Contemporary Agricultural Co-operatives in China: A Multi-case Comparison of Tea Co-operatives and Their Supply Chains

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I certify that all material in this thesis which is not my own work has been identified and that any material that has previously been submitted and approved for the award of a degree by this or any other University has been acknowledged.

(Signature) .....

Abstract

This research generates insights into the rapid multiplication of agricultural co-operatives in Mainland China before and after the introduction of China's first law on agricultural co-operatives in 2007. More specifically, the research utilises a multiple-case research method to explore the specific context of small-scale tea co-operatives and their supply chains. The research has several objectives. First, to explore how the values of co-operatives conform to Chinese society and culture. Second, to develop a typology of Chinese co-operatives based upon data collected for the tea co-operative industry. Third, to analyse the relationships among the membership of different types of co-operatives to determine if they result in different operational performance. Fourth, to explore how internal factors affect the power dynamics between a co-operative and its stakeholders.

The data informing this research was generated through semi-structured qualitative interviews. Triangulation is achieved through the analysis of documentary sources and the researcher's observations (including participation in tea production). There are three principal findings resulting from the empirical research relating to: the recognition and comparison of Chinese co-operatives and Western co-operative values; building a construct model of Chinese agricultural co-operatives with propositions derived from embeddedness and institutional theories; and the creation of two typologies describing contemporary agricultural co-operatives in China.

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I want to express my sincere gratitude to my family, friends, and everyone who cares or has supported me along this emotional journey. It is their love and concerns that lit up my way through the darkest hours and empowered me to triumph in not only the research project but also my fight against the black dog.

My sincere hope is that this work can make a positive difference for co-operatives and rural communities in China, and contribute to the understanding of international co-operative development, especially in agricultural sector.

I would like to dedicate my Ph.D. thesis to Lu Han.

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List of Abbreviations

ABC	Agricultural Bank of China
AIC	Agricultural Input Supply and Marketing Co-operative
CARD	Centre for Agricultural and Rural Development
CASS	Chinese Academy of Social Sciences
CCP	Chinese Communist Party
CNY	Currency code for renminbi
FPC	Farmers professional co-operatives
GBP	Currency code for pound sterling
HRS	Household responsibility system, also known as the contract responsibility system or the rural household lease
KMT	Chinese Nationalist Party, also translated as the Chinese National People's Party
MoA	Ministry of Agriculture
NGO	Non-governmental organizations
NRRM	New Rural Reconstruction Movement
NSBC	National Statistical Bureau of China, also known as the National Bureau of Statistics China
PBC	People's Bank of China
PRC	People's Republic of China
RCC	Rural credit co-operatives
RCF	Rural co-operative funds, also translated as rural co-operative foundations
SFC	Specialised/Specialized farmers co-operative
SMC	Supply and Marketing Co-operative
TVE	Town and village enterprise

Chapter 1: Introduction and Research Context

This chapter presents a general overview of the thesis, providing a summary of the basic structure and an introduction to the research topic: tea co-operatives. The chapter presents: the aims and objectives of the thesis; the contexts associated with the contemporary boom of agricultural co-operatives in China; the contribution and significance of the research; and finally, a detailed structure of the whole thesis.

1.1 Aims and Objectives of This Research

The aim of this research is to study the business practices and embeddedness of value in co-operative type organisations in China, by exploring the operation of tea producers within tea supply chains. The objectives of the research are to:

1. explore how the values of co-operatives conform to Chinese society and culture;
2. develop a typology of Chinese agricultural co-operatives based upon data collected for the tea co-operative industry;
3. analyse the relationships among the membership of different types of co-operatives to determine if they result in different operational performance;
4. explore how internal factors affect the power dynamics between a co-operative and its stakeholders.

Table 1.1 Objectives of the Research

	Objectives	Method
1	To investigate how the meanings and values of co-operatives conform to Chinese society and culture	Semi-structured qualitative interviews and participant observation
2	Based on data collected on Chinese agricultural co-operatives in a particular industry (tea co-operatives), to establish a typology of Chinese co-operatives	Semi-structured qualitative interviews, participant observation and document analysis
3	To analyse the power dynamics and relationships among the membership of different types of co-operative, to examine if they result in different operational performance	Semi-structured qualitative interviews and participant observation
4	To explore how internal factors affect the power dynamics between a co-operative and its stakeholders.	Semi-structured qualitative interviews, participant observation and document analysis

(Source: Author)

Table 1.1 above demonstrates each specific objective of this research alongside how they will be achieved and the featured chapter within the thesis.

1.2 Research Context: The Phenomenon of Contemporary Booming Development of Agricultural Co-operatives in China

Marked by its first conference in Beijing in 2002, China has been promoting its New Rural Reconstruction Movement (NRRM) in the hope of finding "an alternative method beyond state-socialist and capitalist modes of agricultural and rural development" (Hale, 2013; Yan & Chen, 2013). As defined by Hale (2013), the NRRM is:

> A diverse network involving thousands of people and hundreds of organization (NGOs, peasant organizations, academic institutions, student groups, "social enterprises", and a few state agencies), loosely united by the goals of reversing the rural-to-urban flow of resources and (re)constructing sustainable, self-sufficient communities based on

> cooperation among peasant households, supported by agroecological skill-sharing and alternative marketing.
>
> Hale, 2001: 53

This new movement can be seen as a response to the “San Nong (三农)” issues (issues related to agriculture, farmers and rural development) first raised in the late 1990s by Prof. Tiejun Wen of Renmin University in China, which have attracted increased attention from intellectuals and government ever since (Wen, 2003; Yan & Chen, 2013). “San Nong” includes three dimensions: “nong min (农民)” - farmers or peasant; “nong cun (农村)” - countryside or rural community; “nong ye (农业)” - agriculture. “San Nong” issues refer to those problems challenging the sustainability of Chinese rural society and agriculture, which is “rural livelihood and its reproduction, the coherence of rural society, and the sustainability of agricultural production” (Yan & Chen 2013: 964).

Government and academic institutions in China have noted that the lack of organization among rural producers is a fundamental problem for rural and national reconstruction, it is believed that those pioneers initiating the NRRM were inspired by the previous Rural Reconstruction movement nascent in the 1930s (Deng et al., 2010; Yan & Chen, 2013). One of the major components of NRRM is the advocacy and promotion of co-operatives in rural China (Yan & Chen, 2013). In 2004, the NRRM became more popular when the Chinese party-state government started to pay more attention to the “San Nong” issues, and shifted to pro-peasant policies. From 2004 to 2008, the goal of addressing the “San Nong” issues made up a large portion in the central government’s

annual “No.1 Documents”.[1] A series of favourable policies for rural and agricultural development were announced, including various subsidy schemes, elimination of agricultural taxes, and a remarkable increase in the rural infrastructure budget (Gale, 2009; Chow 2006). As a more sophisticated appreciation between rural economy, social welfare and environmental sustainability, as well as a progressive movement towards a more integrated form of policy making, “San Nong” issues have attracted increasing attention from intellectuals and policy makers, which in fact has stimulated both the NRRM and the development of Specialised Farmers Co-operatives (SFCs). In 2002, for the first time, the percentage of Chinese villages holding at least one SFC grew beyond five per cent (Deng et al., 2010). A great number of co-operatives and some other types of similar peasant organizations have been founded in the following years (Hale, 2013). According to the national statistics for 2004, the number of specialised farmer co-operative organizations in China exceeded 150,000, involving over 23,630,000 households, which is equivalent to approximately 10 per cent of the total amount of Chinese rural households (Ministry of Agriculture of the People’s Republic of China, 2007; Wu & He, 2009; Zhang & Deng, 2009).

SFCs in China have grown in number and become a more noticeable

[1] 《中央一号文件》, it used to refer to the first policy document issued by Chinese central government every year. After years of focus on “San Nong” issues, the ‘No.1 Documents’ are now considered as a proper noun with a fixed theme on agricultural and rural issues.

phenomenon since 2000, however the lack of supporting legislation in the 2000s restrained their development (Cao & Yan, 2003; Huang, 2008). Researchers list the lack of legal provision as one of the most significant constraints preventing Chinese SFCs from achieving further growth (Cao & Yan, 2003; Jiangsu Province Agricultural Commission, 2004; Wei, 2004). For example, the lack of legal structures caused difficulties for SFCs when registering with the State Administration for Industry and Commerce (中华人民共和国国家工商行政管理总局) and other administrative bureaus in China, because it was not clear which type of economic entities co-operatives should be categorized as. Other constraints included insufficient political supports from central and/or local government, insufficient financial resources, unregulated internal management, inadequate governance and benefits-distributing mechanisms, inefficient operating and information systems, absence of standardised performance measurement, and lack of human capital (Cao & Yan, 2003; Jiangsu Province Agricultural Commission, 2004; Wei, 2004). These factors are believed to have discouraged and limited the spread of SFCs in China. In Zhao's (2007) opinion, the lack of a specific law for SFCs is the major reason for the failure of his first attempt to work with farmers in Shanxi Province in China to start up an SFC in 2004.

In 2006, as part of the efforts to further address the "San Nong" issues and to promote SFCs in rural agricultural regions, the National Law of the People's Republic of China on Specialised Farmers Co-operatives (《中华人民共和国农民专业合作社法》, also translated as the Chinese National Co-operative Law -

abbreviated as the SFC Law in this paper) was enacted. The law was drafted at the end of October 2006 and came into force on 1st July 2007 (Zhao, 2007; Du, 2008; Huang, 2008). The promulgation of the SFC Law triggered more rapid growth of SFCs nationally than hitherto (Ministry of Agriculture of the People's Republic of China, 2007; Du, 2008) and was an indicator that the Chinese co-operative movement had entered a more mature stage Yan & Chen, 2013). Many of the constraints mentioned above have been addressed by the SFC Law and the Farmer Cooperatives Registration Regulations (《农民专业合作社登记管理条例》). Most importantly, the SFC Law confers a clear legal status or identification to Chinese SFCs, which gives them a separate legal personality, enabling SFCs to conduct business activities as other entities (such as the legal right to enter contractual relationships) (Deng et al., 2010), and to enter into market competition with other economic entities on a legal basis (Zhao, 2007; Huang, 2008). The law has also greatly encouraged intellectuals and local officials to promote SFCs (Dent et al., 2010). According to Deng et al. (2010), by 2008 the total number of SFCs in China was estimated to total over 200,000 with more than 20 million farmers involved. And it is believed that the growth has been even faster since 2008.

Yuan (2008) argues that the SFC Law displays the Chinese government's attitude towards SFCs, which is to support and guide the development of SFCs, to regulate the organizational form and behaviours of SFCs, to protect the interests of SFCs and their members, and to enhance Chinese agriculture and rural economy. Many favourable rules conducive to the development of SFCs

are proposed in the SFC Law and the Registration Regulations. First, SFCs are not charged to become officially registered with the Administration for Industry and Commerce and other administrative purposes; second, there are no requirements on the minimum amounts of capital required to set up an SFC, and the funds invested to start an SFC are not required to be verified; third, the government has promised to implement a series of political and other types of supports towards SFCs (Zhao, 2007). Encouraged by the pro-co-operative policy at the national level, regional and local governments have started to put more effort into the promotion of SFCs. By the end of 2007, the year the SFC Law was enacted, 29 provinces (out of 34) across the country had already created local policies to provide supports for the promotion of co-operatives in the areas of: fiscal support; taxation; sources of financial loans; land usage; electricity usage; and human resources (Ministry of Agriculture of the People's Republic of China, 2007).

Du (2008) argues that it is the loose requirements and low registration threshold adopted in the SFC Law that creates the opportunity for SFCs to mushroom in China. In general, Huang (2008) asserts that the SFC Law is tailor-made for the co-operative movement under the unique social and economic environments in China at its current stage of development. This can also be indicated by the rapid growth in the total quantity of SFCs since 2007. At the end of the first quarter of 2012, the number of officially registered SFCs reached 550,000, which is almost four times the number of SFCs (including both registered and unregistered ones) in 2004 (see Table 1.2), with 91.2% of

administrative villages covered by at least one SFC (Hui, 2012). According to the statistics, the diffusion of Chinese SFCs has dramatically increased. By 2012, the number of SFCs was 3.7 times the total number of all types of co-operating economic organizations founded in the 28 years before 2007 (Hui, 2012). Besides the remarkable increase in the number of SFCs, other changes have also been observed since the promulgation of the SFC Law and associated policies. Huang et al. (2008) find that SFCs have extended their focus from production and marketing, to embrace technical support and land usage. It has also been observed that compared to individual farming households and agricultural companies, SFCs are more likely to develop closer co-operations with up- and down-steam partners in the supply chain and other co-operatives (Hui, 2012).

Table 1.2 Changes in Numbers of Co-operatives in China from 2004 to 2012

Year	**2004**	**2012**
Number of Co-operatives	150,000	550,000
Number of Member Farmers	23,630,000	43,000,000
Members as percentage of national farming population	10%	17.2%

(Source: Ministry of Agriculture of the People's Republic of China, 2007; Hui, 2012)

Although the total amount of SFCs in China is significant, the co-operative movement in China is piecemeal and unevenly developed in different regions (Wu & He, 2009). Generally speaking, agricultural co-operatives emerged earlier and have been better developed in Eastern China, where the market economy and industrialization have a longer history; while those co-operatives in Western China are still in their infancy (Liang & Hendrikse, 2013; Xu et al.,

2013). For example, in Zhejiang province, which is one of the most industrialized and urbanized regions in China, the development of SFCs is considered as a pioneer and exemplar for SFCs in the rest of the country (Sun et al., 2012). As early as 2000, the first officially registered SFC was founded in Wenling, Zhejiang. In 2001, Zhejiang was chosen by the central government as the only pilot region in China to promote SFCs. In 2004, Zhejiang even released its own set of provincial regulations for SFCs (《浙江省农民专业合作社条例》), which was the first local regulations focusing on SFCs in China (Sun et al., 2012). All these milestone events took place in Zhejiang province before the enacting of the Chinese national law for SFCs. On the contrary, in some other regions (namely Central and Western China where the economy is generally less-developed), the development of SFCs has been much slower, which, as pointed out by Wang and Heng (2008), has led to fewer benefits for farming households and rural communities in those areas. The different development status of SFCs in various regions can be sensed from the significant difference in the amount of SFCs in various Chinese regions. Table 1.3 consists of statistics of co-operatives from studies in 7 different provinces in China, from which can be seen that the amounts of co-operatives in these regions are quite different. The changes in number of co-operatives in Shanghai and Jiangsu over time indicate that co-operatives have been spreading.

Table 1.3 Number of Co-operatives in regional China

DataSource	Region	Year	No. of Co-ops[2]	No. of Registered Co-ops[3]	No. of Members
Cao & Yan, 2004	Hubei (Southwest)	2003	985*		
Ye, 2008	Shanghai (Southeast)	2003	24*		
		2006		510	70,400
Bao et al., 2008	Jiangsu (Southeast)	2003	1,859		2,200,000
Jiangsu Province Agricultural Commission, 2004		2007	6,862		1,240,000
Wang, 2008	Fujian (South)	2007	451	414	
Xu, 2008	Liaoning (Northeast)	2007	1,620		208,000
Wang et al., 2008	Shangxi (山西 Central)	2008	9,400		1,500,000
Han & Liu, 2007	Beijing (North)	2005	1,273		298,000

(Source: Author)

The rapid numerical and institutional development of farmer co-operatives in China presents researchers with a dynamic environment in which to explore the contemporary contribution of co-operatives to rural development. The uneven geographical and temporal development of co-operatives in China suggests that research into FSCs will not only need to take into account the national legislative context, but pay attention to the specific regional and local contexts in which co-operatives operate. Moreover, the geographies of agricultural commodity markets and their intersection with the geographies of farmer co-operatives, along with their associated supply chains, are likely to be important

[2] Some of the statistics before 2003 were not specifically about the amount of SFCs, those figures with * might also include other types of farmer co-operating organizations.

[3] Some studies differentiate co-operatives registered and unregistered under the SFC law and regulation, while other did not specify if the co-operatives in their statistics are registered or not.

considerations for researchers exploring this new phenomenon in China.

1.3 Research Questions and Contributions

Three research questions are developed and attempted to be answered in this study (each question has several sub-questions, as detailed in Chapter 4). These three research questions are:

Research Question 1: How do contemporary agricultural co-operatives (so-called “SFCs”), operating within agricultural supply chains, self-identify and exercise their co-operative values within the specific cultural contexts found in China?

Research Question 2: What are the different types of agricultural co-operative practices in China?

Research Question 3: In which areas do different types of agricultural co-operatives in China require better support from legislation and policy makers, especially in consideration of these co-operatives’ distinctive values?

The main contribution of this research is threefold. First, theoretically, this work fills gaps in extant literature (published in both English and Chinese languages) regarding agricultural co-operative development in mainland China since 1978. With reliable data collected with in-depth qualitative empirical fieldwork and results from rigorous-designed research analysis, it provides a trustworthy attempt to unveil the little-understood area of co-operative development in China. More specifically, this research project contributes to

understanding the values and meanings associated with the notion of "co-operatives" in China by constructing a typology of Chinese agricultural co-operatives and examining the various influential internal and external factors that are related to the development of Chinese agricultural co-operatives. Second, the thesis contributes to a better practical understanding of co-operatives that would help their members and managers to achieve improved performance and development. Third, by providing a more thorough understanding of co-operative types and the relations between various factors and their performance, this research contributes to policy makers' attempts to target their policies to address the needs of co-operatives and advance rural development. Together, these contributions address the wider issue of rural development in China. In addition, it is hoped that other developing countries will be able to derive benefits from the findings of this research. More details regarding gaps in the extant literature are referred to in Chapter 3.

1.4 Structure of This Thesis

This thesis is structured as follows. This chapter (Chapter 1) is a brief introduction to this Ph.D. project and the research context. Chapter 2 provides background information on the historical development of co-operatives in modern China. The third chapter presents a literature review including the reviews of both English and Chinese language publications on agriculture co-operatives in China, as well as theoretical background of this research, such as embeddedness theory and institutional theory. Chapter 4 is the methodology

chapter, which talks about the researcher's philosophical position, and presents research questions of this thesis, choices of research approach as well as data collection methods, sampling and data-collecting field trips, and basic data analysis and reflection. Chapter 5 to 7 are the empirical chapters. Chapter 5 introduces and analyses Case 1 (the H Co-op) and Case 2 (the Y Co-op, which is a dummy case). Both case co-operatives are located in Kaihua, Zhejiang Province, China. Chapter 6 and 7 presents respectively Case 3 (the T Co-op in Yueqing, Zhejiang Province, China) and Case 4 (the N Co-op in Liyang, Jiangsu Province, China). Following within case chapters, the next chapter (Chapter 8) conducts a cross-case analysis. At last, Chapter 9 provides further discussions developed from case analyses, as well as a conclusion of this thesis, including contributions of this research and its limitations.

Chapter 2: Background: The Historical Development of Co-operatives in China Since the 1900s

This chapter provides background information on co-operatives and the co-operative movement in China. The aim of this chapter is to present the major historical development of Chinese co-operatives over the past century. There is very little coverage in the Western literature about the historical emergence of Chinese co-operatives in the twentieth century, which means that research into the rapid expansion of co-operatives is at risk of misunderstanding the causes of this expansion. Two main types of Chinese co-operatives are identified in this historical review, which includes both English and Chinese language literatures.

The first type of co-operative reviewed in this chapter is involved in Chinese agriculture, mainly agricultural production and related marketing activities. The second type are Rural Credit Co-operatives (RCC). The focus of this research is on the first type of co-operative, as this type is similar in function to those set up during the contemporary co-operative movement in China. RCCs can barely be classified as co-operatives, although they are named as co-operatives (see Section 2.2 below). In this chapter, the history of Chinese agricultural co-operatives will be described in chronological order. The evolution of RCC will also be briefly introduced since the evolution of RCCs also reflects the social changes taken place in rural China and it also forms part of the Chinese co-operative movement.

Understanding the changes in the Chinese co-operative movement through different historical stages contributes to the realisation of the objectives of this research, because not only are historical developments influential in forming Chinese society and culture today, but more importantly it is crucial in developing a more thorough understanding of the structures and values of current agricultural co-operatives in China. In addition, this historical review is an original contribution to the literature as no comprehensive review has been conducted in English on this topic currently exists.

