. Arnold (2000) points that The outsourcing model consists of four major elements: outsourcing subject, outsourcing object, outsourcing partner, and outsourcing design, further more, with regard to the activities of a company they distinguish between (1) the company core (all activities which are necessarily connected with a company's existence); (2) core-close activities (directly linked with core activities); (3) core-distinct activities (supporting activities); and (4) disposable activities (activities with general availability).

As has been said, a complete outsourcing relationship requires the following basic conditions: first, outsourcing subject (contracting), which has its core business; Second, outsourcing partners, who provides outsourcing services that has certain comparative advantages; third, outsourcing outsourcing contracts (to maintain the host-guest relationship) and outsourcing object; Finally, the establishment of the outsourcing relationship has a certain purpose, specifically to increase revenue, reduce costs or enhance its core competitiveness.

3. The Definition of of Agricultural Outsourcing

The net of agriculture, rural areas and peasants, tri-agricultural outsourcing defined outsourcing an integration of rural area development practice and theories of outsourcing, futures and supply chain, which is based on current situation, and then optimizes agricultural products production and raises income. Induce capital investing agriculture via market, promote the propagation and application of advanced agricultural technology and of agricultural production machine, encourage cooperation and integration of land resources dominated by the system of family responsibly agricultural production, develop agricultural intensification, scalization and sustainability. Tom Vernimmen, Wim Verbeke and Gumechineido Van Huylenbroeck (2000) believed agricultural outsourcing is thus defined as administration being done by a paid person or service form outside the farm, in contrast with the situation where the farmer reports doing the task himself or herself (completing the forms himself, albeit after asking advice or support from an extension agent). Wang Zhigang, shen hongfang etc. (2011) pointed out that outsourcing of rice production process is an act that Outsourcing some or all of the jobs of the Rice Production to others. Chen chao, li yinquq etc. (2012) further defined outsourcing of rice production process as: rice-cultivating peasants who own the land management right choose to employ labor force from outside (including neighbors, cooperatives and agrotechnical stations) that has advantages in technology, labor efficiency etc. which finally lead to higher productivity (or lower opportunity cost) in one or more steps of the seven main production steps —— soi preparation, sprout cultivation, rice transplanting, fertilization, irrigation, pest control and reaping, instead of accomplishing these work all by themselves. Agriculture outsourcing is not yet widespread, domestic and international awareness of the concept of agricultural outsourcing also more specific aspects of certain crops, the understanding has yet to be deepening.

tri-agricultural has three aspects: agriculture, rural areas and peasants.
What is the essence of agricultural outsourcing? Agricultural outsourcing employer is farmers. Similarly to enterprises, what business compose of smallholder agricultural production? Getting the businesses into shape that is the logical starting point to study agricultural outsourcing. The procedure of agriculture production has three phrases: pre-production, in-production and post-production. Peasants have various activities in them, the details as follows: information collecting (inf.-collection), farming project decision (project-decision) and purchase of means of agricultural production (means-purchase) in pre-production; plowing, seeding, fertilizing, irrigation, weeding and medication in in-production; harvest, agricultural product storage (storage), processing, transportation, agricultural byproducts processing and sales in post-production. In accordance with the degree of independence and autonomy of accomplishment of the activities, the sales should be the core business of the farmers. Because farmers’ income derives from the sales of agricultural products, only that they could ensure the production in coming year. Therefore, farmers survival is closely related to the product sales, it is necessary for them to complete by themselves. Sales is relevant to how the farmer collect information about the price of product, how make farming project decion and how many means of agrproduct purchase, Thus, the author takes the three as the core-close activities of farmers. So the author take the others as the supporting activities of farmers, including plowing, seeding, fertilizing, irrigation, weeding, medication, harvesting, agricultural product storage, processing and the transportation. Parallel to the paper of Arnold (2000) in *European Journal of Purchasing & Supply Management*, the farmers agricultural outsourcing structure model is shown in Figure 1:

![Agricultural Outsourcing Structure Model](image)

**Fig 1. Agricultural Outsourcing Structure Model**

With clearing the structure of the agricultural outsourcing, it can be defined that agricultural outsourcing is that, under the basic institution of household contract management, peasants have other professional, effective peasants, groups or service organizations to accomplish some of their agricultural producing management activities before, in the middle of and after the agricultural production process.
Extension of agriculture outsourcing is rich. According to the structure of agricultural production, the outsourcing has four patterns: planting outsourcing, forestry outsourcing, animal husbandry outsourcing and fisheries outsourcing. In terms of outsourcing content, agriculture outsourcing can be divided into two categories: integrated outsourcing and special outsourcing. Special outsourcing can be broken down: farming production outsourcing, aquaculture outsourcing, industrial production outsourcing, technology services outsourcing and the credit outsourcing etc.

4. Review of agricultural outsourcing

In the area of agricultural outsourcing evaluation, Chikuse L.J. (2012) etc. takes sustainability and viability of layering forestry outsourcing, production ability of the contractors and availability of machines as evaluation criteria of Forestry outsourcing, results illustrate that, among forestry contractors, the ones who offer none or hardly any staff welfare hold extremely high utilization rate and production rate in the aspect of mechanic application[13]. Picazo-Tadeo and Ernest Reig-Martínez(2006) measured the outsourcing demand level by assessing the proportion that outsourcing labor and capital occupied in the entire production factors, then by doing empirical analysis, draw a conclusion that cutting down inputs which could hand over to external factor suppliers will improve productivity, namely, outsourcing is positively related to technique efficiency[14]. Paulrajan Rajkumar(2005) focuses on fresh vegetable retail industry, took food mileage as index of agricultural outsourcing, results show that higher “Food Miles” for organized retailer is the result of wider sourcing of supplies closer to the fresh vegetable harvest which are located far away from retail hubs[15].


5. Prospect

In summary, the international academic have many fruits in the field of agriculture outsourcing research. Especially in China, outsourcing of rice production process has been looked into adequately. Researchers in other countries, attach more importance on evaluation and performance of agricultural outsourcing. In addition, during existing research in agricultural outsourcing, there are less research on agriculture outsourcing model, the mechanism analysis, as well as how the outsourcing evoles with promoting rural economy development, these are worthy to be learned and done.

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3 food mileage: distance traveled by fresh vegetables from farming location to consumer in traditional and organized retailing.
References


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