2.1 Historical Development of Agricultural Co-operatives in China

2.1.1 Pre 1949 (before the establishment of the People's Republic of China)

Developing in China at the beginning of the twentieth century, the Chinese co-operative movement predates the People's Republic of China. The origin of co-operatives in China receives scant attention in the English literature, perhaps because of the significance of other historical events that have eclipsed the movement and also in part due to the language barriers existing between Chinese and Western scholars; the disruption caused by the Second World War may have also contributed to this situation. The first rural co-operatives in China emerged in the 1920s, and drew attention from and were supported by Chinese intellectuals as well as various political forces in China at that time, including the Chinese Communist Party (CCP), the Chinese Nationalist Party (KMT, also translated as the Chinese National People's Party), and even the Japanese colonial power in Northeast China (Tsang, 1996; Deng et al., 2010;

Yang & Chen 2013)[4]. Endorsed by Mao Zedong, the CCP (in the regions it occupied) encouraged poor peasants to come together and form co-operatives to enhance their supply and marketing activities (Tsang, 1996)[5]. It is believed that this blossom of co-operatives formed an important part of the so-called Rural Reconstruction Movement in China in the 1930s, which focused on the reduction of poverty and improvement in education in rural China (Deng et al., 2010; Yan & Chen, 2013). Although the emergence of early co-operative experiments in rural China was influenced by Western pioneers such as Raiffeisen (Mallory, 1931; Tresscott, 1993), the co-operative movement in China has developed its own distinctive non-western characteristics, nurtured by the social and cultural contexts of its emergence (Trescott, 1993; Clegg & Cook, 2009; Bernardi & Miani, 2014)

2.1.2 1949-1977: Supply and Marketing Co-operatives and communes

Not long after the foundation of People's Republic of China, the political environment dramatically changed. Following Mao's philosophy, which forced the pursuit of collectivization in agricultural production as well as in many other areas, numerous private rural business enterprises and independent farmers

[4] Although there was a central government led by the KMT since 1911, China was fragmented into different regions and ruled by warlords and Japanese Invaders. CCP was established in 1921 and since then developed an army not recognized by the KMT government. After defeating Japan in the Second World War and the civil war between KMT and CCP armies, in 1949 the PRC was founded and KMT was expelled to Taiwan.

[5] Considering the complex situation of internal competition and power structure, this could or could not be Mao himself.

were removed. Instead, Supply and Marketing Co-operatives (SMCs) were promoted by the state and soon monopolized rural distribution system across the whole country (Tsang, 1996; Putterman, 1997). At the early stage (the 1950s), SMCs retained some measure of voluntary and democratic participation among their members, but during the Great Leap Forward movement (1958-1960s) and later the Cultural Revolution (1966-1976) SMCs became state-owned entities following the “leftist” ideology and were transformed into the commune system (Tsang, 1996). The monopoly status and state ownership of SMCs resulted in many problems: for example, serious corruption and bureaucratic harassment amongst their managing cadres (Tsang, 1996). Putterman (1997) clearly pointed out that those SMCs in the commune system should not be classified as “cooperatives”:

> The idea that the units were “cooperatives” or their property meaningfully collective should be dispensed with, because leaders were not democratically chosen by “members”, and members had little control over the amount of earnings to be distributed to them and could not choose to sell off “collective” assets to enhance present income. Indeed, the very concept of membership, central to any true cooperative association, is inappropriate here, since one belonged by virtue of residence.
>
> Putterman, 1997: 1644-1645

It is widely agreed that the socialist experiment of SMCs and communes were proved to be a huge failure (Putterman, 1997; Tsang, 1996). The negative consequences were far reaching: at least two decades of agricultural stagnation

and the infamous famine that resulted in millions of deaths (Ashton et al., 1984, as cited in Putterman, 1997; Tsang, 1996; Liu Y et al., 2014)[6].

2.1.3 1978-1990s: Deng Xiaoping's reform and SFCs

After 1978, a reform of the agricultural sector was facilitated as an important part of China's economic reform or "open door" policy during Deng Xiaoping's era. One of the most significant shifts in the Chinese government's policy was the design and implementation of the Household Responsibility System (家庭联产承包责任制 HRS, also known as the Contract Responsibility System or the Rural Household Lease), which marked an end to the previous state-controlled collective system (i.e., rural commune system) and a revival of private sector (Tsang, 1996; Deng et al., 2010). Under HRS, land[7] and other agricultural capital that were previously collectively-owned by communes or villages were allocated back to individual households. This in turn increased agricultural productivity and farmers' income (Yang, 1994; Tsang, 1996; Deng et al., 2010). Statistics from the National Statistical Bureau of China (NSBC, also known as the National Bureau of Statistics China) prove the effectiveness of HRS – between 1978 and 1984, the annual growth rate of grain production achieved

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[6] Although disagreement exists about the exact figure of the famine, a conservative estimation of 30 million is generally accepted. See Frank Dikötter (2011), *Mao's Great Famine: The History of China's Most Devastating Catastrophe, 1958-62*, and Jisheng Yang (2007), *Tombstone* (墓碑—中国六十年代打饥荒纪实).

[7] The HRS reform 'equally allocated collectively owned (or village-controlled) land to individual households in each village. Households had land-use rights for 15 years. In the mid-1990s land-use contracts were renewed for another 30 years and in 2008 China's leadership announced that these user rights would be indefinitely valid' (State Council, 2008, as cited in Deng et al., 2010).

nearly 5%, while the rate for meat and cash crops were even higher (double and triple this rate respectively); rural poverty was significantly cut by more than half, from 30.7% to 14. 8% (Deng et al., 2010).

More importantly, the implementation of HRS also made the later expansion of the agricultural market economy possible (Tsang, 1996; Deng et al., 2010). After the implementation of HRS and the de-collectivization of commune system, the rural population were released from state control and had more and better opportunities to diversify their own economic activities, as well as stimulating the growth of private industry (including co-operative rural industries) and the migration of rural labourers (Yang, 1994). Many of those collectively owned Town and Village Enterprises (TVEs) from the previous era were privatised by contracting out from township and village to individual members. This reform proved successful as much more economic differentiation and profits were created by these new TVEs compared to the commune era (Yang, 1994; Pei, 1996; Putterman, 1997). Some of the TVEs (especially small- and medium-sized ones) were transformed into vaguely defined co-operatives owned by the workers and/or local residents (Pei, 1996; Putterman, 1997; Smyth, 1998). This transformation from TVEs into co-operatives (named as a "Shareholding Cooperative System" by Clegg (1996)) was also emphasised and supported by central government in its ninth Five-Year Plan (Smyth, 1998). Major improvements were achieved by this transformation. Farmers, workers, managers and even local governors are now united around the co-operative

type enterprise[8] (Clegg, 1996). Workers, now shareholders, were better motivated and thus had a more positive attitude towards work; managers, now shareholders, started to value both short-term and long-term profits in decision making (Smyth, 1998)[9]. It has also been observed that the reform strengthens enterprise autonomy and improves operation efficiency whilst maintaining the principles of equity (Clegg, 1966).

With the reconstruction, the monopolistic position of SMC in the national distribution system was also removed (Tsang, 1996). Decentralizing authority has taken place during the process. The reform of SMCs was guided by three fundamental objectives: 1) to restore the mass character of the co-operative ownership; 2) to reconstruct democracy in co-operative management; 3) to recover the flexibility in their operation (Yang et al., 1992, as cited in Tsang, 1996). The SMC system then became "like a federation of more or less independent units coming together for the sake of mutual benefit" and started to focus more on pursuing efficiency and profitability (Tsang, 1996: 23). At this stage, SMCs continued to be the main intermediaries for peasants to buy farming inputs and to sell agricultural produce, but SMCs evolved to buy agricultural purchases on a negotiated price basis rather than an administered

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[8] This also reflects the fact that this reform is more complicated than just a simple corporate re-arrangement or a direct privatization. And the reformed enterprises are still actually under the influences of local governments. See Clegg (1996).

[9] However, in most such co-operatives, not all workers are eligible to become a shareholder. It has also been observed that some co-operatives withhold workers' wages in order to raise more capital. See Smyth (1998:797-799).

basis, therefore providing more competitive prices for farmers, but also facing stiffer competition from other private companies who were seeking to supply farmers. Some SMCs also started to disseminate agricultural market and price information, as well as training farmers in new agro-technology (Tsang, 1996).

The changes associated with SMCs made the emergence of modern agriculture and modern co-operatives possible in China. However, it still took almost another decade, till the 2000s, for modern Specialized Farmer Co-operatives (SFCs, also known as FPCs - Farmers Professional Co-operatives) to appear in China. Defined by Zhang & Deng (2009), SFCs are a type of collective economic entity voluntarily set up by member farmers for the purpose of achieving co-operation in production and marketing, and thus to protect their interests. The emergence of SFCs was largely due to the failure of state-held SMCs (labelled as “AICs” - Agricultural Input Supply and Marketing Co-operatives) in meeting private farming enterprises’ needs. Since SMCs were set up to provide inputs for collectively owned farms, they could hardly fulfil the needs of individual small-scale farms under the HRS (Stone, 1988 and Sicular, 1988, as cited in Deng et al., 2010). Realizing this problem, in 1987, the State Council introduced a supporting policy to encourage SMCs to work with farmers, which in fact triggered the emergence of early versions of SFCs (Deng et al., 2010). According to Zhang & Deng (2009), farming households willing to join SFCs are mainly motivated by the additional economic benefits that can be expected from a co-operative membership - generally speaking, members of SFCs tend to maintain a 20% to 50% higher rate in increasing farming income.

Despite all these policy changes that were favourable for agricultural co-operatives, under the political and societal environment in the 1980s and 1990s, agricultural co-operatives were much less popular than today and the exponential increase in recent years could not have been predicted. After the establishment of the first SFC in 1987, the number of co-operatives in rural China was growing slowly and remained quite small. According to Deng et al.'s (2010) survey, in 1987 the percentage of villages covered by at least one SFC was only 0.08 percent (8 in 10,000) and it then took over a decade for this figure to double. It was not until the late 1990s that a more favourable environment was created for SFCs (Deng et al., 2010). With a more mature market for agricultural inputs as well as agricultural products, farmers became more motivated to produce high value cash crops and specialty commodities. In 1998, the Chinese government started "its first serious effort" to encourage and support broad types of SFCs as long as they were voluntarily established by farmers to enhance input supply, technology and/or marketing of agricultural production (Deng et al., 2010). It is from this point that the growth of Chinese SFCs started to accelerate.

2.2 Evolution of The Rural Credit Co-operatives in China

The Rural Credit Co-operatives (RCCs) are another important type of co-operative in China which serves as a major financial institution in rural areas. Together with formal banks such as the Agricultural Bank of China (ABC), they dominated the financial market in China (Liu & Wu, 2008). Since the RCCs

are not directly involved in agricultural production and marketing and have a distinctive development pattern since their emergence in China in the early 1900s (Mallory, 1931; Tresscott, 1993), the author decided to describe the evolution of the RCCs separately in this section. Similar to the evolution of agricultural co-operatives, the evolution of RCCs can be divided by years when the Chinese government made their significant policy shifts. As can been seen from Figure 1, the evolution of the RCC has a similar trajectory as the evolution of agricultural co-operatives – they experienced major reforms at the same historical point and are both related to the Chinese government's policy shift.

Figure 1 Evolution of Agricultural Co-operatives and Rural Credit Co-operatives in China

Political Events	Foundation of PRC	Great Leap Forward & Cultural Revolution	HRS and privatization	NRRM and focus on "San Nong"	SFC Law
Year	**1949**	**1978**	**2000**		
Agricultural Co-ops	Early experiments	Forced to become State controlled SMCs	Slow evolving of SFCs, TVEs shifted into SCS	Boom of SFCs	
Rural Credit Co-ops	Early experiments	Operated as bank branches	Reformed to fit market economy, Co-existence of RCFs and state-controled RCCs	RCCs under market economy, Emergence of Joint RCCs	

(Source: Author)

2.2.1 Pre 1978

As a micro finance institution, the RCCs emerged in China in the early 1900s. At the beginning, the RCCs appeared as numerous individual small-scale co-operatives, owned and operated by local people for the interests of community (Watson, 1998). However, like other agricultural co-operatives discussed in above section, the RCCs became state-controlled after several socialist political and/or societal movement in the early years after the foundation of People's

Republic of China (Watson, 1998; Gale, 2009; Xie, 2003). About the same time as the SMC campaigns, the RCCs were transformed into “a subservient branch of the state banking system” to fund the planned agricultural economy (Watson, 1998; Gale, 2009). Some hold the view that the RCCs were actually terminated after the Cultural Revolution[10].

2.2.2 1978-1990s: The reform of rural financial system

During Deng Xiaoping’s era, the focus of the CCP government started to shift towards developing the economy and constructing markets. However, due to the systematic features of the RCCs that were designed to serve centrally planned economy, they did not perform well under the market economy (Gale, 2009). Significant scarcity of funds took place in rural China (Holz, 2001). While the implementation of HRS started the transformation into privatization and decentralization, the reform of the rural financial system was also a key factor.

A new co-operative type of co-operative financial services, Rural Co-operative Funds (RCFs, 农村合作基金会, also translated as Rural Co-operative Foundations) were founded under the “protective shield” of the Ministry of Agriculture (MoA) with an original purpose of taking over financial issues that

[10] Yi (1986 c.f. Watson, 1998) compared the situation of RCCs in China after the Cultural Revolution to those in the USSR. He pointed out that although Chinese State did not officially abolish RCCs, in practice the existence of RCCs was just little more than “ín name only”.

were previously under the control of communes and other state-controlled collective organizations (Holz, 2001). Several years later, the RCFs started to focus on grander development schemes in the rural financial system, while those formal financial institutions (such as banks) faced problems related to profitability and quitted from Chinese countryside (Holz, 2001). Since then, RCFs have better met the needs of rural economy than formal financial institutions, by providing financial services to a great number of rural enterprises such as TVEs which had difficulty in accessing loans at that time, as well as serving individual rural households who were neglected by formal banks (Holz, 2001). In fact, RCFs were believed to effectively prevent further outflow of funds from rural to urban areas, which was a problem caused by the CCP's previous policy, resulting in wide poverty in agricultural regions (Holz, 2001; Yan & Chen, 2013).[11]

At the same time (since 1978), the State Council also pushed the reform[12] of former RCCs with the same major objectives used to reform of the SMCs: (1) to restore the mass character of the co-operative ownership; (2) to reconstruct democracy in co-operative management; (3) to recover the flexibility in their operation (Yang et al., 1992, as cited in Tsang, 1996; Watson, 1998). In the

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[11] With Mao Zedong's "price scissors policy" theory, capital was extracted from agriculture and rural regions "by procuring commodities at low prices in order to subsidize urban consumers and invest in industry" (Gale, 2009).

[12] Watson (1998) argues that not much change was achieved during this reform. Xie (2003) suggests that after several reforms since 1980s, no significant improvement in their financial performance has been observed (Xie, 2003).

late 1990s, the People's Bank of China (PBC)[13] started another round to promote county- and township-based RCCs and merge those largest RCFs with the RCCs (Holz, 2001). There might be two major reasons for this merging: (1) the RCFs were relatively informal and incurred higher risks due to their loose management (in fact, many RCFs had poor credit check system and experienced liquidity problems); (2) the RCFs and other informal lending in rural China competed with the relatively formal financial organizations (i.e. banks and RCCs), which the PBC did not want to see (Watson, 1998; Holz, 2001; Turvey & Kong, 2010; Zhou & Takeuchi; 2010). Holz (2001) comments on this emergence:

> RCFs represent a monetary counterrevolution from the countryside in two respects. They lend locally (rather than channel funds to urban areas), and their lending practices diverge from formal financial sector rules such as on interest rates. RCCs have the potential to rise up to both challenges…RCCs also, uniquely among all formal financial institutions, could adjust their lending rates upward…By merging financially sound and innovative RCFs into the more often than not insolvent RCCs with their high overheads and traditional banking practices, the PBC may be injecting just the new blood the RCCs badly need. RCFs might continue to operate as before, only now as a department within the RCC specializing in small loans with the type of

[13] PBC (or PBoC) is the central bank of People's Republic of China, which is charge of the power to make monetary policy and regulate Chinese financial institutions.

risk that RCCs formerly could not or were not willing to handle.

Holz, 2001: 216

Hence, the RCFs were actually abandoned as a separate type of organization[14]. After the reform, the RCCs experienced better development and by the later 1990s, the amount of reformed RCC branches in rural China exceeded the number of ABC branches (Holz, 2001).

2.2.3 From 2000

Coinciding with the NRRM and central government's focus on "San Nong" issues and agricultural community, the current round of financial reforms in rural China started after 2000 (Gale, 2009). This reform has been carried out under the goal of "industry repaying agriculture", which is a reversal of Mao's "price scissors policy" and re-emphasizes the importance of preventing capital outflow and attracting more capital to rural agricultural areas (Gale, 2009; Yan & Chen, 2013). As always in countries like China, the shift of policy and changing regulation continued to play an important role in reshaping the rural financial sector (Liu & Wu, 2008). As a prominent part of China's rural policy, financial reforms have continued after the enacting of the Law on Specialized Farmer Co-operatives in 2006.

A problem with the RCCs is that they are generally small in scale, which made it

[14] In Zhou & Takeuchi's (2010) research, it was found that there are still some RCFs running informally in rural China.

difficult for them to spread costs over localities, and limit their ability to access larger markets and attract interregional capital sources (Gale, 2009). Realizing this issue, the government started to reform RCCs by consolidating small RCCs and clarifying the ownership of RCCs.[15] In order to "deepen the RCC reform", policies were made by the State Council to support the RCCs to jointly establish supra-organizations[16] (信用联社, translated as Joint RCCs or RCC Unions) based on a municipal or even provincial scale, which not only lowered the risks and improved the profitability, but also made it easier for the PBC to supervise rural financial markets (Holz, 2001; Gale, 2009). While the ABC and other banks withdrew from rural agricultural regions, which are less profitable for them, the RCCs, with subsidies from the government, kept growing and are becoming increasingly important in providing microloans to agricultural households (Liu & Wu, 2008; Gale, 2009). By 2006, the share of the RCCs in total financial organizations exceeded that of bank branches in rural China - 48.5% and 42.7% respectively (Liu & Wu, 2008). As Gale (2009: 73) commented, "China has taken advantage of its abundant capital to recapitalize the RCCs, finance agricultural commodity procurement, and promote microlending on an unprecedented scale."

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[15] In fact, even after some consolidation, RCCs are still relatively small and focus on only local. - See Gale (2009).

[16] Considering the significant uneven developing status between different regions in China, RCCs in more developed regions were encouraged to transform into large-scale commercial shareholding institutions; while those in relatively less-developed regions (which are normally agricultural regions) were suggested to consolidate (Gale, 2009).

Chapter 3: Literature Review

3.1 Introduction

Farmer co-operatives have been experiencing rapid expansion in China in the past decade. Before 2000, there were barely any farmer co-operatives[17], by 2008 the number of co-operatives had grown rapidly to cover 21% of China's villages and reaching approximately 24 million farm households (Deng et al., 2010). The fast growth of farmer co-operatives makes them an important phenomenon in modern China and has attracted attention from the Chinese government, NGOs, entrepreneurs and academic scholars. To the best of the author's knowledge, no comprehensive literature review regarding Chinese co-operatives has been conducted to date. The aim of this chapter is to explore the extant research, in English and Chinese language publications, conducted on agricultural co-operatives in China. The aim is achieved through three objectives, which seek to:

1. Identify current research themes appearing in English and Chinese language publications that focus upon agricultural co-operatives in China;
2. Conduct a comparison of Western and Chinese literature on Chinese co-operatives;
3. Identify gaps in the extant English language publications pertaining to agricultural co-operatives in China.

[17] Here the "farmer co-operatives" refer to the new model co-operatives. See below for details.

4. Outline the most significant research questions and provide recommendations for future research into agricultural co-operatives in China.

This literature review chapter is the first step towards drawing a clearer picture of the current status of the co-operative movement in China. It will not only provide a solid knowledge base for the researcher to develop further research plans, but will also contribute to identifying current issues in the existing literature and locating knowledge gaps.

This chapter is divided into five sections. Following this introduction, the second section introduces the methods of this literature review, followed by a demonstration on important descriptive findings in section three. Section four reports the thematic findings identified in both the English and Chinese literature. The extant literature will be reviewed under five themes: Historical Development of Co-operatives in China; Contemporary Status of Chinese co-operatives; Type of Modern Chinese Co-operatives and their Roles; Antecedents/Factors affecting the Development of Chinese Co-operatives; and Consequences of Establishing or Joining Co-operatives. Then fifth section is.a discussion based on the thematic as well as the descriptive findings. The discussion will focus on the complicated current status of co-operatives in China and will point out overlooked areas that require further research.

3.2 Literature Review Method

This section introduces the underlying method of this chapter that takes the form of a systematic literature review. The first part will explain the rationale of choosing a systematic literature review and how this review was conducted. The later part will report descriptive information about the reviewed papers.

3.2.1 Systematic literature review

This literature review is conducted following a systematic approach. It was originally pioneered to compare the results of statistically based observational science (for example, medical science) using large data sets, typical of meta-analysis, and now has been introduced and increasingly recognised as a reliable evidence-based review model in management research (Tranfield et al., 2004; Denyer & Tranfield, 2006). Compared to narrative methods of reviewing literature, a systematic review employs a more transparent paper-selection process, which enhances rigour and thoroughness, as well as reduces the effects of author bias (Tranfield et al., 2003). The section applies the systematic method to review literature focusing upon Chinese agricultural co-operatives that have been published in the English and Chinese language, in order to produce an evidence-informed foundation for future research.

3.2.1.1 The consultation panel

In order to ensure rigor and trustworthiness, the review process is conducted not only under the guidance and supervision of two experienced supervisors but is also advised by experts in this field. A consultation panel was formed

including both internal and external scholars (see Table 3.1). The reference panel was used to identify relevant databases, literature and to refine the search terms utilised.

Table 3.1 Personnel of the Consultation Panel and Number of Meetings Held

Name	Title	Role in the Review	No. of meeting
Dr. Adrian Bailey	Senior Lecturer in Management, University of Exeter Business School, UK	Review Supervisor	8
Dr. Jeff Jia	Lecturer in Supply Network Management, University of Exeter Business School, UK	Review Supervisor	10
Prof. Zhaohui Wu	Associate Professor in Supply Chain Management, Oregon State University, USA	Advisor	3
Prof. Hongdong Guo	Professor of Agricultural Economics and Management, Zhejiang University School of Management, China	Advisor	5
Prof. Junkui Han	Associated Professor, Beijing Normal University, China	Advisor	1

(Source: Author)

3.2.1.2 Search strings and selection process for literature in English

One of the key decisions made in systematic literature review, is the choice of the citation database used to retrieve literature to review. After discussion with the consultation panel, this research employed the Scopus database to search relevant papers, which as recommended by the supervision team, is a widely-used comprehensive source providing high quality papers from peer-reviewed journal, books and proceedings of conferences[18]. Compared to other popular search engines such as Google Scholar and Web of Science, the Scopus

[18] The Scopus database can be accessed at: http://www.scopus.com/home.url, providing access to publications since 1966. See also Burnham, J. F. (2006). Scopus database: a review. *Biomedical digital libraries*, 3(1), 1

database focuses more on the contemporary papers published in peer reviewed journals, which better fits with this research project; Google Scholar gives more counts on non-peer reviewed sources, and Web of Science provides better results for historical searches.[19] The first step to search for useful papers in a database is to set search strings. Through two rounds of discussion, it is decided to adopt the following strings (Table 3.2) to be searched in Scopus, which yielded 1,141 hits covering from the earliest papers available from the database to the latest publications by the day of search (conducted on 15/07/2014). An update review was conducted in early 2019, which witnesses a remarkable increase in the number of publications. By end of March 2019, the total results using the same search strings reaches 2,145. The following sections will also display updated results separately to reflect trends in literature over the past few years. Charts and tables in Section 3.3 are adjusted to display publications till end of 2018.

The next step was to choose papers for first round review. Table 3.3 displays the decision on subjects. Papers tagged with inclusion subjects are kept for the first-round review, while those with exclusion subjects are eliminated. In total, 686 (60.12% of 1,141) papers were identified for review. An updated search conducted at the end of March 2019, identified 1,397 relevant papers out of a total of 2,145, which consists of 65.13% of the total search results.

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[19] See: http://hlwiki.slais.ubc.ca/index.php/Scopus_vs._Web_of_Science, and http://jama.jamanetwork.com/article.aspx?articleid=184519

Table 3.2 Search Strings

	Keywords Used	Justification
AND	"Agri*" OR "rual" or "farm*" OR "food"	Agriculture related keywords
	"Cooperative" OR "supply chain" OR "marketing"	Supply chain related keywords. With or without dash (i.e., use "cooperative" or "co-operative" does not affect the search result from Scopus)
AND	"Chin*"	Define the location of co-operatives ("China" or "Chinese")
AND NOT	"Health" OR "Medical"	These articles do not focus on co-operatives involved in agricultural production
Input into Scopus – Advanced Search: TITLE-ABS-KEY(agri*) OR TITLE-ABS-KEY(rural) OR TITLE-ABS-KEY(farm*) OR TITLE-ABS-KEY(food) AND TITLE-ABS-KEY(cooperative)OR TITLE-ABS-KEY(supply chain) OR TITLE-ABS-KEY(marketing) AND TITLE-ABS-KEY(chin*) AND NOT TITLE-ABS-KEY(medical) AND NOT TITLE-ABS-KEY(health)		

(Source: Author)

Table 3.3 Included and Excluded Subjects

Subjects Included	Subjects Excluded
Agricultural and Biological Science; Social Sciences; Business, Management and Accounting; Economics, Econometrics and Finance; Arts and Humanities; Multidisciplinary; Undefined.	Medicine; Engineering; Environmental Science; Pharmacology; Toxicology and Pharmaceutics; Computer Science; Biochemistry; Genetics and Molecular Biology; Earth and Planetary Sciences; Chemical Engineering; Chemistry; Energy; Immunology and Microbiology; Materials Science; Nursing; Mathematics; Veterinary; Psychology; Physics and Astronomy; Neuroscience; Dentistry.

(Source: Author)

The second round of review was based on titles and abstracts, using a priori selection criteria (Table 3.4 and Table 3.5), which was then refined continuously as the review carried on. In total, 148 papers remained after this round including around 30 papers in which the researcher was unsure about whether they should be included. The abstracts of these 30 papers were then read by and discussed with the consultation panel. 125 papers were identified for review of the full text.

Table 3.4 Inclusion Criteria

Inclusion Criteria	Rationale for Inclusion
Articles looking at co-operatives directly or indirectly involved in agricultural production/marketing in mainland China;	Co-operatives that are indirectly involved in agricultural activities (e.g. providing financial sources for farming) are also relevant for this study;
Papers studying how small-scale farmers in China work together and join larger food supply chains;	It is possible that co-operative types of organization are relevant, even though they are not legally registered as a co-operative organisational form;
Papers discussing factors that might significantly affect the development of Chinese co-operatives (e.g. policy, landownership, NGOs);	These factors were identified from panel discussions and are believed to play an important role in the development of Chinese agricultural co-operatives;
This search does not restrict itself to a specific timeframe so as to capture the depth of literature.	Although the main aim is to examine the current status of co-operatives in China, it is helpful to understand the historical development pattern that may affect and/or explain current issues.

(Source: Author)

Table 3.5 Exclusion Criteria

Exclusion Criteria	Rationale for Exclusion
Studies take a conservation science perspective (e.g. Biology, Zoology, Botany, etc.);	This dissertation reviews papers written from a management / business / policy study perspective;
Papers mainly focusing on consumer preference or other specific marketing information;	This review looks at co-operatives which normally sit at the supply side of agricultural supply chains;
Papers discussing the application of specific farming techniques or technologies (such as genetic modified crops, bio-fuel, traceability systems, etc.) rather than general trends of agricultural supply.	The focus of this systematic review is to map existing understanding of Chinese co-operatives, rather than any specific techniques or technologies.

(Source: Author)

After two rounds of screening the abstracts and the full text of the papers, 61 papers were eventually selected for the final review (see Appendix 1 for a list of papers being final reviewed). Three main types of data were extracted from these 61 papers, including: (1) Citation information - author name, journal title, and publication year; (2) Methodological information: research purpose, methodology employed, data source, sample size, study region (Appendix 1); (3) Summary of key points (see Appendix 2). After the updating in 2019, the final number of reviewed papers was 114.

3.2.2 Review for literature published in Chinese language and the selection process

The selection process for the literature published in the Chinese language, however, follows a different path. Since there is not an equivalent reliable and accessible Chinese database, a Delphi method was adopted, with access to literature provided by Prof. Guo and the China Academy for Rural Development (CARD) at Zhejiang University. Considering this research focuses on an emerging area, which meets Schmidt's (1997, c.f. Okoli & Pawlowski, 2004: 15) criteria for circumstances where there exists "a lack of a definitive method for conducting the research and a lack of statistical support for the conclusions drawn", the Delphi method, relying on qualified experts' recommendations, is appropriate for this review. The hundreds of papers and grey literature provided by CARD went through a filtering process, those with unacceptable quality (i.e. papers that do not provide enough information regarding methodology or data collection, and/or had not been peer reviewed, and/or without referencing information were removed).

3.3 Descriptive Findings

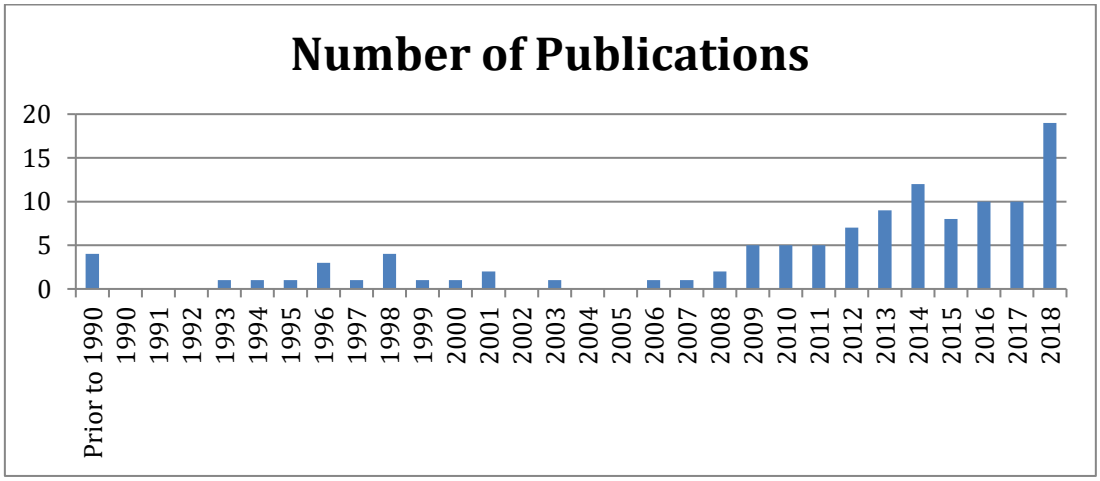
3.3.1 Findings from publications in English language

This section reports four main descriptive findings, i.e.: (1) trends of publication; (2) key journals; (3) key authors; (4) impacts of these publications based on the 61 papers being finally reviewed. One of the main findings is that the research focus in the majority of these papers is empirical. In addition, most of the

researchers adopted quantitative methods and acquired primary data in their research (see Appendix 1).

As shown in Figure 2 (see also Appendix 3), the general trend of English language publications regarding co-operatives in China has been increasing, with most of the papers published since 2009 (this is consistent with the increasing focus on co-operatives in China since the introduction of the co-operative law, see Chapter 2 for details). For a more comprehensive overview, see Appendix 3 for the trend of numbers of related publications of five-year periods.

Figure 2 Number of English Publications (Total No. 114)



(Source: Author)

Regarding the methodology employed in these papers, the majority of them are empirical studies. Survey and case studies are the most adopted methods, however, it must be pointed out that some research which are claimed as “case studies” or “qualitative research” by their authors involve a quantification of qualitative data. It is also found that for some early works (mostly before

2000), many do not provide a separate methodology section or clear information regarding their research methods or data sources.

Another important finding is that core journals and key authors have been identified during this process (See Table 3.6 and Table 3.7)[20]. As clearly displayed below, almost half of the reviewed papers were published in 13 (out of 46) journals; and the 14 key authors published about one-third of reviewed papers (considering co-authored papers). As can be seen from Table 3.6, the impact factors of these key journals are relatively low. This finding has also been proved by the low amount of citations - the average numbers of these 61 papers being cited by is only eleven times (see Table 3.8 for a list of the ten most cited papers)[21].

[20] Both Table 3.6 and 3.7 are produced based on the review of literature published by 15/07/2014

[21] Table 3.8 is produced based on the review of literature published by 15/07/2014

Table 3.6 Key Journals Publishing English Literature

Journal	Impact Factor[22]	Frequency
China Economic Review	1.142	4
China Agricultural Economic Review	0.540	3
Food Policy	2.331	3
Asia Pacific Business Review	0.583	2
Managerial and Decision Economics	0.285	2
Chinese Economy	0.249	2
Agricultural Economics	1.085	2
International Food and Agribusiness Management Review	0.394	2
Modern China	0.682	2
Journal of Rural Cooperation	0.141	2
Moct-Most	N/A	2
World Development	1.733	2
Issues and Studies	0.228	2
Total	-	20

(Source: Author)

Table 3.7 Key Authors of English Literature

Author	Frequency
Turvey, Calum G.	4
Huang, Zuhui	3
Liang, Qiao	3
Wang, Z.	3
Bromwich, David	2
Watson, Andrew	2
Clegg, Jenny	2
Xu, Zhigang	2
Xu, Xuchu	2
Kong, Rong	3
Zheng, Sshi	2
Xu, Xiaolan	2
Saunders, Max	2
Huang, Jikun	2

（Source: Author）

[22] Source: Thomson Reuters, 2013

Table 3.8 Ten Most Cited Papers

Paper Title	Author	Year	Citation
Redefining state, plan and market: China's reforms in agricultural commerce	Sicular	1995	129
On the past and future of China's township and village-owned enterprises	Putterman	1997	100
Reforms of China's rural credit cooperatives and policy options	Xie	2003	40
Policy support and emerging farmer professional cooperatives in rural China	Deng, Huang, Xu & Rozelle	2010	37
Informal lending amongst friends and relatives: Can microcredit compete in rural China?	Turvey & Kong	2010	37
Township-village enterprises, local governments and rural communities: The Chinese village as a firm during economic transition	Pei	1996	37
Reshaping peasant culture and community: rural industrialization in a Chinese village	Yang	1994	32
Recent developments in rural enterprise reform in China: achievements, problems, and prospects	Smyth	1998	24
Rural cooperatives in China: Policy and practice	Clegg	2006	21
Contractual arrangements between farmer cooperatives and buyers in China	Jia & Huang	2011	20

(Source: Author)

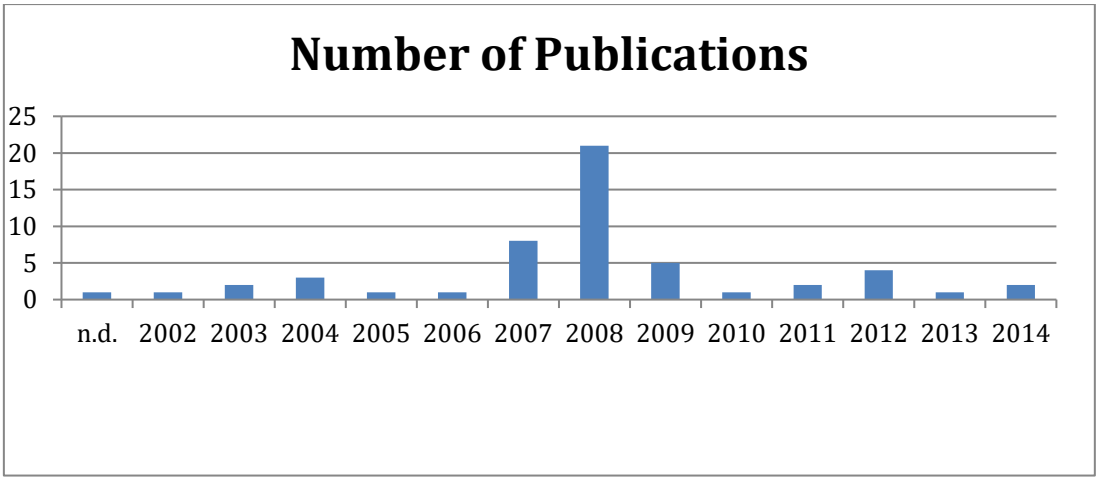
To sum up, the number of English publications regarding the co-operative movement has been growing in the past two decades, indicating an increasing focus on this issue. However, the impact factor of these key journals is generally low except for Food Policy (2.331). Among the 13 key journals, only 4 of them have an impact factor over 1. The impact factor of some journals is as low as 0.1 or 0.2 and there is one journal without ranking at all. Although the impact factor of the journal where a paper is published is not the only indicator determining the impact of the study, it still can indicate that these co-operative studies have not had a significant presence in mainstream business

and management journals. This is also reflected by the relatively few citations referring to these papers. There are several possible reasons for this result: it might be that co-operatives are less interesting to academics; or it could be the case that co-operatives related to China are not well understood; or it could even be a relative lack of interest in agricultural development in China per se. Above all this indicates the necessity of further research.

3.3.2 Findings from publications in Chinese language

As shown in Figure 3 (see also Appendix 4 for a summary of reviewed Chinese publication), the number of reviewed Chinese publications regarding co-operatives in China reached a peak around 2008. This coincides with the enacting of the SFC Law, and when the government's focus shifted to "San Nong" issues (issues of agriculture, farmer and rural area) and pro-co-operative policy (See Chapter 2 and Section 3.1 for details). It also to some extent indicates that the government's attitude plays a significant role in influencing academic and industry attention on co-operatives.

Figure 3 Number of Chinese Publications (n. 53)



(Source: Author)

Due to the different system and standards adopted by Chinese scholars and journals, the methodology employed in these papers is unreported in the majority of cases. In general, quantitative methods seem more popular among these Chinese studies, but not much information has been given regarding, data sources, data collection and sampling methods.

Core journals and key authors of the Chinese language literature have also been identified during this process (See Table 3.9 and Table 3.10). Unlike the English language literature, some of the papers were grey literature and were not published in academic journals, which meant that there was no indication if they had been peer-reviewed; and to the best of the researcher's knowledge, no information is available regarding impact factors and citation. Table 3.9 and Table 3.10 list core journals and key authors respectively. As demonstrated below, over a quarter of reviewed papers were published in five journals, and the four key authors published about twenty percent of reviewed papers (considering co-authored papers). Please note that the review of Chinese literature has not been updated before submission of this thesis, as there is insufficient time to access up-to-date literature published in the Chinese language following the Delphi method.

Table 3.9 Key Journals Publishing Chinese Language Literature

Journal	Frequency
农村经济管理（Management and Administration on Rural Cooperative)	4
农业经济问题（Issues in Agricultural Economy)	4
中国农村经济 (China Rural Economy)	2
农村经济 (Rural Economy)	2
青岛农业大学学报 (Journal of Qingdao Agricultural University)	2
Total	14

(Source: Author)

Table 3.10 Key Authors of Chinese Literature

Author	Frequency
廖祖君 (Liao, Zujun)	4
苑鹏 (Yuan, Peng)	3
郭晓鸣 (Guo, Xiaoming)	3
郭红东 (GUo, Hongdong)	2

(Source: Author)

To sum up, the most significant difference between Chinese literature on the co-operative movement in China and the English language publications are the different trends in the number of publications. Considering the different paradigms, they adopt and that the reviewed Chinese literature was mostly CARD's archived data, this difference does not permit any meaningful comparison. However, the identification of key journals and key authors is still useful, since it points out the key sources of information.

3.4 Thematic Findings

The objective of this section is to report on the final list of 61 English articles and 53 Chinese articles, of which the full texts have been carefully reviewed. The findings extracted from the extant literature will be displayed by five identified themes (see Appendix 5 and Appendix 6 for an extensive table classifying the constituent themes and main subthemes). This section is sequentially structured along these themes: (1) Types of modern co-operatives in China and their roles (introducing different methods of classification of Chinese co-operatives; (2) The functions and roles of these co-operatives in China; (3) A debate of the authenticity of Chinese co-operatives is conducted

with help of the ICA standards; (4) Antecedents/factors affecting the development of co-operatives in China (grouped into five types of antecedent/factors); (5) Consequences of establishing or joining co-operatives for members, for the co-operative organizations themselves, as well as for wider stakeholders.

3.4.1 Types of modern co-operatives in China

As an emerging phenomenon whose definition and related regulations are not sufficiently clarified yet, there has not been a widely agreed typology for these contemporary co-operatives in China. This section reviews extant studies regarding types of co-operatives in China, and will attempt to classify modern Chinese co-operatives using various dimensions. According to the extant English language literature, modern co-operatives in China can be categorised into three broad types based on their functions: (1) agricultural production and marketing co-operatives; (2) rural credit co-operatives; (3) agro-ecological and socio-cultural oriented co-operatives. However, the Chinese language literature mainly focuses on agricultural production and marketing SFCs and presents a more detailed classification for SFCs. After introducing the status of these different classification methods of co-operatives and describe their roles in rural China, they will be assessed against the western standards for co-operatives.

3.4.1.1 Classification of Chinese co-operatives in English publications

3.4.1.1.1 Co-operatives focusing on production and marketing of agricultural outputs

The predominant motivation of setting up or joining co-operatives is to improve the commoditization and market power of small-scale farmers in China (Song et al., 2014). It is no surprise that the majority of existing farmer co-operatives in China focus on the production and marketing of agricultural outputs. For example, according to Liang & Hendrikse (2013), most co-operatives in Zhejiang are specialized in growing and marketing fruits and vegetables to supply local consumers. This type of co-operative enables their members to achieve economies of scale and scope, and makes it possible for those small farmers to enter into larger global market chains (Xu et al., 2013; Song et al., 2014). By coming together and undertaking collective marketing and/or procurement activities,[23] farmers can enjoy a series of benefits, such as stronger bargaining power with suppliers or customers, better channels to bigger market, reduction in transaction costs, and various forms of added value including but not limited to organic or green produce and branding (Oelofse et al., 2010; Song et al., 2014). In addition, as a collective organization, co-operatives can serve as an effective intermediary between researchers, politicians, and individual farmers who carry out everyday farming practice, and thus reduce negotiation and coordination costs (Xu et al., 2013; Yang et al.,

[23] This includes not only the purchase of raw materials and other agricultural inputs, but also the use of large-scale machinery. - See Li et al. (2009)

2014). It is suggested that farmer co-operatives also contribute to the facilitation of agricultural industrialization and agricultural innovation as well as reduction in poverty in rural China (Xu et al., 2013; Yang et al., 2014).

3.4.1.1.2 Rural credit co-operatives

As Deng et al. (2010: 501) asserts: "The only service that is absent that has been thought to be important elsewhere in the world is credit; China's FPCs provide little in the way of credit to its members." One of the possible reasons for this is that there are numerous co-operatives specializing in financial services – the RCCs. As a regulated financial source for agricultural and other rural development, RCCs have been playing an important role in rural financial systems (Gale, 2009; Kong et al., 2014). In recent years, new co-operative financial organizations have appeared in China, which are designed to fill the gaps left by more formal institutions to meet the various financial needs of rural agricultural population (He & Ong, 2014). They are used by approximately one-third of farm households with debts (Turvey & Kong, 2010). RCCs filled the gap between formal financial institutions (i.e. banks) and informal lenders (i.e. private lending).[24] In other words, RCCs are more flexible than banks in terms of issuing loans and setting interest rates, and at the same time, they are more reliable and have lower risks than informal lenders. Holz (2001)

[24] It is generally agreed that RCCs are a more formal organization since they have been under the regulation and supervision of the PBC and China government, although at the beginning they emerged as informal lenders (Zhou & Takeuchi, 2010).

suggests that RCCs are the primary intermediation between billions of Chinese farmers and micro finance access. But the coverage and performance of RCCs varies remarkably from place to place, which is not a big surprise considering the significant uneven economic situation between different regions in China (Liu & Wu, 2008; Gale, 2009). In terms of the amount of transactions and the participation rate of local farmers, a wide variation exists between different regions. In some regions, RCCs have covered every single village and established many credit stations in order to improve monitoring of loans (Gale, 2009). According to Liu & Wu (2008) and Zhou & Takeuchi (2010), RCCs are more important and more likely to become dominant in lagging regions (normally located at the west or centre of the country) since there is limited access to banks in these regions compared with more developed ones.

3.4.1.1.3 Agro-ecological and socio-cultural oriented Co-operatives

Recently a new “non-mainstream type” of co-operative has emerged, which is not primarily motivated by commercial logic, but is more community focused (Song et al., 2014). This type of co-operative is typically community-based and has a focus on sustainable resource management and protection of biodiversity (Song et al., 2014). A co-operative located at the Pearl River Delta is a good example of how this bottom-up organization protects the interests of community. By pooling fragmentally-held land plots, the land shareholding co-operative in Shunde, Guangdong province, facilitated a local industrialization process on a low-cost basis to benefits its members and villagers (Tian & Zhu, 2013). Zhu & Guo (2015) commented on this type of co-operative:

> As a main rural initiative, village land shareholding co-operatives spearhead non-agricultural development in the interest of rural communities, and thus participate in urbanisation… Extracting land economic rents created by urbanisation, village cooperatives generate environmental and social equality problems.
>
> Zhu & Guo, 2015: 1395

However, this type of co-operative is far less common in China (Song et al., 2014). Little research has been conducted, and therefore further enquiries regarding this new type of co-operative is necessary in order to better understand them.

3.4.1.2 Classification of Chinese co-operatives in Chinese publications

In fact, as stated by Wu & He (2009), there are quite different interpretations of the term “co-operatives” among Chinese scholars and government officials. Taking into consideration that the 2007 SFC Law adopts a broader definition to promote various types of co-operative type organizations (Du, 2008) and that a considerable proportion of existing so-called co-operatives in China do not fully meet the ICA principles (Zhou et al., 2007), the literature review has attempted to achieve a comprehensive classification of contemporary Chinese co-operatives by adopting a wider definition of co-operatives. There are many dimensions that can be used to categorise co-operatives. The following dimensions are often employed to categorize Chinese co-operatives.

3.4.1.2.1 Classification by initiators

An often-adopted method to classify co-operatives is based on the main bodies (or leading bodies) involved in the formation and operation of the co-operatives (Wu & He, 2009). Although there are disagreements regarding a comprehensive list of leading bodies, the most common ones identified are core members and companies. Core members are defined as those members who are more influential in the co-operative by virtue of their greater management experience, skills, access to markets and other resources (e.g. finance and knowledge). There are also other types of initiators, including small-scale farmers and local government (Farmers' Daily, 2003; Guo & Liao, 2010; Wang, 2008; Xu, 2008). Statistics shows that in Anhui province, the most common factors stimulating co-operatives are leadership from core members, and support from leading enterprises, 26% and 19.8% respectively (Cao & Yan, 2003).

Different from Western co-operatives that were more commonly initiated by farmers, many contemporary Chinese co-operatives were originally promoted by agricultural enterprises to develop their own logistics and supply functions, and ultimately to improve the economic status for joining member farmers (Cao & Yan, 2003, Liao et al., 2008; Ye, 2008; Cui & Tian, 2009; Guo & Liao, 2010). However, some researchers question whether co-operatives that are led by enterprises can be seen as genuine co-operatives, although it is generally accepted that these so-called co-operatives have raised incomes for farmers

(Liao et al., 2008; Yuan, 2012; Miu, n.d.). Ye (2008) and Yuan (2012)[25] consider that in such contractual arrangements between powerful enterprises and farmer co-operatives, the co-operatives are in fact production plants under the control of the leading enterprises, while the member farmers are actually contract workers. Guo et al. (2007) and Liao et al. (2008) consider this type of co-operative as a transitioning form for ordinary farmers through which the farmers come to understand the purpose of co-operatives. It is envisaged that enterprise led co-operatives will be gradually replaced by a spontaneous bottom-up approach achieved by farmers. Cui & Tian (2009) suggest that this type of co-operative should be split from their leading enterprises, or at least minimise the control from the corporate enterprises to become genuine co-operatives.

The other common type of co-operatives is those set up by core members (Cao & Yan, 2003). Zhou et al., (2007) find that these core members are normally those who are in possession of considerable amounts of farming capital (e.g. cattle, farming machinery) and/or other types of resources such as information, reputation, or political influence (i.e. many of these core members are either village chiefs or former government officials). There are also other main bodies playing a leading role in the foundation of co-operatives, such as local government, and individual farmers who are willing to collectively carry out their

[25] Yuan (2012) subdivides this type into two sub-types, distinguished by the extent to which the leading enterprises own and control those co-operatives.

agricultural operation (Cao & Yan, 2003; Ye, 2008; Cui & Tian, 2009; Yuan, 2012). Cui & Tian (2009) also discovered that some SMCs originally formed over half century ago have been converting to modern SFCs.

3.4.1.2.2 Classification by forms of co-operation

Another method of classification is based on the different forms of co-operation which exist in co-operatives. This is important as it has been observed that there are different structural arrangements among member farmers and their co-operatives, which also result in different relationships among members that would affect a co-operative's governance and performance. Some co-operating organizations adopt vague/unregulated organizational forms, and their main operations focus only on the provision of agricultural techniques, farming technology, and/or market information. Many agricultural associations fall into this type and can be considered as an initial form of co-operating economic entity (Man & Wu, 2003).

A second type refers to those co-operating organizations that enter into purchase and/or sale contracts with their member farmers. These co-operatives usually provide for collective purchase of farming materials, set unified production and marketing plans, as well as providing technical services. The emerging SFCs in recent years are a typical example of this type. Compared with those loosely organized associations, SFCs in general have more standardized and regulated management and governance systems, and they normally require members to participate by economic involvement and

would redistribute profits according to members' contribution (Man & Wu, 2003; Wu & He, 2009). There are also other co-operatives which are closer to share-holding entities, where the managing power and majority of economic benefits are apportioned to those members with larger shareholding in the co-operative assets (Xu, 2006 and Huang & Xu, 2006, as cited in Wu & He, 2009). In addition, a new form of joint co-operative appeared recently in some regions in China (normally in economically developed provinces). Ye's (2008) study regarding co-operatives in Shanghai found that co-operatives playing different roles in a supply chain have started to explore joint forms of co-operatives (inter-co-operative partnerships, i.e. federations of co-operatives) to enhance their co-operation with each other and thus to increase their economic returns.

3.4.1.2.3 Classification by co-operative functions

A third and simpler way to separate Chinese co-operatives into different groups is to distinguish by the different services provided by them or the distinctive areas they operate in (Wu & He, 2009). Then co-operatives can be put into two categories: co-operatives focusing only on the provision of market information or technical support; and others that extend their operation to the production, processing, storage, distribution, and even research and development of agricultural produce. In recent years, there are also machinery co-operatives and land-sharing co-operatives, which provide agricultural machinery to their members, and enable the transfer and concentration of land usage respectively (Guo et al., 2009). Since Deng's market reforms, urbanization has spread into rural China, which came also with problems such

as land transactions (reduce in arable lands) putting peasants at disadvantage. Land-based shareholding co-operatives are considered as a spontaneous grassroots method to better this situation and solve the “institutional void” (Yep, 2015). Co-operatives can also be distinguished by their main commodities: some co-operatives are involved in bulk agricultural products such as grain, cotton and oil, while others focus on perishable goods such as vegetables and fruits.

Considering the three broad measures of classification for co-operatives listed above, it should be kept in mind that these are not discrete identities, as the dimensions often appear concurrently and jointly determine the type of co-operative in practise (Wu & He, 2009). For example, Wu & He (2009) suggest that the different types of co-operatives to some extent also correspond with the uneven economic status of different geographical regions where the co-operatives are located. More specifically, thanks to their different geographical and climate conditions, different regions specialise in particular commodities, and the type of commodities and their supply chains affect which form of co-operative is adopted.

3.4.2 Functions and roles of co-operatives in China

The main reason for farmers to join co-operatives is because they expect co-operative membership will improve their position when dealing with marketing, technological and financial issues (Wang, 2008; Guo, 2011). Zhou et al. (2007) summarizes the following motivations for setting-up or joining a co-

operative: first, by shortening the supply chain, co-operatives prevent economic benefits from agricultural activities from being captured by middle men; second, farmers' marketing power is enhanced by entering the market collectively; third, compared to individual farmers, co-operatives have better access to new farming technology and techniques; fourth, it is relatively easy for co-operative members to access financial resources than individual farmers; fifth, from the perspectives of leading enterprises that stimulate co-operatives, the supply of goods becomes more sustainable in terms of both quantity and quality. Shenggen Li (李盛根), the Vice Mayor of Leshan, believes that through the "bridge" created by co-operatives, farmers and leading enterprises are able to combine each other's competitive advantages and hence achieve mutual benefits (Wei, 2004). Miu (n.d.) considers co-operatives as a multi-functional platform, which enables the application of new agricultural technologies, promotion of branding activities, provision and exchange of the latest information, various marketing activities, and rural aid programs.

It is widely agreed that co-operatives can significantly help member farmers to achieve higher economic returns from agriculture (Yu, 2003; Xu, 2008; Hui, 2012). This is achieved by several measures. First, as suggested by Man & Wu (2003), co-operatives have the advantage of vertical integration (they call it "creating internal markets") – that is, within co-operatives, trading activities between individual farmers and some downstream buyers are now replaced by an internal market between co-operative organizations and their members, and thus related costs (i.e. lower market risks, uncertainty and trading costs) are

lowered. Also, as an integrated economic organization, co-operatives can enjoy economies of scale that could not be achieved by individual farmers. As pointed out by Han and Liu, (2007), economies of scale lead to better utilization of farming land, lower the unit cost for mechanization, standardize the quality of agricultural products, and enable further development and research.

Second, through collective actions, member farmers become better organized with enhanced marketing power and higher tolerance to market risks (Man & Wu, 2003; Zhang & Deng, 2009). Third, farmers organized under co-operatives are more aware of and responsive to market information, and become able to produce goods that meet market needs (Man & Wu, 2003; Cao & Yan, 2003; Han & Liu, 2007; Zhang & Deng, 2009). Fourth, through group guarantee mechanisms, co-operative members are more likely to obtain additional financial support from co-operative organizations and/or banks (Fang, 2007; Yuan, 2009). More financial opportunities are accessible when farmers unite together via co-operatives, compared to individual farmers who normally have fewer guarantees and are considered with less ability to repay loans.

Last but not least, according to Xu (2008), with their advantages in aggregating resources and abilities of branding activities, co-operatives (especially SFCs) are an important measure to modernise agriculture with higher added value and better competitiveness. Wu & Liu's (2008) study based on 1,916 sample co-operatives across the country shows that over 84% are officially registered with industrial and commercial administration, 82% operate standardized production plants, 45% achieve certificates such as "pollution-free products", "green products" or "organic product" certifications, which is unlikely to be achieved by

individual farming households.

Co-operatives can also create further benefits to the communities they belong to. First, through the training programs provided by many co-operatives, farmers receive education (Yu, 2003), which would ultimately improve the human capital recourses for modern agriculture. Second, co-operatives help member farmers to develop the capacity and capabilities for cooperation and ethos of mutual exchange (Han & Liu, 2007). Zhao & Wang (2008) views this impact from what they call a “social capital” perspective: co-operative members tend to gradually build their trust with each other and their organizations through exercising self-responsibility rather than relying upon the regulatory mechanisms of institutional arrangements. Interpersonal trust is beneficial for the spread and sharing of resources such as knowledge, technology and information within the organization. Compared to non-member farmers, members of co-operatives have notably high levels of trust in their retailers and information, for example information regarding the use of pesticides, is directly transferred to member farmers without distortion (Jin, 2015). Liang et al. (2015) also observed that the engagement of social capital improves member participation and in turn significantly enhances co-operatives’ performance in economic terms. Third, the positive impacts for the local economy created by co-operatives, lead to more employment opportunities (Yu, 2003). Fourth, co-operatives sustain the food supply and stabilize food prices (Hui, 2012). In addition, co-operatives not only help farmers to achieve a significant increase in economic profits, but also make a difference to the structures and modes of

local agriculture (Fang, 2007; Xu, 2008; Zhang & Deng, 2009). This is demonstrated by the study on Shunyi District, Beijing, in which the acreage cultivated for grain crops decreased while that for cash crops increased (by -27.76% and +21.05% respectively), while farmers' investment into agriculture was also raised by 36.08% (Yu, 2003).

3.4.3 Are the modern Chinese co-operatives aligning with the international definition of co-operatives?

The booming wave of new model co-operatives is beneficial for small-scale Chinese farmers that seek to unite together and gain the advantages of joint buying power, while negotiating and transacting with the government and the wider market (Yan & Chen, 2013). In addition to economically benefiting the farmers, co-operatives have also been shown to make a difference in improving the living standards of the Chinese rural population and the sustainability of the agricultural sector and the rural community (Song et al., 2014). More specifically, not only have co-operatives been observed to make a significant contribution to increased income for member farmers, they have also made a difference to rural development, creating further benefits for communities such as employment and improved infrastructure.

However, despite the benefits and achievements of co-operatives in recent years, whether these new Chinese co-operatives qualify as authentic co-operatives remains an important question. Large numbers of enterprises sharing the same name (in this case, "co-operative") can be set up by different

agencies in a short time, but the understanding of co-operative values and principles is unlikely to be keep pace. The question of whether these co-operatives are in name only, or, whether they embody the values and principles of the co-operative identity, is an important one to ask. This raises a related question of how to evaluate co-operatives? For example, should the western standards for co-operatives to be applied directly when assessing the new co-operative movement in China? Considering that co-operatives are part of a world-wide movement originating in the Western world, international comparative research is necessary to understand how co-operatives are sustained in different cultural and political environments. The research contained in this thesis, therefore, is required to clarify the development status and characteristics of co-operative enterprises in China, as a distinctive cultural expression of co-operation.

According to the International Co-operative Alliance (ICA) (2010), a co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs as well as aspirations through a jointly-owned and democratically-controlled enterprise. The ICA took the Rochdale Principles developed in 1844 and formulated them into four principles in 1937, revising them in 1966 to include six principles and further extending them to seven principles in 1995. The definition of a “co-operative” has achieved a normative meaning in the west following the ICA principles and values statement. A more expansive definition would include other rural collective economic entities, farming associations, and even those SMCs as co-

operative organizational forms (Wu & He, 2009). The 2007 SFC Law adopts a broader definition to promote various types of co-operative type organizations (Du, 2008) and in practise a considerable proportion of existing so-called co-operatives in China do not fully meet the ICA principles (Zhou et al., 2007). Many scholars including Du (2008) and Zhou et al. (2007) hold the viewpoint that the 2007 SFC law is not sufficient to regulate and support Chinese SFCs by itself, and the co-operative movement in the twenty-first century is still at a start-up stage and requires further experiments and exploration. The characters of the SFC Law pointed out by Du (2008) which encourage co-operative organising also leave potential loopholes. Some argue that the loose criteria set by the 2007 SFC law contribute to the issue of “fake” co-operatives. The issue of parastatal corruption has been a feature of state promotion of co-operatives in several contexts (see Mateu 2002 c.f. Corby 2010; Nyandoro 2007; Park 1987). It must be pointed out that in practice, many Chinese agricultural co-operatives can hardly meet the requirements set by the SFC Law. Especially in terms of the democratic member control, as many scholars found, a large proportion of production and marketing co-operatives are actually dominated by core members who hold majority shares; and for RCCs which have been running as a semi-bank branch, the possibility of democratic sharing control among members is even lower. As shown in Table 3.11, there are significant differences between ICA principles, China SFC Law requirements and what is happening in reality.

Table 3.11 Comparisons between ICA Principles and Requirements of SFC Law in China

The ICA Principles	China SFC Law	Practices
Voluntary and Open Membership	Only Voluntary Participating is mentioned	It's generally voluntary but there exist barriers for joining the membership, such as capital size or geographic locations
Democratic Member Control	Democratic Member Control	Many Chinese co-operatives are actually dominated by core members
Member Economic Participation	No Such Requirement	Not necessary
Autonomy and Independence	No Such Requirement	Usually greatly affected by central and/or local government
Education, Training and Information	No Such Requirement	Many provide agricultural training and market information, but seldom involve education
Co-operation among Co-operatives	No Such Requirement	No as far as the author knows
Concern for Community	Concerns for Members	Very limited, the third type of co-operatives mentioned earlier may focus more on community than other ones

(Source: Author)

In theory, members in co-operatives are expected to own and have control over the organization. However, in many existing agricultural production and marketing co-operatives in China, just like those SMCs that existed half a century ago, normal members do not have much control over management; leaders are not democratically elected (Putterman, 1997); and co-operatives are dominated by local government or core members (Liang & Hendrikse, 2013). Based on fruit and vegetable co-operatives in Zhejiang province, Liang et al. (2014) observed that the governance mechanism in many of these co-operatives do not comply with what is required by the law, and the distribution of rights regarding ownership, decision-making, and profits significantly favour a small proportion of core members. Although it is generally accepted that these so-called co-operatives have in fact created higher income for farmers, many researchers raise the question that some co-operatives, especially those SFCs

led by so-called “Dragon-Head companies” (focal companies or channel captains), should not be considered as authentic co-operatives (Liao et al., 2008; Yuan, 2012; Miu, n.d.). Ye (2008) and Yuan (2012)[26] consider that in many contractual arrangements between powerful enterprises and farmer co-operatives, the SFCs are in fact production plants under the control of the leading enterprises, while the member farmers are actually contract workers. Similar issues also exist with RCCs (Xie, 2003, as cited in Gale, 2009; Zhou & Takeuchi, 2010). Even after all the reforms, the difference between RCCs and rural commercial banks is still vague. It is not clear whether RCCs have been transformed into real co-operatives which are owned and operated by their members. Ong (2007, as cited in Gale, 2009) found that not all members had even attended an RCC shareholder meeting and those that had were predominantly village leaders. He also pointed out that the actual ownership of RCCs remained unclear, and “guanxi” still plays an important role to obtain a loan.[27]

Another issue that needs to be considered is how these Chinese co-operatives balance between their dual identities as social enterprises and business enterprises. Simply achieving economic success (which leads to another potential problem – how to ensure a fair distribution of those economic

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[26] Yuan (2012) subdivides this type into 2 sub-types, distinguished by the extent to which the leading enterprises own and control those co-operatives.

[27] Li et al., (2011: 243) also noticed this phenomenon.

benefits)[28] is insufficient for co-operatives to align with the ICA principles, because they are also expected to provide community services as well as survive the fierce competition with other players in the market (Hale, 2013). Evaluating the way that organisations strive to fulfil dual identities is an important consideration when seeking to establish their degree of membership within the category of organisations recognised as co-operatives, not to mention a challenge for co-operative managers. If the members and the management of a co-operative focus too much on economic missions it would to some extent belong more to the category of private shareholding companies or partnerships, conversely if they pay insufficient attention to economic missions, then the sustainability of the organisation would become an issue in the face of rival enterprises in a competitive market. For those in China, the situation can get more complicated because of the involvement of government, as Zhao & Yuan (2014) conclude:

> Since government support has fuelled the development of rural cooperatives, whose emergence is, nevertheless, rooted in grassroots initiatives before they became a priority on the government's agenda, we can observe the coexistence of several cooperative forms with distinctive features. This situation may generate a growing tension between the priorities and values emphasized by different partners and

[28] Hale's (2013) Henan case is a good example where the co-operative betrayed its original objective of improving community welfare and actually operated as a profit-oriented enterprise dominated by four core members.

the cooperative sector per se.

Zhao & Yuan, 2014: 32

Yan & Chen (2013) conclude that there are three major types of “fake” co-operatives existing in China that can be identified according to the following features: 1) lack of democratic control and/or unfair distribution of benefits (frequently observed in co-operatives dominated by large scale members); 2) co-operatives organized by government departments; 3) co-operatives which exist only in name and are actually for-profit companies (i.e. they have been established for the purpose of receiving government subsidies and/or tax reduction). Despite the blossoming of the co-operative movement in China in recent years, it is generally agreed that the majority of them are not co-operatives according to the ICA definition, though there are disagreements about the proportion of fake co-operatives based on different criteria. According to Yan & Chen (2013), the percentage of fake co-operatives among modern Chinese co-operatives can vary from just above fifty percent up to ninety-nine percent.

As suggested by Tang (2006), many issues related to the new generation of Chinese co-operatives remain unclear. These new co-operatives in China have been facing several major issues, such as how to balance the benefit and controlling power over the organization between core members and regular members? How to balance SFCs with other players in the supply chain, especially with those “Dragon-Head companies”? How to maintain a voluntary

entry/exit membership without suffering significant instability and related risks caused by the changes in personnel and capitals owned by joining/exiting members? How to push forward co-operation between one SFC and others (joint co-operatives)? How to balance between the economic development for the SFCs themselves and their care for community? Zhou et al. (2007) also noticed a lack of requirements about education and training functions for SFCs in the SFC Law, which is not only important for the sustainable development for the co-operatives, but also one of the seven main principles listed in the ICA co-operative identity. Zhu & Wang (2008) approved that the SFC Law has created a more favourable environment for co-operatives to grow in China, but their study also questioned to what extent the SFC Law promotes the co-operative movement in reality. They observed that in some regions, farmers have little willingness to join SFCs. Li (2009) also comments that the total amount of SFCs is still limited, and points out that many of those established SFCs had a short business life and can result in insignificant impacts on rural community. As a response to these trends, Xu (2008) suggests that considering that the new generation of co-operatives are still at an early stage, support and guidance should be provided for all types of co-operatives, even those that operate less like real co-operatives at the current stage. The rationale is that: first, even those do not meet the strict co-operative criteria, in fact more or less improve farmers' economic status; second, it is possible that these co-operatives would become more sophisticated and develop better internal management and governance mechanisms at a later stage (Xu, 2008; Guo, 2011).

3.4.4 Antecedents/factors affecting the development of Chinese co-operatives

After reviewing the evolution and types of modern co-operatives in China, it is clear that the Chinese government has dominated the development of co-operatives in rural China with their political movements and policy shifts. The following section looks at the role that the Chinese government has played in the emergence and development of co-operatives, followed by a discussion of other determining factors for co-operatives in China.

3.4.4.1 Government and policy supports

After reviewing the evolution of modern Chinese co-operatives, it is clear that in China, the government plays an indispensable role in the emergence, development and specification of farmer co-operatives (Zhou et al., 2007). It is a truism that the political state can provide a nurturing environment for co-operatives through the provision of legal infrastructure and fiscal support, without which the co-operative movement would struggle to grow. The debate over the normative role of the state in the growth of co-operatives has not been developed sufficiently in the literature. Autonomy and independence are key normative commitments of co-operatives, however, in the centralised political system of China, the state is the key actor controlling the infrastructure available for co-operative development. The Chinese government can dominate the development of co-operatives in rural China, through the design of policy instruments.

Since the foundation of People's Republic of China in 1949, the attitude and

political focus towards co-operatives by the CCP government has always been the most important dominating factor influencing the development of Chinese farmer co-operatives. It is clear that Mao Zedong's extreme socialism philosophy about collective agriculture was responsible for the almost complete extinction of China's early co-operative experiment and the appearance of those so-called co-operatives – SMCs (Putterman, 1997; Tsang, 1996). It was the government again that imposed the reform of the SMC system, rather than being driven by grassroots farmers and SMC members (Tsang, 1996).

Even in the twenty-first century, the current co-operative boom of new model co-operatives is still largely driven by government intervention, rather than following a bottom-up approach (Liang & Hendrikse, 2013; Song et al., 2014). The rapid growth of farmer co-operatives in the past decades coincides with the government's financial and political supports towards agricultural co-operatives and wider rural development (Deng et al., 2010; Liang & Hendrikse, 2013). This wave of new co-operative development is a result of direct government promotion, as well as responses to the favourable environment that has been created for co-operatives on the part of farmers and rural entrepreneurs. Take the reform of RCCs after 2000 as an example, the Chinese government promised to take over about half of those non-performing loans of RCCs, and actually expended some CNY 1 trillion (approximately GBP 100 billion) to bail out those bad debts (Gale, 2009). That is probably why political initiatives and supports are considered as an essential for RCCs in China (Kong et al., 2014). The Chinese government has not only provided subsidies and tax relief for co-

operatives, but also enacted the SFC Law in 2006 which has reinforced the development of co-operatives (Deng et al., 2010; Liang & Hendrikse, 2013). It could be argued that the co-operative movement does not really exist, because it is the government that is providing the institutional support for co-operatives, rather than co-operatives themselves.

According to Bao et al. (2008), it is the government's choice or preference that effectively determines the path through which Chinese co-operatives develop and grow. Within the fundamental framework already set by the SFC Law, supportive policy is made by the PRC government to guide the development of SFCs (Xu, 2008). Liang & Hendrikse's (2013) argument might explain why the CCP government has been putting so much effort to promote co-operative in rural areas:

> not only cooperatives do receive support from the government but also the government uses cooperatives to realize some economic and political objectives. From the perspective of economic function, the development of cooperatives can increase farmers' incomes and promote the local economy, industrialization, and the agricultural supply chain…cooperatives naturally have an antipoverty function.
>
> Liang & Hendrikse, 2013: 250

Similar findings have also been discovered in European agricultural co-operatives, where governments implement policies to support and guide co-operatives to better promote agricultural infrastructure (Murray, 1981; Gijselinckx et al., 2014).

The most common supports provided by the government include subsidy supports, tax relief, provision of loans, agricultural and technological related training schemes (Ministry of Agriculture of the People's Republic of China, 2007; Huang, 2008; Yuan, 2008). Since the early 2000s, with an increasing focus on the "San Nong" issues and the start of the New Rural Reconstruction Movement, a series of political and economic supports towards farmer co-operatives have been proposed by the Chinese government. At the Third Plenary Session in 2008 (十七届三中全会), China's government published the CPC Central Committee Decision on Major Issues Regarding Rural Reform and Development (《中共中央关于推进农村改革发展若干重大问题的决定》), stating that the government is going to further promote and accelerate the development of SFCs in order to better Chinese farmers' position in domestic as well as overseas agricultural market competition, and to push the modernization of Chinese agriculture (Miu, n.d.). It was also announced that co-operatives are considered as a measure to explore effective collective agricultural economy and build more advanced rural communities. Different from the previous collective movements, farmers are now given more voluntary independence, for example at the Session it was proposed that farmers should be allowed to transfer their rights on farm land (by subcontract, lease, exchange, etc.), which is actually the opposite to what happened half a century ago (Li, 2009; Liu, 2011). More recently, the CPC Central Committee (中共中央办公厅) and the State Council (国务院办公厅) issued a document proposing a more flexible policy on the management rights of farming land, which is believed to be favourable for co-operatives to attract more resources and increase their scale

of operation (XinhuaNet, 2014). In addition, in the 2012 “No.1 Document”, it was clearly stated that more supporting efforts would be devoted to co-operatives, in the following eight areas: government subsidies, rural financial services, agricultural technological innovation (namely seeds breeding), the development of new rural social service organizations, training and education, accelerating agricultural mechanization, improvement in circulation facilities of agricultural products, innovation in the transportation and distribution of agricultural products (Ministry of Agriculture of the People’s Republic of China, 2012).

As Huang (2008) said, the support and guidance from central and local governments form one of the primary motivating factors for the rapid growth of co-operatives in China in recent years. In practice, as found in many studies, many co-operatives were either set up by local government authorities, or by village chiefs and/or former government officials. Zhao (2007), for example, found that in rural China the implementation of almost any program is highly reliant upon the support from village chiefs, who are in fact the local representatives of the PRC government (Zhou et al., 2007). Zhou (2008) suggests that government intervention is helpful and necessary for the rapid development of SFCs in China. Based on his modelling using marginal revenues and marginal costs, he infers that due to farmers’ inefficiency and irrational decision making, combined with imperfections in agricultural markets, the growth of co-operative organizations would be limited without the guidance and support of the PRC government. Many suggest that more supports should

be provided by the China government (Zhang & Yuan, 2010; Guo 2011). However, on the contrary, there are also arguments that government intervention can be harmful to the development of co-operatives, especially in China's current situation where few have a sound understanding of co-operative principles and values, and a powerful government is likely to undermine the autonomy of co-operatives and become a constraint (Huang, 2008).

Government interventions do not always result in a better situation: what happened before 1978 is instructive. Similarly, in the contemporary Chinese co-operative movement, not everyone is satisfied with the behaviour of the government. Shen et al. (2014) found that government support had not necessarily become an advantage for many sturgeon co-operatives nationwide, since there existed a lack of detailed policy guidance and relevant technical supports. Pei (1996) and Hale (2013) also discovered that there are situations where the co-operatives decided to become "independent" from the state in order to keep a safe distance from possible harmful political pressure from the government and ensure their own autonomy.[29]

[29] There can be conflicts of interests for leaders of a cooperative who are also part of the government system. The tasks fulfilled by the party-state upon them could be harmful to local community (Hale, 2013).

3.4.4.2 Core members

As the genesis and development of most modern co-operatives in China follow a top-down path, core members are found to make a significant contribution in the initiation and/or growth of co-operatives (Liang & Hendrikse, 2013). Lan et al. (2014) and Garnevska et al. (2011) both stressed the importance of the leadership and entrepreneurship provided by these core members in the development of co-operatives. As suggested by Liang & Hendrikse (2013), core members (who are usually the initiators of the co-operative) normally hold a larger share of the co-operative and are entitled to bigger income rights. They often have the capacity and take charge of major management and operation activities[30] (e.g. purchasing inputs, managing production, marketing, etc.). If co-operatives are to benefit from entrepreneurial venturing, they need to offer some kind of reward to founders for risk taking. Recognition of pioneer member "fairshares" has been a feature of recent legal innovations in the West (Ridley-Duff, 2015). Also, in the UK, Community Interest Companies are being formed that have a small membership that grants the control of governance to just a small number of directors. In the United States, pioneer shares have been proposed to prevent the possibility for core members to be removed from the organization, preventing scenarios such as the U.S. worker co-operative Equal Exchange where two founders were voted out (see Whitman 2011). Co-

[30] On the contrary, common members with small shares seldom participate in managing the operation of the cooperatives. The greater income and autocratic management mechanism associated with core members, leads one to question if these organisations are genuine cooperatives meeting the ICA standards. See the Type and Role section for detailed discussion about this issue.

operatives with pioneer shares, and similarly Community Interest Companies with a small membership, would not qualify as co-operatives under the strict definition of the one-member-one-vote principle of “democratic participation” enshrined in the ICA, even though they do embody some of the principles of the ICA as socially embedded enterprises that distribute profits for the benefit of non-members (i.e. care for community).

Returning to our focus on China, over 40% of chairpersons in those co-operatives sampled by Liang & Hendrikse (2013), have government backgrounds (who were former government officials or village chiefs). Considering the significant impact, the Chinese government has on co-operatives, it is assumed that this type of background enhances their network and social capital, which ensures their ability to access information and necessary resources. However, in some cases, it is these leaders of co-operatives who realized that their close link with the government had become harmful, in terms of lost autonomy and independence. These leaders then determined that the co-operatives (as well as themselves) needed to be decoupled from the government (Pei, 1996; Hale, 2013). Either way, there is little doubt that the leadership and social networks of the leaders/core members is a major intangible asset for co-operatives. Pei (1996), for example, found that village leaders who resigned to become independent of the state, could better serve his/her own organization as well as the community, which results in positive impacts on local development.

3.4.4.3 Willingness to participate in co-operatives

Participation of farmers is another important factor for any co-operative. This can be seen in many aspects related to a co-operative's goals and values as well as its everyday operation, especially in terms of democratic member control and member economic participation. If there are no members, there is no co-operative. A farmer's decision on whether or not to join a co-operative is determined by several factors, including the educational level of the members, the variety of their products, growing area, future plan, sales difficulties, labour shortage, etc. (Zheng et al., 2011). There are two main causes preventing more farmers from joining co-operatives, despite all the advantages of becoming a co-operative member. A first factor that retards the growth of co-operatives is farmers' insufficient knowledge and understanding of co-operatives, the services they provide, and the agricultural industry (Guo, 2011; Li et al., 2011). In Zhao's (2007) case, many older farmers who experienced the SMCs and communes expressed their concerns and worries about losing ownership and control over their farming capital. To some extent, this issue is linked with the blurred definition of co-operatives given by the SFC Law. As discussed earlier, even after the promulgation of the SFC Law in 2007, the definition of what a co-operative is still remains relatively vague. Although this encourages pioneering experiments by co-operatives to a certain extent, this lack of a set of accurate criteria also results in dilemmas and confusions about co-operative identity (Du, 2008). In practice, it is not uncommon that many co-operatives are identical to other types of agricultural organizations, such as associations and some farming companies, which weakens member farmers'

self-identity and discourages their participation (Zheng, 2008). This is understandable given the painful memories associated with the commune system and the Great Leap Forward, which means that many farmers have a "fear of losing land use rights and complete control over farm management" (Ito, et al., 2012). Second, the unsatisfactory state of immature and unstandardized regulation and governance systems (the first SFC law was released just seven years ago), which discourage potential members (Zheng et al., 2011). Though it is believed that the internal mechanisms have been gradually improved within co-operatives, there still remain noticeable imperfections in their organizational structure (Wan & Li, 2008), especially in terms of internal governance, decision-making processes, democratic control, and fair profits distribution (Tang, 2008). This phenomenon is worth further examination through up-to-date empirical research, which informs the rationale for this doctoral research. Given the activity of the state in promoting co-operatives, the situation is likely to have changed considerably since the publication of the reviewed literature.

3.4.4.4 Competition

In order to enhance the sustainability of their development, co-operatives need to survive market competition. The competition for RCCs is especially challenging. Although Zhou & Takeuchi (2010: 319) suggest "[r]elations between formal and informal lenders should not be conflictual and contradictory but co-operative and complementary", in fact RCCs need to compete with both formal banks and informal private lenders due to their position in China's rural

financial system.[31] Compared with state banks, co-operative finance bears higher risks (Cheng et al., 1998). Zhang & Izumida (2013) observed that the existing mechanisms of some RCCs is not quite reliable in terms of getting repayment for the loans. Xiong et al. (2011) suggested that RCCs should reduce inputs and tighten administration to reduce the number of RCCs with decreasing repayment. However, on the other side, farmers who borrow from informal lenders (e.g., friends, family, and other private lenders) may find it relatively difficult to borrow from RCCs and the services provided by RCCs are not as flexible (Turvey et al., 2013). According to Turvey & Kong (2010), data shows that in current rural financial market, the market share of informal borrowing/lending is almost double the size of RCCs loans.

For production and marketing co-operatives, the fierce market competition with shareholding agricultural companies amplified the effect of their own shortages within the organization. The undesirable fact is that co-operatives are relatively small in scale, and many of them are facing difficulties in accessing financial resources (Wan & Li, 2008; Wang & Dong, 2008; Xu, 2008; Guo, 2011). This means that co-operatives are often in a relatively disadvantaged position in market competition with other entities in the agricultural industry, especially when compared with those large, multinational shareholding

[31] See previous sections for details regarding RCCs position – filling the gap between formal and informal financial institutions.

companies. According to Wang & Heng (2008), the vast majority of start-up assets of co-operatives in their study region were fixed assets such as farming equipment, and the co-operatives possess a limited amount of cash and other forms of finance. In terms of the source of finance, Tang (2008) raises a further question regarding who should provide initial finance for co-operatives and bear the relatively high risks to support start-ups. A balance needs to be achieved among financial organizations, founders of the co-operatives, ordinary co-operative members, and government subsidies. Besides the lack of funds, another disadvantage of being small in scale is that the business areas of many co-operatives are limited to a narrow range (Tang, 2008). Most existing co-operatives' operations only extend to production, marketing and first step processing of agricultural goods, and are barely involved in deep processing. This inability to capture value within the supply chain prevents those co-operatives from achieving higher added value of agricultural produce (Zhou et al., 2007; Bao et al., 2008; Wang & Heng, 2008). One of the possible reasons is that further processing normally requires more financial investment and other inputs, which would engage co-operatives with higher business risks, especially for the majority of co-operatives focusing on seasonal farm produce which is quite vulnerable to market fluctuations (Zhou et al., 2007). In addition, Xu's (2008) study in Liaoning province found that small co-operatives with a narrow operational range could not succeed in branding their produce, and thus were unable to enjoy the extra value that could be added by brand construction. Huang et al. (2013) pointed out that there are operational inefficiencies in these co-operatives caused by economic development level and staff inefficiency

(Huang et al., 2013). Wang & Huo (2014) noticed that sometimes co-operatives are not effective enough in accessing market information. These issues might all lead to competitive disadvantages.

3.4.4.5 Other influencing factors

There are other factors mentioned but not discussed in-depth in the existing literature. First, Zhang et al. (2009) and Hale (2013) point out that there is a shortage of labour (especially from younger generations), which might threaten the development of co-operatives in China, as the often labour-intensive agricultural co-operatives may struggle to hire enough labour inputs at an affordable cost. Second, although NGOs can be quite helpful (as a possible source for both funds and technical guidance) in both the emerging and later developing stages of co-operatives, there is little research regarding their activities in China.[32] Third, the Chinese culture and associated social networks ("guanxi") might play a negative role in some situations. In one of the cases that Hale (2013) studied, the majority members of a Chinese co-operative decided to remove certain members, but they did not want them to "lose their faces (mianzi)". So, they had to dissolve the old co-operative and then form a new one without those members. Last but not least, there are also external factors limiting the growth of co-operatives. Man & Wu (2003) and many

[32] China's government implements a series of limitations on NGOs, which might explain why they have not much involved in the cooperative movement in China.

others hold that the wider environment is not favourable enough to push the development of co-operatives. Improved efforts from China's government are required to promote SFCs. Central and local government authorities have put great focus on Chinese co-operatives in the past, but as previously discussed, not all their efforts are valid or proven favourable. Guo (2011) suggests that there need to be better designed supportive policies (especially in terms of subsidies, tax relief, and land usage) and better application of established policy, many of which have not been well implemented yet (Zhang & Deng, 2009). Lack of financial sources is another constraint that needs to be addressed to assist co-operatives to grow in terms of the scale and range of operations. Fierce competition from domestic and international shareholding agricultural companies also threatens the profitability and survival of co-operatives in China (Xu, 2008). According to Hou et al.'s (2015: 216) study on forestry co-operatives in Fujian province, "the main problems of the cooperative development are lack of motivations, requirement, operating capability, proper environment for legal operation and policy guarantee."

To sum up, government support, core members with leadership capacity, and other farmer members' participation are the most significant factors associated with the development of any co-operatives in China. Garnevska et al. (2011) also found evidences confirming this finding. Plus, there are also additional factors including market competition that can play a role in the development of Chinese co-operatives and need more attention from researchers. Zhang & Huang (2014) suggested the main challenges facing by contemporary Chinese

co-operatives are: competitive and human resources risks, decision-making and behavioural risks, product market risks, macroeconomic policy risks and financial risks.

3.4.5 Consequences of establishing or joining a co-operative

The final theme identified in this review is the consequences for individual farmers to jointly establish or to join co-operatives. In the previous Type and Role section, the main advantages of co-operatives have been briefly described. Here the consequences will be discussed from three perspectives: for the members, the co-operative organization, and the wider society respectively.

3.4.5.1 For Members

As members, individual farmers (or farming households) are expected to and indeed do receive benefits by establishing a new co-operative jointly, or by joining an existing co-operative. The modern co-operatives in rural China have greatly improved the economic status of their member farmers by improving their production and marketing capabilities, (Ito et al., 2012; Saunders & Bromwich, 2012). A causal relationship has been found between the marketing channels and farmers' participation into co-operatives (Geng, 2014). The emergence of co-operatives effectively shortens the supply chains by removing middlemen and wholesalers, and selling directly to retailers (Geng, 2014), which tightens the link between farmers and the market, and thus helps farmers to consistently meet market requirements and standards (Zhang et al.,

2009), as well as to encourage them to grow high value cash crops to meet market demands which in turn will result in the growth of their incomes (Shiro et al., 2007; Deng et al., 2010). Zhang et al.'s (2014) case clearly indicates that by joining co-operatives, a different market channel is provided to farmers, which enhances household income. According to Jin's (2015) study, enhanced information exchange through co-operative membership also reduces the risks associated with the overuse or misuse of pesticides, which can result in huge losses for farmers. Xuefeng et al. (2014) also found that the degree of farmers' organisation and the construction of farmer cooperatives can be strengthened to improve the farmers' ability to acquire information and reduce their transaction costs.

Evidence has also demonstrated that co-operatives improve access to resources for the rural population in China, resulting in more finance, information, training and participation in the mainstream economy (Chen, 1999). It has been shown that co-operatives promote group procurement of inputs, marketing, and the raising of capital (He, 2007; Zheng et al., 2012). It is also demonstrated that joining co-operatives would greatly increase member farmers' participation in agricultural technology training (He et al., 2014). The development of co-operatives, especially RCCs, results in positive changes for famers to meet their financial requirements, which used to be neglected by formal bank finance (Ong, 2009; Gale, 2009). Co-operatives also help individual farmers (especially small-scale farmers) to access services that they could not access individually (Shiro et al., 2007).

Despite these demonstrable benefits, the benefits may not be evenly distributed and may depend on the scale of the membership. Recent research has started to evaluate whether the size of an individual member impacts on the benefits he or she can receive from the co-operative. Some suggest that medium and small sized producers achieve better improvements by joining a co-operative, while others have concerns that, like in investor owned shareholding enterprises, a bigger share means a bigger say, and small-scale members' voices might be ignored (Ito et al., 2012; Wang & Huo, 2014; Yan & Chen, 2014). It also should not be forgotten that there are still imperfections in contemporary co-operatives in rural China. Members (especially those of some RCCs) may have to face troubles associated with bureaucracy, such as differences in accessing finance caused by their "guanxi" with the RCC managers or local governors (Ong, 2009; Gale, 2009). In addition, some co-operatives have entry barriers and require capital investment for non-members to become members, which prevents farmers with financial difficulties to participate and further exacerbates the gaps between the wealthy and poor farmers (Ito et al., 2012; Geng, 2014).

3.4.5.2 For Co-operative Organizations

Besides bringing benefits to the members, co-operatives themselves also have advantages as organizations. By gathering a considerable number of individual farmers, the co-operatives benefit from economies of scale that improve their profitability (Yang & Liu, 2012; Xu et al., 2013; Song et al., 2014). Co-operatives are also considered with the ability and advantages of

standardization and synergies of production, as well as improved quality control, so that they can be accepted by supermarkets and other modern marketing channels as suppliers (Geng, 2014).

Additionally, compared to traditional shareholding companies and previously state-owned enterprises, it is argued that the co-operative organizations have reduced agency costs problems and improved organizational efficiency (Clegg, 1996; Chan & Chan 2000). Zhang et al. (2009) found this innovative institution has improved the efficiency of price transmission and quality control, which will lead to larger benefits to not only themselves, but also other actors in food supply chain (especially those small scaled farmers). However, it worth pointing out that when the co-operatives grow bigger and start to hire labour rather than using the labour of their own members, these agency costs might be reintroduced.

3.4.5.3 For Wider Stakeholders

Co-operatives influence other stakeholders in the wider community. Saunders & Bromwich (2012) suggested that co-operatives not only improve members' economic status, but also have positive impacts on their family and social relations. It has been observed that co-operatives can enhance inter- and intra-family relationships, contribute to community harmony, and raise status for women (Chen, 1999; Bromwich & Saunders, 2012). It has also been observed that co-operatives in China contribute to the sustainability in terms of environment protection and preserving natural resources by promoting better

resource management, which in turn enhances the sustainability for both individual farmers and Chinese agriculture sector, as well as the rural society as a whole (Gustafsson, 1986; Shiro et al., 2007). Additionally, as stated earlier, it is suggested that farmer co-operatives contribute to the development of agricultural industrialization and specification as well as a reduction in poverty in rural China (Jia et al., 2012; Yang & Liu, 2012; Xu et al., 2013; Song et al., 2014; Yang et al., 2014). Co-operatives also stimulate agricultural innovation such as green produce and organic agriculture (Oelofse et al., 2010). Survey data shows that a positive relationship exists between individuals who tend to accept new agricultural technology and their propensity to join co-operatives, since related costs can be shared among members and become more affordable (Xu & Wang, 2012). Compared to non-members, the chance for a farmer who has joined a co-operative to adopt new technology is approximately 20% higher (Xu & Wang, 2012). Wang et al. (2014) suggest that agriculture co-operatives, together with measures such as training funded by government and/or led by agricultural technologists, have been demonstrated to be significant in the reduction of pesticide use; while Zhu et al. (2014) witnessed a more favourable attitude towards bio-pesticide use among farmers who joined co-operatives. As Saunders & Bromwich (2012) conclude:

> the main benefit for participants of establishing co-operatives was delivering a mechanism that gave hope and ambition to marginalised communities... democratic control by members stimulated greater farmer willingness to participate… environmental improvements were reported because of co-op establishment… Gender awareness and

participation of women in all activities increased.

Saunders & Bromwich, (2012: 332-334)

Hence, the literature suggests that modern rural co-operatives in China make a difference to not only the economic income for their members, but also the social welfare and sustainability of their community and wider society, by more considered utilization of resources, engendering positive community ambitions, reducing rural poverty, and stimulating the development of agricultural supply in China.

3.5 Discussion

After reviewing English and Chinese publications on co-operatives in China, it remains to discuss the findings and draw conclusions. The main issues related to modern Chinese co-operatives and the major gaps in the extant literature are identified below, followed by a brief introduction to theoretical supports that contribute to elaborate such debates and guide the empirical research of this project. Gaps in extant literature will be concluded at the end of discussion, followed by a brief summary.

3.5.1 Co-operatives, agriculture and rural China

A first question to ask is why is the Chinese co-operative movement considered to be an important topic worthy of further study? As stated above in Section 1.2, the current promotion of farmer co-operatives in China is an attempt to face “San Nong” issues. Is it a successful one? The world has witnessed China’s rapid economic growth during recent decades; however, as many scholars have

pointed out, the remarkable booming of the Chinese economy comes with a cost – with considerable amounts of resource leakage many rural regions in China are left with underdevelopment and experiencing poverty (Yan & Chen 2013). Even when it came into the twenty-first century and after all the reforms and policy shifts, the damage to rural areas has yet to be completely recovered. As Gale (2009: 59-60) observed, “while the rural economy has fared reasonably well in recent years, rural household incomes have not kept up with the remarkable growth in urban incomes…Urban per capita income is now 3.3 times the rural average.” For a country with over half of its population living in rural regions, how to face those “San Nong” problems and achieve the sustainable development of agriculture, as well as the development of rural communities, is of great significance for China. As a key component of the NRRM (Yan & Chen, 2013), co-operatives seem to be a possible solution. Evidence indicates that by establishing or joining co-operatives, farmers in China could increase economic incomes and enjoy better access to various resources such as financial supports, marketing information, and technology training. It has also been noticed that co-operatives make a difference to the sustainability of wider rural society by improving resource management and creating more opportunities within the community. The current co-operative movement in China has the potential to improve living standards for the Chinese agricultural population (i.e. farmers and their households), but also to provide alternative solutions to wider rural issues.

However, attention should be paid to the fact that the existing co-operatives

may be insufficient to solve rural China's problems. First, as many existing studies have revealed, the developing status of co-operatives is highly uneven in China (Clegg, 2006; Xu et al., 2013). In more developed and economically prosperous areas (normally located in the Eastern China or coastal areas), the co-operative movement have attained better development; while in those underdeveloped and destitute regions (often remote areas in Western or Central China) where there is more urgent need for a solution to "San Nong" problems, co-operatives tend to be weaker and attempts to develop them have been less successful. This situation means that the co-operatives might in fact enlarge the differences between prosperous and poor regions in China, rather than closing the gap, particularly if co-operatives are more highly concentrated in more developed regions.

Second, there also exists the doubt surrounding whether this co-operative approach is sufficiently efficient and effective in closing the gaps between urban and rural economic growth and well-being (Clegg, 2006; Gale, 2009). Although co-operatives have contributed to the improvement of rural populations' economic income, it can be seen that it is still far from catching up with urban incomes. Rural impoverishment reflects what has happened in the West and the associated patterns of rural depopulation and rural poverty (Clegg, 2006; Gale, 2009). Third, there are questions about the extent that existing Chinese co-operatives can fulfil their roles as social enterprises and take reasonable care of both their members and their communities. It is challenging for co-operatives in China to construct a mechanism that can fairly

and sustainably distribute benefits to members, especially to those poorer members. Actually, it has been observed that in practice many Chinese co-operatives take the pursuit of economic benefits (often for core members holding large shares) as their main (if not the only) goal and have paid much less attention to social enterprise. The prioritisation of economic missions by co-operatives in China suggests that their contribution to rural development may be limited.

Hence, there are still issues associated with farmer co-operatives in China that require further study. This emerging phenomenon of Chinese co-operatives should be better understood and analysed, so that not only the co-operatives themselves, but also the whole community might benefit, which in turn would eventually influence the country's rural population and international agricultural supply.

3.5.2 Comparison of English language and Chinese language publications on Chinese agricultural co-operatives

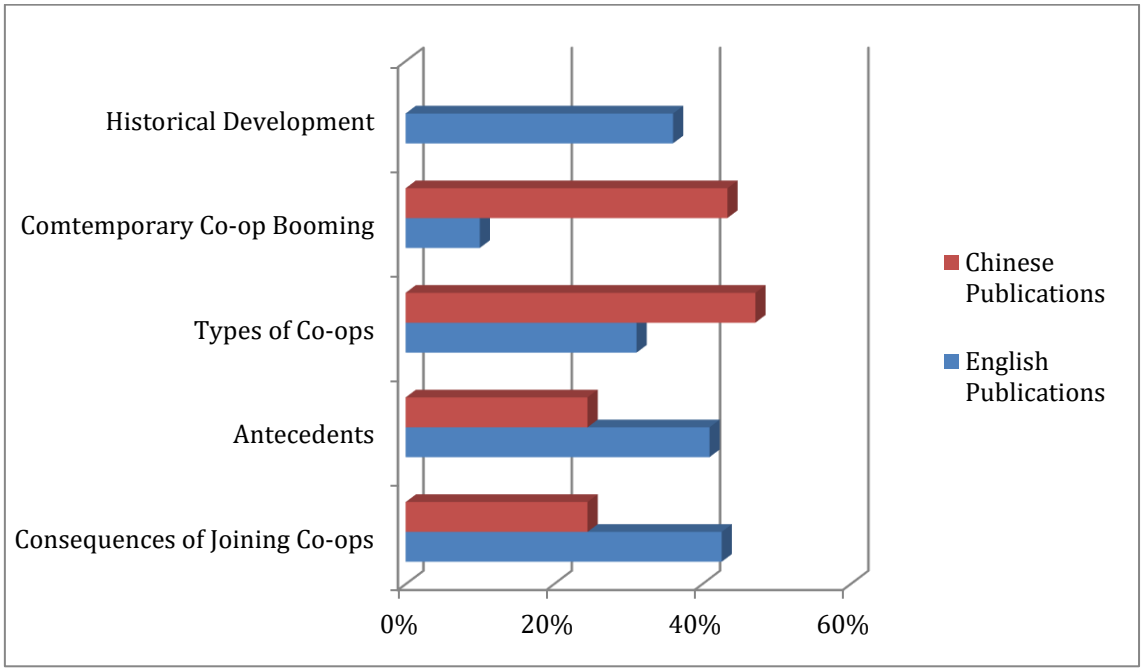
Through the reviewing process, several major differences have been spotted between literature published in the English and Chinese language. Exploring these differences would help to reveal the priorities of Western and Chinese scholars on co-operative development, and hopefully provide inspiration for further studies. The first and most obvious difference is the difference in quality (or paradigms). Generally speaking, English studies, especially those ones published recently since 2000, are more rigorous and robust. The

majority of these papers provide relatively much more detailed methodological information and have been published in peer-reviewed journals. However, on the contrary, co-operative literatures written in Chinese, many of which are grey literature (e.g. blog and news, which are normally short in length), are much less rigorous. This difference is due to the distinctive system and environment in China. In fact, to the best of the researcher's knowledge, there are no quality criteria for academic papers in China that are quite equivalent to Western ones.

There are also significant differences in the research patterns of English and Chinese publications. As mentioned in Section 3.3, the number of English publications has been increasing in the past two decades, indicating that more attention has been attracted to the developing of Chinese co-operative movement. However, the trend of Chinese publication is quite different – it reaches a peak around 2008, which is considered as a result of China government's related policy shifting. This also explains the fact that there is more emphasis regarding the government's role in the promotion of co-operatives in the Chinese language literature. Unlike the English language literature, the Chinese literature has a more concentrated focus on SFCs and provides a more detailed picture of SFCs, especially regarding the various types and forms of SFCs (Section 3.4). The Chinese literature also presents more up-to-date information about the national and local environment (mainly political supports) for Chinese co-operatives. In terms of theme intensity (Figure 4), it is clear that Chinese studies pay more attention to the current development of

new model SFCs after 2000, and the types and roles of SFCs; while the focus of English research is more concentrated on antecedents/factors pushing or restricting the development of Chinese co-operatives, and what is the result of the development of co-operatives. Regarding the first theme, there should be quite a few papers describing the historical events of the Chinese co-operative movement, however, the archive data provided by CARD focuses on the contemporary wave only, which is also the focus on this Ph.D. thesis.

Figure 4 Intensity of Five Themes Mentioned in Chinese and English Publications



(Source: Author)

3.5.3 Theoretical background

In order to better understand the topics and take the debates onto next level, guidance and supports from more theoretical perspectives are required. This section introduces the main theories adopted in this research, including

embeddedness theory, institutional theory, and stakeholder theory. These theories are employed not only to review the extant literature on Chinese co-operatives and to identify gaps, but also to guide the case analyses in later chapters. The three theories (i.e. embeddedness, intuitional and stakeholder) are less well represented in the extant literature on agricultural co-operatives for the Chinese context, which is often assessed from the more traditional perspectives of resource dependency and transaction cost economics.

One significant theory for this research is embeddedness theory. As suggested by Uzzi (1997), the concept of embeddedness can be used to describe the social structure of economic relations, covering economies of time, integrative agreements, allocative efficiency, and complex adaptation. According to Uzzi (1997: 35) "[r]esearch on embeddedness is an exciting area in sociology and economics because it advances our understanding of how social structure affects economic life". Granovetter (1986) revealed that embeddedness explores how social relations affect the behaviour of an institution, and embeddedness has robust effects on an institution's economic actions, especially in the context of its interfirm networks, as well as its organizational adaptation (Uzzi, 1996). However, some warn about "over-embeddedness", which is a state that exists when embeddedness goes beyond a threshold (Weick & Roverts, 1993; Uzzi, 1997; Atterton, 2007; Ring et al., 2009). This could particularly result in obstacles to knowledge flow between the insides and outsides of an institution.

Embeddedness is critical in shaping and sustaining business, as it enables organisations to recognise and utilise specific environments, creating opportunities for the business and helping the business to achieve improved performance (Jack & Anderson, 2002). The concept of “social embeddedness" can be considered as a useful theoretical umbrella, which affects an institution’s economic decision making (Portes & Sensenbrenner, 1993). As suggested by Heidenreich (2012), embeddedness can contribute to an organisation’s innovativeness by providing accesses to not only resources outside itself, but also coordination of its internal and external actors.

Similarly, as in institutional theory, organizations are under the influence of normative pressures, from exogenous factors (such as professional certification standards and state requirements) and endogenous factors, “which often have the effect of directing attention away from task performance” (Zucker, 1987: 443). According to Scott (1987), institutionalization is a process of instilling value, creating reality, and constituting a distinctive class of elements that can account for the existence and the elaboration of an organizational structure. The core purpose of institutional theory is “to understand how organizational structures and processes acquire meaning and continuity beyond their technical goals” (Suddaby, 2010: 14)

The use of institutional theory has been predominant in empirical research (Tolbert & Zucker, 1999; Weerakkody et al., 2009), because it can be used to explain both individual and organizational action (Dacin et al., 2002):

> institutions change over time…institutions serve both to powerfully drive change and to shape the nature of change across level and contexts, they also themselves change in character and potency over time."
>
> Dacin et al., 2002: 45

In other words, the form and role of an organization is shaped by its institutional environment, and it also in turn shapes this environment (Moll et al., 2006). An institution's behavior is influenced by its institutional conditions such as legislation, institutionalized norms, and organized dialogue among themselves and with stakeholders (Campbell, 2007). According to Bies et al., (2007), institutions have been witnessed engaging in activities which result in positive changes to their community and the wider stakeholders.

Embeddedness and institutional theories can be applied to research into agricultural co-operatives. However, as pointed by (Cook & Iliopoulos, 1999), the contemporary generation of co-operatives are under-researched due to the short history.[33] The theorization of agricultural co-operatives beyond resource dependency theories based on transaction costs economics and towards theories that explore rural development in relation to community embeddedness is still at an early framing stage (Cook & Iliopoulos, 1999; Zeuli et al., 2004).

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[33] Referring to the recent development of co-operatives, such as the New Generation Co-operatives (NGCs) from North America, and those new models of co-operatives in other regions including the EU and China.

Agricultural co-operatives are suggested as a suitable alternative to traditional industrial food supply chains (Renting et al., 2003; Wu & Pullman, 2014), but there is little understanding about how agricultural co-operatives operate and function in supply networks (Wu & Pullman, 2014). The relationships between agricultural co-operatives and profit-driven downstream buyers[34] is also under-researched, as well as other non-profit driven stakeholders (e.g. government and NGOs), which can not only affect the successful development of co-operatives, but also influence wider rural issues (Chaddad & Cook, 2004, Ostrom, 2005; Thornton et al., 2012; Wu & Pullman, 2014).[35]

3.5.4 Research gaps in the extant literature

This sub-section further discusses and concludes the under-researched gaps in the extant literature. The emergence of modern co-operatives (i.e., SFCs) in China has a short history of less than a decade (since the release of the SFC Law in 2006), although an increasing number of studies have been devoted to the topic in recent years (see Section 3.3), it must be pointed out that there are still major gaps, which have been identified during this extensive review and will

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[34] Recent research highlights that the intra-organizational relationships between organizations in a food supply chain have considerable impacts on their performance. The influence can be either positive or negative, depending on various factors including status of power imbalance, the level of collaboration, management efficiency, and aligning of marketing and sourcing strategies. See Mena et al., 2009; Mena & Stevens, 2010; Oglethorpe & Heron, 2013.

[35] Some stakeholders may not be directly involved in the supply chain, but they may have considerable impacts on the operation of agricultural co-operatives and/or food supply chains, such as access to various resource, technology, and other non-buyer/supplier powers. See Levy, 2008; Oglethorpe, 2010; Garnevska et al., 2011; Liang & Hendrikse, 2013.

be considered in the design of this Ph.D. research.

First, there is a lack of a fundamental definition of Chinese co-operatives. As many suggested (Trescott, 1993; Clegg & Cook, 2009; Yan & Chen, 2013; Bernardi & Miani, 2014), the co-operative movement in China has diverged from the western origins and models of co-operation. Hence, in order to get an in-depth understanding of Chinese co-operatives, it is probably not appropriate to just simply apply the Western definition and criteria. While Western standards do not seem to apply to Chinese co-operatives, the newly enacted SFC Law is progressive, but is still insufficient as some comprehensive criteria to define or characterise Chinese co-operatives (as stated in Section 3.4.5). It is necessary to develop a definition that can explicitly describe the meaning of the notion “co-operatives” in China and reflect the differences (or similarity, if any) in comparison with the Western co-operatives, especially under the particular social and industrial environment in China where these co-operatives are sitting in. The Chinese culture and community play a role in many situations. In one of the cases that Hale (2013) studied, the majority of members of a Chinese co-operative decided to remove certain members, but they did not want them to “lose their faces”. So, they had to dissolve the old co-operative and then form a new one without those members. Such issues are related to the social embeddedness of Chinese agricultural co-operatives to their hosting culture and communities. It is also worth further investigating how the Chinese co-operatives, within their social and cultural contexts, balance between their hybrid identities as both business entities and social enterprises. It is not

enough for them to be economically successful and survive market competition, because co-operatives must demonstrate care for community and can only sustain their economic interests by achieving positive economic, social and environmental outcomes for the communities to which they belong. Co-operatives need to develop what has been termed the "Co-operative Advantage":

> "Co-operative Advantage", which can be described as "excellent products or services with distinct competitive benefits derived from our values and principles, our rewards for members or our commitment to the communities we serve" in order to achieve and sustain the virtuous circle of "commercial success", "social goals", and "competitive advantage".
>
> The Co-operative Commission, 2001: 5

Given the mutual interests of economic and community development, therefore, the embeddedness of co-operatives into Chinese society and their role as social enterprises with responsibilities to their wider stakeholders requires more attention from academic scholars.

Second, there is a need to create a typology that can provide a comprehensive categorical understanding of the different types of modern co-operatives in China and their functions/roles. Extant literature in English provide only three broad types of modern Chinese co-operatives (as identified in Section 3.4.1.1). Given the diversity of co-operative forms in China, therefore, a fine-tuned classification based on the roles assumed is required. In particular there is a

need to classify the newly emerged third type of co-operatives - the agro-ecological and socio-cultural oriented co-operatives - that focus more on the social enterprise functions of co-operatives (Section 3.4.1.1.3). Moreover, there is the need to evaluate the authenticity of modern Chinese agricultural and credit co-operatives against the internationally recognised co-operative identity statement (Section 3.4.3). Although Chinese publications have proposed some more detailed methods to classify co-operatives, their questionable quality (mainly the lack of transparency in those studies) reduces their reliability. This situation indicates a demand for further empirical study to be conducted on the ground in China in a more rigorous way (i.e. utilising Western academic paradigms and standards). It is worthwhile to understand and produce a more comprehensive typology of different types of agricultural co-operatives in China, and to apply it when assessing co-operatives' performance and designing of supporting policies.

Third, the internal governance, as well as external governance, of co-operatives is also important to be understood.[36] Well-designed external governance can ensure that the co-operative movement heads toward sustainable development in China. It can also build a good reputation for co-operatives and develop confidence among potential co-operative members; for example, eliminating

[36] Internal governance is to keep monitoring and correcting activities within an organization in alignment with the organisational goals. External governance refers to the controls exercised by external stakeholders over the organization.

farmers' “fear of losing land use rights and complete control over farm management” (Ito, et al., 2012) (see Section 3.4.4.3). On the other hand, good internal governance mechanisms (i.e. member control) determine a co-operative’s potential to improve its performance within fierce market competition with other business entities (see Section 3.4.4.4). This will be affected by a few factors include social, cultural, and regulative environment, a better understand of which would definitely contribute to review the Chinese co-operatives. For instance, as identified in Section 3.4.4.1, one of the most significant factors affecting the development of co-operatives in China is the Chinese government. As mentioned in almost every single paper, the Chinese government continues to assume a determining role in the development of Chinese co-operatives since the 1950s. The Chinese government has been supportive of rural co-operatives in recent years. It is the Government backing of Chinese co-operatives that provides the context in which they are able to develop rapidly in China. Without appropriate laws, tax regimes etc., co-operatives are put at a disadvantage to other business models. In the next stage, the policies will largely determine how well the co-operatives can develop, especially those on land ownership, labour migration and rural finance, which are three major resources for agriculture and rural populations. Hence there is a need for scholars to better examine and explain the impacts of government on co-operatives and to propose well-concerned advices for policy makers, so a supportive regulative institutional environment can be provided to promote the co-operative movement.

Fourth, although modern Chinese agricultural co-operatives have been observed playing an important role in linking small scale Chinese farmers to wider markets and in so doing, improving their member farmers' economic income, there is a lack of reliable and widely-agreed measurement methods to assess the significance and effectiveness of the intermediary role of co-operatives in its stakeholders. So, the question remains, what is the role for co-operatives in global agricultural supply chains? The relation between agricultural co-operatives in China and the global agricultural supply chain (especially with players like large Multi-National Corporations, if any) merit more investigation.

With these major missions accomplished, it will then be possible for researchers to systematically study other issues or factors related to the co-operatives. For such an emerging area of modern co-operatives in China, there remain many issues to be revealed, such as the measurement of co-operatives' performance, their governance structure, benefits distribution, and the effects of NGOs' involvement. Scholars have begun researching Western co-operatives from these perspectives, but for Chinese co-operatives, some of these issues remain a black box yet to be explored. More specifically, there are factors mentioned in the literature, but little discussed especially not with a theoretically supported manner. These factors have the possibility to significantly impact (either in a positive or negative way) the co-operative movement in China and thus are worth further investigation. With the main focuses on the points illustrated earlier in this sub-section, this research also attempts to look into the following

issues, which may require future research: (1) As Zhang et al. (2009) and Hale (2013) point out, there is a lack of labour (especially young people), which might threaten the development of co-operatives in China. The shortage of agricultural labour in rural areas is significantly hindering the develop of co-operatives in China. (2) Although NGOs can provide effective development support, providing funding and technical guidance in both the emerging and later developing stages of co-operatives, there is little research regarding their activities in China.[37] It is interesting to research how NGOs, which have been observed promoting co-operatives, reducing poverty and improving rural development in many other countries, are affecting the co-operative movement in China. (3) In addition, the methodological issues in extant studies also need to be considered. First, in both English and Chinese publications, there are misunderstandings of methods such as the case study, as well as unclear expressions in some papers regarding their methodology, methods and data sources in a way that reflects a lack of consideration and academic rigour. Future studies should put more attention into research design and to avoid overlooking these important issues. Second, quite a few issues regarding communication between Western and Chinese scholars have also been spotted during the review process - some English language literature clearly does not understand the Chinese context and Chinese co-operatives adequately; while

[37] The government of China implements a series of limitations on NGOs, which might explain why they have not much involved in the cooperative movement in China.

many Chinese language literatures incur wording problems when translating into English. Third, as there have been few uses of mixed methods, future studies can explore, develop and apply some well-designed mixed methods, which may bring up different perspectives looking into the development of Chinese co-operatives.

3.5.5 Summary of Literature on Co-operatives in China

In this chapter, a systematic literature review has been conducted on the co-operatives in China, which have experienced rapid expansion in recent years and to an extent have improved Chinese farmers' economic status. This systematic review of English and Chinese language literature has identified the main and sub themes of research on Chinese co-operatives and has pointed out gaps in extant literature. With these gaps identified, for future studies into this field, one of the most urgent issues is to develop a solid knowledge base regarding those fundamental issues of Chinese co-operatives. A well-concerned set of criteria is needed to judge what constitutes a co-operative in the Chinese context, and to classify what kind of co-operative they resemble. With the main themes and topics identified in this chapter, several constructs are developed as shown in Table 3.12. Each of the constructs covers one or more themes from the review of the extant literature. These constructs will be used in the empirical research and assist in data analysis. The next step of the empirical research regarding Chinese co-operatives needs to be conducted in a rigorous way. Possessing the advantages of being bilingual and having received academic training in the UK, the author of this research is well placed

to conduct fieldwork in China and present the findings using robust Western academic methods, with fewer translation problems. Based on the gaps identified above, the research questions of this thesis are presented in the following chapter.

Table 3.12 Table of Constructs

Name of Constructs	Themes in Literature Covered
C1 - Membership Benefits	Functions and roles of co-operatives, Consequences for members
C2 - Internal Embeddedness	Core Members, Members' participation, Other factors
C3 - Member Control	Core Members, Types of co-operatives, Members' participation
C4 - External Embeddedness & Institutional Environment	Core Members, Government and Policy Supports, competition, Consequences for stakeholders, Other factors
C5 - Farmer's Self-identity as Co-operative Member	Comparison with Western Co-op values, Members' participation
C6 - Co-operative Legitimacy	Comparison with Western Co-op values, government and policy supports

(Source: Author)

Chapter 4: Research Methodology

The aim of this research is to study the business practice and embeddedness of value in co-operative type organisations in China, by exploring the operation of tea producers within tea supply chains. This aim is to be achieved using following objectives, which seek to:

1. explore how the values of co-operatives conform to Chinese society and culture;
2. develop a typology of Chinese agricultural co-operatives based upon data collected for the tea co-operative industry;
3. analyse the relationships among the membership of different types of co-operatives to determine if they result in different operational performance;
4. explore how internal factors affect the power dynamics between a co-operative and its stakeholders.

Guided by foci on research gaps developed from the extant literature in Chapter 3 and above objectives of this thesis, three main research questions and six sub-questions inform the research into tea co-operatives in China. Table 4.1 presents a mapping of these questions and research objectives. The research questions are listed below.

Research Question 1: How do contemporary agricultural co-operatives (so-called “SFCs”), operating within agricultural supply chains, self-identify and exercise their co-operative values within the specific cultural contexts found in China?

(1) How do governance structures and power relations within these co-

operatives reflect their co-operative values?

(2) How do the co-operatives distinguish themselves from investor-owned business such as agricultural companies?

(3) Do co-operatives' values reflect on co-operatives' relationships with up-stream suppliers and/or down-stream buyers (e.g. the operation of power in those relationships)?

Research Question 2: What are the different types of agricultural co-operative practices in China?

(1) What are the main types of agricultural co-operatives in China?

(2) How do different internal structures impact on co-operatives' performance?

Research Question 3: In which areas do different types of agricultural co-operatives in China require better support from legislation and policy makers, especially in consideration of these co-operatives' distinctive values?

Table 4.1 Mapping of Research Questions

Research Objectives	Related Research Question(s)
Objective 1 – Values of Chinese co-operatives	RQ 1(1) & RQ 1(2)
Objective 2 – Typology of agricultural co-operatives in China	RQ 2(1)
Objective 3 – Different types of co-operatives and performance	RQ 2(2)
Objective 4 – Co-operatives and their stakeholders	RQ 1(3), & RQ3

(Source: Author)

This chapter provides a detailed step-by-step introduction to the research design and methods employed to address the aims, objectives and research questions. First, the researcher's philosophical stance of critical realism is introduced as the methodology that justifies the selection of the methods utilised in the research. Second, the rationale for adopting the qualitative case

study approach is discussed, followed by an explanation of the methods employed in data collection (i.e. interviews, document analysis, and observation). Third, the sampling strategy is introduced, followed by a detailed description of how the fieldwork was conducted. Finally, there is the data analysis section, presenting descriptive findings from the initial analysis and reflections on the research design, in particular the sampling strategy. The limitations of this research project will be reported separately in Chapter 9.

4.1 Researcher's Philosophical Position

4.1.1 Critical realism

As the philosophical position of a researcher concerning what is real (i.e. ontology) and what can be known (i.e. epistemology) governs how a researcher apprehends and observes the world around him or her. Research methodologies are shaped by ontological and epistemological perspectives and are vital considerations in research design and the adoption of research methods (Johnson & Clark, 2006; Saunders et al., 2009). Moreover, I regard it is vital to clearly state my own philosophical stance in this section (i.e. my positionality) at this point in the thesis, to enable the reader to understand how my perceptions have shaped my engagement with the research.

I believe that the nature of reality is independent of the knowledge we have about this reality, yet the reality is understood and interpreted through social conditions. In terms of ontology, a realist position is accepted, which is to

claim that reality exists, but can only be incompletely apprehended. The accompanying epistemological position necessitates that we understand human knowledge as generated through interaction and is therefore subjective; in other words, some apprehension of human participation in the world and reflection on human values is required by researchers adopting a critical realist philosophical position. As Saunders et al. points out:

> what the senses show us as reality is the truth: that objects have an existence independent of the human mind…what we experience are sensations, the images of the things in the real word, not the thing directly…often our senses deceive us…there are two steps to experiencing the world. First, there is the thing itself and the sensations it conveys. Second, there is the mental processing that goes on sometime after that sensation meets our senses.
>
> Saunders et al. 2009: 114-115

As a critical realist, I consider my study unit (which is a sample of the world) as independent of social actors; meanwhile, I recognise and acknowledge truths and information about the studied phenomena through their constitutive meanings as well as their definition and/or direct observation.

Methodologically this translates into my undertaking a participative approach to research through dialogic methods, and being an advocate of praxis who would seek to change the world rather than describe it. I seek to eliminate false consciousness, where this can be demonstrated adequately, and facilitate a

transformed world with my own participation/interpretation (Guba, 1990 c.f. Hollinshead, 2004; Sayer, 2000; Ayer c.f. Wilks, 2002; Alvesson & Skoldberg, 2009; Saunders et al., 2009).

4.1.2 My narratives: Why do I care about co-operatives in China?

Co-operatives really inspire me with their values of self-help, democracy, and care for community, which distinguish them from traditional investor-owned businesses. I believe these values have the potential to make co-operatives a distinctive and more ethical business model, and also to provide a method to humanise economic and social relations innovatively and responsibly. In addition, the following reasons motivate me to study co-operatives. As someone from Mainland China and of Chinese ethnicity I have observed great changes during China's political and economic transition over the past decades. Therefore, I personally have a strong desire to better the development of local communities, by studying significant social phenomena in depth and revealing what is happening in China to the world from an academic perspective.

I am committed to investigating how co-operatives operate in developing countries such as China and how the co-operative movement has affected communities. My interests in researching co-operatives are twofold. First, I am keen to evaluate how co-operatives are positioned, with respect to other stakeholders in the food supply chain, for example their interactions with multinational corporations, NGOs and local governments in a developing country context. A key component will also be to focus on how these supply

chains enable co-operatives to embed values for local people to improve their lives, and to achieve sustainable development for themselves and their community. Second, I would like to investigate how agricultural co-operatives raise people's awareness and desire for democracy and human rights, and thus make a difference not only to the economical, but also to the social and political environment in this country.

4.2 Case Study Approach and Data Collection Methods

A range of methods are compatible with the philosophical position of critical realism. However, as Sayer (2000:19) points out, "the particular choices should depend on the nature of the object of study and what one wants to learn about it". In this research, I adopted a qualitative case study approach with a combination of different data collection methods including interviews, document analysis, and observation.

4.2.1 Case study approach

According to Yin (2009), case study approaches involve empirical investigation of a particular contemporary phenomenon in real life contexts with evidence from multiple sources. Considered as a useful research strategy for complicated social phenomena (Feagin et al., 1991), case studies have been widely accepted in academic business and political science research (Gerring, 2007). This approach is especially suitable where the investigator has no control over the events related to the particular organization under scrutiny (Yin,

1994). Furthermore, case studies are recommended where there are no explicit boundaries between complex phenomenon and their contexts of interaction and evolution (Sayer, 1992; Robson, 2002; Easton, 2009).

Following critical realist assumptions, in order to achieve a comprehensive understanding of the phenomenon should be interpreted within its own social context (Bhaskar, 1998; Weick et al., 2006). For this particular research, the case study approach proved its suitability and held several advantages over other methods. First, the study units, co-operatives, are not only a particular type of business entity, but also a distinctive social movement. They are featured with distinctive ethical values and different from investor owned enterprises (Mancino & Thomas, 2005; ICA, 2010). For complex phenomenon such as co-operatives, which co-constitute their social context through member activity, case studies can provide in-depth and more comprehensive insights than quantitative measures of factors isolated from their social context (Sayer, 1992; Easton, 2009). Second, as a critical realist, who is value driven and value laden (see section 3.1.2. for my narrative), the purpose of my research is not only to better understand co-operatives as a business form, but also to achieve contributions towards enhancing the value of co-operatives' social impacts. To achieve a rich commentary and interpretation of a phenomenon, detailed description needs to be complemented by conceptual structures, moreover we also need to accommodate the meanings attributed by the actors to the phenomenon of enquiry (Geertz, 1973). This means an empirical and explanatory approach, such as the case study, is required.

4.2.2 Data collection methods

For this research, unlike those conducted under quantitative approaches, a relatively small number of units have been selected and studied. It is hence vitally important to ensure the richness and appropriateness of the data generated, so that the result can provide a robust understanding of the studied phenomena, and become worthy of analytical generalisation and expansion into theories (Sayer, 1992; Yin, 2009). Three different methods were adopted to collect data in this project, namely interviews, document analysis, and observation. Semi-structured qualitative interviews were undertaken with various co-operative members, managers, local governors, scholars in the field, and other stakeholders (such as down-stream customers) form the main data pool. Documentary analysis of internal documents and the interviewer observations are used as supplementary data. The use of multiple sources of data facilitates triangulation, which is suggested by Decrop (1999) and Yin (2009) to enhance the trustworthiness and reliability of qualitative case study research. The main advantages of utilising qualitative interviews are: gaining access to interviewees' attitudes and opinions through purposive personal conversations; generating rich data; and most importantly to reveal the voices and experiences which are often ignored or misrepresented within other approaches, such as formal questionnaires, surveys or observations (Silverman, 2006; Saunders et al., 2009).

4.2.3 Research ethics

The main ethical risks are associated with potential harm to the research

participants. Co-operative members, who are normally in a weaker position in the supply chain, are vulnerable to harm (e.g. financial harm generated by loss of livelihood) if their sensitive personal confidential information is leaked to stakeholders. Another concern is that this research may involve gathering data that may be considered to be the sensitive intellectual property of participants (e.g. profit/loss information, pricing policies, tea processing techniques). These risks within the research have been mitigated by not sharing data between research participants, maintaining anonymity and confidentiality for participants throughout the course of the research, and ensuring that data is stored securely on password protected computers. Verbal consent was obtained from participants and participants' rights were announced prior to any data collection (see Appendix 7 for ethics approval form). Semi-structured interviews were audio recorded and both the original and extra digital copies are stored on password-protected devices. Documents provided by the interviewees and my field notes are safely stored in locked places. Since all case co-operatives and the interviewees agreed to be named in the research, pseudonyms will not be employed for either the case co-operatives or the participants in this study.

Another ethical issue is that I had more frequent opportunities to talk to those interviewees in powerful positions in their co-operatives, due to less significant language barriers and greater accessibility. One the one hand management teams or core members tend to speak in more standardised Mandarin rather than local dialects, and on the other hand, they are also more willing to talk to

outsiders. Therefore, the data sources I have accessed are partial and this is a factor that must be taken into account when seeking to generalize from the case studies.

The uses of maps from Google Maps in this thesis are in line with their terms of service and attribution guidelines, and hence premised by copyright owners including Google.[38]

4.3 Sampling and Data-Collecting Field Trips

As a qualitative case study, this research was conducted on three selected cases (the original plan was four, but for reasons that will be explained, it was reduced to three). As suggested by Yin (2009), the units of analysis of a study should be determined according to research questions and previous works in the same field. So, in this research, the units of analysis are tea co-operatives in Mainland China. To screen out the most appropriate co-operatives, purposive (theoretical) sampling rather than statistical sampling was adopted, which is a suitable approach to qualitative case study research (Karmel & Jain, 1987; Yin, 2003). The sample selection was guided by the literature review (Section 3.4.1)[39]. A sampling framework was devised (Table 4.2) that utilised the

[38] See https://www.google.com/permissions/geoguidelines/
And https://www.google.com/permissions/geoguidelines/attr-guide/

[39] The classification methods of Chinese co-operatives in Section 3.4.1.1 do not apply, because the focus of this study is modern Chinese SFCs only.

initiator types (Section 3.4.1.2.1) and the co-operative functions (Section 3.4.1.2.3). The forms of co-operation (Section 3.4.1.2.2) was not considered to be a sampling condition, because these arrangements could only be determined after the in-depth case study research. Therefore, the sampling strategy was designed to include one co-operative in each category of initiators, and together these co-operatives cover all the supply chain operations.

Table 4.2 Pre-determined Matrix for Sample Selection

Initiator						
Farmers						
Core Members						
Company						
Government (SMCs)						
	Purchasing	Producing	Processing	Marketing	Logistic	R&D
	Supply Chain Operations					

(Source: Author)

Table 4.3 Academic Advisors

Advisor	Institution	Position	Authority to Provide Advice/Expertise
Dr. H. Guo	Zhejiang University, China	Professor in the Department of Agricultural Economics and Management	Publications, research/teaching experience in Chinese agricultural co-operatives. Wide collaboration with scholars researching on European and American co-operatives.
Dr. J. Han	Beijing Normal University, China	Associate prof. in Management Research and Social Science	Years of experience in conducting qualitative case studies in various regions across Mainland China. Government consultant in rural development.
Dr. P. Yuan	Chinese Academy of Social Sciences	Research Director in Rural Development	Director in rural development at CASS. One of the draftsmen of China's first co-operative law (SFC Law in 2007).
Dr. F. Jia	University of Exeter, UK	Senior Lecturer in Supply Network Management	Rich experience in case study research in Mainland China. Knowledge in supply chain management.
Dr. A. Bailey	University of Exeter, UK	Lecturer in Management	Rich experience in research design/analysis. Thorough understandings of Western co-operatives and social enterprises.

(Source: Author)

This sampling framework table was developed using the extant literature on general agricultural co-operatives. The Chinese context of application, however, meant that it was challenging to find examples that neatly fit into this framework.

Problems with access to cases also provided additional challenges to populating the study with cases that mapped against the sampling framework. To overcome the challenges, it was necessary to take into consideration the situations of the field to amend the sample, guided by professional advice (see Table 4.3 for details of academic advisors). A detailed explanation of how the sampling has evolved into the final version, together with a deduction of my fieldwork process is followed in next section.

4.3.1 First round fieldwork and pilot study

My first round of fieldwork took place in April 2015 as a pilot study to actually get into the sector of tea co-operatives in China for a more practical understanding, as well as to secure accessibilities to participants and other type of data for further contacts in later rounds. During this trip, I carried out a scoping study of potential case regions, and in addition I also interviewed professionals who have been researching agricultural co-operatives in China for years. The scoping study covered those main tea production regions in China: Zhejiang, Jiangsu and Fujian provinces. Table 4.4 briefs the tea co-operatives and other stakeholders accessed in each region.

Table 4.4 First Round Fieldwork

Case Region	No. Of Co-ops Visited	Other Stakeholders Accessed	No. Of Possible Case Co-ops After Initial Screening
Kaihua, Zhejiang	5	Tea Companies, Farmers, County Governors	2
Yueqing, Zhejiang	2	Farmers	1
Anji, Zhejiang	3	Tea Companies	0
Liyang, Jiangsu	1	Consumers	1
Anxi, Fujian	3	Tea Companies	2

(Source: Author)

Based on initial interviews and observation, it was found that some of those so-called co-operatives are actually "fake" in terms of their nature of being co-operatives, at least according to the ICA definition as stated in Chapter 3 – some of the co-operatives accessed are actually tea companies or dealers in the tea supply chain using the name of a co-operative to achieve tax breaks. Such opportunistic phenomena are found in the literature (see Section 3.4.3). The phenomena of "fake" co-operatives[40] have been identified and studied by a variety of researchers (see also Chapter 3). However, due to the existence of different sets of co-operative values and principles, the consensus of what is a fake co-operative remains unreached. The term "fake" I adopt here narrowly refers to those co-operative named businesses without democratic member control or benefit sharing (this is one of the initial findings, see more in details in cross case analysis in Chapter 8 and Chapter 9). In this research authentic co-operatives are defined as those that demonstrate benefit sharing among the majority of members and democratic member control. The minimum threshold for democratic member control is defined as: (1) arrangements that involve at least the core members; (2) controlling power is not directly proportional to the investment level or "shares" held by members. Through my first round of screening, those "fake" co-operative entities were eliminated from the potential case pool (see Table 4.4).

[40] They are, from some researchers' points of view, recognized as fake, while some others might call them mutant co-operatives.

Anji County in Zhejiang province was excluded since none of the co-operatives visited complied with my minimal definition stated above. Similarly, in Anxi Country, most visited organisations during the scoping trip were of the private company type. Kaihua County in Zhejiang province was eventually selected as my pilot case study region, using an initial draft interview protocol to interview co-operative managers, members, technicians, as well as non-co-operative-member farmers and governors (Appendix 8). I also used this opportunity to acquire documentary evidence and to make observations of my interviewees' organisations, which requires being present in the field with the research participants. With data collected from Kaihua County, I tested and improved my interview protocol that was used in next round of fieldwork (Appendix 9 and Appendix 10).

4.3.2 Second round fieldwork

The second round of fieldwork generated the main body of data for the research. Between October and December 2015, I spent between one and two weeks in each of the remaining regions. Anxi County, Fujian province was removed due to its inaccessibility, with the tea farmers located in a remote mountainous region (over one hundred kilometres away from the closest town). I attempted to visit personnel in the local tea supply chain, but they were unwilling to talk. There was one co-operative which drew my interest, but the difficulties in geographic distance to member farms prevented me from accessing them. This was compounded by significant language barriers caused by the distinctive dialect spoken in this area and high levels of distrust

towards outsiders. I do not speak the local dialect and share little of their local micro culture as a visitor from the other side of the country.

For the purpose of consistency and accuracy, I applied the updated version of the interview protocol in these remaining potential case regions. I also revisited the selected tea co-operative in the pilot region (the H Co-op) and re-interviewed co-operative personnel using the revised protocol. For the purpose of convenience, a letter is used to represent each case tea co-operative. See Table 4.5 to match letters with selected co-operatives from each region. The letters are coded from the Chinese name for each co-operative to ensure confidentiality. Table 4.5 presents the attribute data of the final case co-operatives.

As displayed in Table 4.5, two of the three final selected case co-operatives are located in Zhejiang province, which is one of the largest and most famous green tea growing region in China; while the third one is found in Jiangsu province, which is another famous tea sourcing region to the north of Zhejiang. The main product of all three co-operatives is green tea. The species of tea trees planted in each region are more or less the same, however, it is the distinct traditions of the tea-cooking processes, as well as the various regional climates that separates their tea products into different brands/types. The three case co-operatives all harvest fresh tea leaves from the following tea tree species: Long Jing No.43 (龙井 43 号), Jiu Keng (鸠坑), Yin Shuang (银霜). The only exception is the T Co-op, which also makes use of a different tea species

named Bai Cha (白茶), translated as “White Tea”[41], which refers to a specific type of green tea tree with albinism. Some would suggest this is a new type of tea and should be considered as different to green tea. I do not distinguish white tea from green tea since the focus of this study is on tea co-operatives and their economic and social impacts, rather than on the biological classification or medicinal value of the teas, which is beyond my knowledge.

Table 4.5 Attribute Information of Three Final Case Tea Co-operatives

Co-op Name Code	The H Co-op	The T Co-op	The N Co-op
Location	Kaihua, Zhejiang	Liyang, Jiangsu	Yueqing, Zhejiang
Type of Products	Green Tea, Camellia Oil	Green & Black Tea	Green & Black Tea
Regional Tea Brand	Long Ding 开化龙顶	Bai Cha & Bi Luo Chun 溧阳白茶/碧螺春	Mao Feng 雁荡毛峰
Geographic Landscape of Tea Farms	Hills & Plains	Mainly Plains, Some Hills	High-Altitude Mountains
Membership Size (Tea Farming Households)	12	300	100
Cultivated Acreage (Acres)	500	750	n.a.[42]
Annual Production Yield (Kg)	n.a.[43]	7000	1000
Median & Model Selling Price	60 GBP/Kg	100 GBP/Kg	200 GBP/Kg

(Source: Author)

The sizes of these three case co-operatives are quite different, in terms of the number of member farmers, and area farmed and the production capacity.

.

[42] See second last paragraph of section 3.3.2 for details.

[43] See second last paragraph of section 3.3.2 for details.

The H Co-op has the least number of members and farms in a relatively smaller area; while the T Co-op is the largest. The annual production yield of the H Co-op is not available because member farmers of the H Co-op mainly distribute their green tea through personal channels, and the aggregated data is not available. The farming acres of the N Co-op are uncertain since this co-operative is located in a high-altitude mountain area where data for the productive acreage is challenging to collect. What made it more challenging to do any statistical analysis is that due to the different natural conditions among their farms, the density of planting and yield from each tea tree changes dramatically. The manager and leading member of the N Co-op also follows a different business model to the other two co-operatives by opting for a low volume high-value strategy supported by a strong brand, which makes the farming area of the N Co-op distinctive and incomparable to the others in my sample. These factors will be looked at in more depth in later chapters, and a comparison across the three co-operatives will need to be made with such distinctions in mind.

The average tea selling prices vary noticeably, but the prices do not necessarily reflect the tea co-operatives' performance in relation to branding or market power. The tea price does contribute to profitability, because there exist significant differences in the prices of different regional brands/types of tea. Differences in selling prices result from historical factors including consumer preferences and marketing, which are beyond the control of any single tea maker or dealer with or without any co-operative. As the price is primarily an

exogenous factor to a firm or co-operative, it is hardly meaningful to make cross-regional price comparisons to discuss the studied co-operatives' performance in adding value. In this research the average market price for each of the different types of tea is utilised as a benchmark to compare the prices achieved by each co-operative in order to evaluate the co-operatives' performance in market power among its peers in the region. Based on the fieldwork, the costs of tea production in all case regions are similar. A higher profitability can be deduced from a higher selling price. More detailed explanation and discussion will be presented in following chapters of case analyses.

4.3.3 Final round fieldwork

After transcribing the interview data collected during the first two field trips, a third and final round (during March and April 2016) was conducted as a supplement to capture any additional data. The main purpose of this extra round of fieldwork was to seek additional data and to fill gaps in the data, for example, extending information (mainly from down-stream buyers, since the time selected for this trip matched the main trading season for green tea, which made it possible to meet buyers from across the country). No major changes to the data selection criteria were made during this round.

Two tea co-operatives (the N Co-op and the T Co-op) were revisited during this round. I spent one extra week with each tea co-operative. During this round, I conducted conversations and interviews with co-operative managers,

members and employees, and had the opportunity to observe and participate in tea production, including picking fresh tea leaves and taking part in each of the processing stages. Significantly I got the chance to speak to national green tea buyers as this third trip took place in Spring, the biggest and most important season of green tea trading in China. Many of the buyers are in possession of their own tea businesses across mainland China. They came to the tea co-operatives during this season to secure supplies of the freshest and highest-quality spring green tea. It would be much more expensive and time consuming to access these buyer-producers by visiting their production regions. Through our conversations I was able to explore their perspectives about the roles and functions of tea co-operatives, as well as achieving a better understanding about the tea supply chains in general. In addition, I also spent some time with scholars from Zhejiang University and the Chinese Academy of Social Science, who are knowledgeable about rural issues, agricultural co-operatives, and green tea production in China.

4.4 Data Analysis and Reflection

This subsection presents an initial overview of these data, including basic descriptive findings and reflections on the research design. The data will be explored to justify the sampling strategy employed. More in-depth case and cross-case analyses are reported in Chapter 5 to Chapter 7, followed by further analysis and discussion in Chapter 8 and Chapter 9.

4.4.1 Data analysis

The main data analysis approach of this thesis is thematic analysis, based upon codes mirroring the structure derived from the literature review that informed the design of the interview protocol. The constant comparative method has been employed to develop insights as codes were reviewed and compared to each other. The main codes used for this research are initially identified from literature on agricultural co-operatives and scoping study. See Table 4.8 for the initial main codes, which are then adjusted and developed into Table 4.10.

The literature review revealed that there are significant gaps in the research base regarding Chinese agricultural co-operatives, this project seeks to fill these gaps, yet adopts the main themes in extant publications in the field to explore the data. Various theories will be employed in case chapters (see analytical chapters for details), including embeddedness theory, stakeholder theory, and institutional theory.[44] Computer assisted qualitative data analysis software (such as NVivo 10) are used to help to manage transcribed data and to demonstrate the knowledge network.

As mentioned above, this study employs three data collection methods. The main one is semi-structured qualitative interviews. Table 4.6 provides a

[44] As one of the most important findings indicating the originality of the research, a matrix has been developed to present the broad typology of tea co-operatives in China.

breakdown of interviews with each co-operative. A total number of 36 interviews were conducted in Chinese, varying in length between 30 and 120 minutes each. All these formal interviews were audio recorded and then transcribed into Mandarin. Following the data analysis in Mandarin, the content was translated into English to report the findings at the writing-up stage. Although the use of verbatim quotations might enlarge the challenges of translation (Xian, 2008; Jepson, 2009), verbatim quotations will be adopted to show how the meanings were developed among those co-operative stakeholders on the ground (Miles & Huberman, 1994). Informal interviews were also used to collect additional information. Field notes were kept daily to make clear records of such information. In addition, I acquired documents from my interviewees where applicable (see Table 4.7 for the list of documents achieved for each tea co-operative). These documents were provided by respondents upon request and were not available as public secondary data resources. Not all participants from all co-operatives provided written documents, for the simple reason that they did not possess any. No document for the N Co-op was accessible. Field notes were also made to record my observation for later analysis.

Table 4.6 Interviewees from The Case Co-operatives

Number of Interviewees	The H Co-op	The T Co-op	The N Co-op
No. of Managers Interviewed	1	1	2
No. of Core Members Interviewed	2	3	1
No. of Ordinary Members Interviewed	0	0	1
No. of Employees Interviewed	2	2	3
No. of Local Governors Interviewed	3	1	0
No. of Competitors Interviewed	4	1	2
No. of Customers Interviewed	0	2	5

(Source: Author)

Table 4.7 Documents Accessed

	No. of Documents	Document Type	Source
The H Co-op	6	News Reports (2), Government Report & Statistics (4), Academic Report (1)	Co-op Members, Local Governors, Governmental Exports
The T Co-op	5	News Report (1), Reports to Local Government (2), Advertisements (2)	Co-op Managers & Employees
The N Co-op	0		

(Source: Author)

4.4.2 Findings and reflection

To clearly present the features of each case co-operative, and for the ease of comparison, Table 4.8 has been produced. The variables in this table are inductively derived from the empirical research itself, with inspirations from focuses of extant literatures on organisational and operational issues of agricultural co-operatives (such as member structure, marketing channels, and land transfer issues). Table 4.8 presents some basic findings directly achieved through the fieldtrips. It is located in this section of methodology chapter to provide a general picture of participant co-operatives, as well as help to justify the sample selection. The features listed in this table will be applied in Chapter 5 to Chapter 9 to analyse how they impact on the tea co-operatives' performance. To be more accurate, mid- to long-term strategies are in fact those visions and desires of managers and/or core members. Ordinary member farmers seemed to have little interest in such planning (which raises interesting questions of the reasons motivating this oversight). Co-operatives' discounting policies are actually classified, therefore the information in the table was made from assumptions informed by my experience as a customer (prior to

formal interviews).

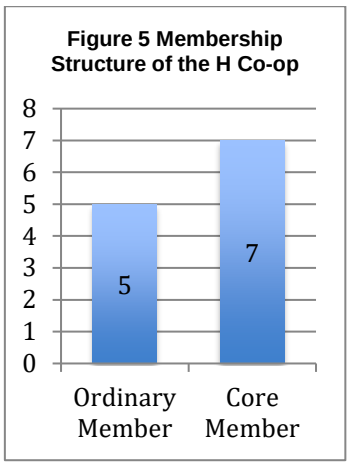
Table 4.8 Major Features of Each Case Co-operative

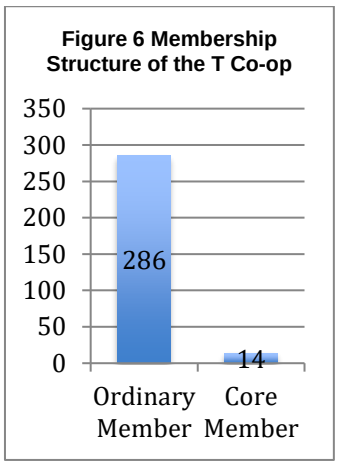
	The H Co-op	The T Co-op	The N Co-op
Founder Profile	Rural entrepreneurs of small private businesses	Tea scientist with experience in managing SMC	Ex-village chief
Initiated by	Founder and fellow farmer friends	Manager's tea research facility	Founder and family members
Geographic Proximity of Members	Neighbour villages	Across neighbour towns	Within same village
Distribution Channels by the co-operative	Little	Yes. Takes an important part of sales.	Yes. This is the main channel.
Members' Personal Distribution Channels	Yes. 80% of products are sold through personal channels	Yes. Large scaled members tend to sell	Little
Dual-Tier Membership Structure	Yes	Yes	Yes
Land Transfer from Small Scaled Members	Yes	Yes	Yes
Power Relations Between Managers and Members (Decision Making Process)	Horizontal - Informal negotiations	Horizontal - Regular co-operative meetings (mainly attended by core members)	Hierarchical - Manager has dominant power, sometimes discusses with core members
Social Impacts	Channel for training (open to non-members as well)	Develop improved tea trees and better processing techniques; shared with tea farmers	Contributions to public constructions (e.g. roads, sitting area in the village)
Mid- to Long-Term Strategy	None	Improve marketing abilities	Retain low volume high-value added; develop tourism
Discounts Offered to Buyers	Medium	Relatively large. Two types of discounting policy. Discounted price available to ordinary buyers at buying events; dealers enjoy higher discounts	Little. Stick on ticket prices

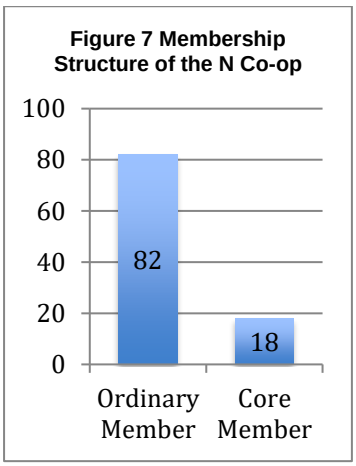
(Source: Author)

During the fieldwork I learned that all the case co-operatives actually have two

tiers of members – core members and ordinary members. As introduced in the literature review chapter, core members are those member farmers with larger tea farms, who have greater financial and social capital, and display considerably more economic participation in the co-operative's assets, and normally enjoy greater decision-making power. In all three cases, the interviewed managers are also core members. However, they are not counted in the core Member row in Table 4.6 to avoid double counting. The membership structures proportion of the H Co-op, the T Co-op, and the N Co-op are shown in Figure 5, 6 and 7 respectively. The number of either type of members is provided by the management team of each co-operative. Core members follow the definition stated in literature review (Section 3.4.1.2.1). The ordinary member group of each co-operative counts those member farmers who are less capable to contribute resources to and have less power over strategic issues of their co-operative, some of which only attend training sessions or simply sell their produce through the co-operative. As shown, although the H Co-op has the smallest membership, its proportion of core members is actually the greatest among the three case co-operatives. The different contrasts are to be analysed and discussed in the following analytical chapters.







(Source: Author)

With a description of the cases completed, a new and more developed sampling model was conducted. This means the Y-axis in Table 4.2 requires adjustment, since in reality multiple initiating forces could work together in the start-up phase of a co-operative; and there are often difficulties in grouping founders into a single category. Taking my selected cases as examples. The H Co-op was founded by a group of farmer friends. The 12 of them started the co-operative together, but not all of them are acting as core members. Additionally, the core members in the H Co-op take too large a proportion in the membership structure (7 out of 12). From the review process of extant studies, core members normally refer to a very small proportion of co-operative members who have control over the majority members and the whole co-operative. The T Co-op can be seen to be company led, since it was initiated by the manager's tea research facility that was set up prior to the formation of the co-operative. However, at the same time, the manager/founder had also worked in governmental Supply and Marketing Co-operatives (SMCs) and still retains a close network with them (the local SMC is still one of the largest

patrons of the T Co-op). In this study, by populating the Y-axis with the three tea co-operatives, it can be seen that they have differentiated yet comparable supply chain operations elements (Table 4.9). From a sampling perspective, the case tea co-operatives selected, and data acquired are sufficient for further analyses.

Table 4.9 The Final Sample[45]

Initiator							
Mixed initiators	The H Co-op		Y	Y	Y	Y	
	The N Co-op	Y	Y	Y	Y	Y	
	The T Co-op	Y	Y	Y	Y	Y	Y
	The Y Co-op			Y	Y	Y	Y
		Purchasing	Producing	Processing	Marketing	Logistic	R&D
		Supply Chain Operations					

(Source: Author)

After the selection of case co-operatives and collection of data, the initial codes developed in Table 4.9 from literature are then re-grouped into six constructs to be used for case analyses and comparison. Each of these constructs covers several themes identified in the extant literature and contains some initial codes, and are developed with the guidance of research theories in Section 3.5. These constructs are listed below in Table 4.10. These constructs are used through the empirical research and analysis. They are introduced and discussed more in-detail in Section 8.2, presented with data from case co-operatives.

[45] Not all supply chain operations are provided to all members. Some of them are only available to core members.

Table 4.10 Final Constructs Adopted for Analyses

Constructs	Themes in Literature Covered	Initial Codes Covered
C1 - Membership Benefits	Functions and roles of co-operatives, Consequences for members	Distribution Channels by the co-operative, Land Transfer from Small Scaled Members
C2 - Internal Embeddedness	Core Members, Members' participation, Other factors	Founder Profile, Initiator, Geographic Proximity of Members, Power Relations Between Managers and Members
C3 - Member Control	Core Members, Types of co-operatives, Members' participation	Founder Profile, Initiator, Dual-Tier Membership Structure
C4 - External Embeddedness & Institutional Environment	Core Members, Government and Policy Supports, competition, Consequences for stakeholders, Other factors	Members' Personal Distribution Channels, Land Transfer from Small Scaled Members, Social Impacts, Discounts Offered to Buyers
C5 - Farmer's Self-identity as Co-operative Member	Comparison with Western Co-op values, Members' participation	Dual-Tier Membership Structure, Mid- to Long-Term Strategy
C6 - Co-operative Legitimacy	Comparison with Western Co-op values, government and policy supports	Power Relations Between Managers and Members

(Source: Author)

Chapter 5 - Case 1: The H Co-op in Kaihua County, Zhejiang Province; & Case 2 (Dummy Case): The Y Co-op in Kaihua County

As the first empirical chapter of the thesis, this chapter explores and investigates the first case co-operative selected from the scoping study in Kaihua County, Zhejiang Province in east China. The case co-operative, Hongqiao Tea Specialised Co-operative (referred to as the H Co-op in this thesis) is located in Kaihua County in the City of Quzhou, Zhejiang Province.[46] This co-operative is also recognised as Zhou's Tea House, which is a brand name created by Mr. Zhou and his son, Mr. Zhou Jr., to link the family name and the company in the mind of the consumer. Corporate family branding has been a familiar practice in the history of western tea companies; famous British brands, for example, include, Brooke Bond, Lipton's, Lyons', Tetley's and Whittard's.

The case of the H Co-op is structured as follows. First, the background context is outlined, including geographic and climate information, together with an introduction to the main type of tea produced by the H co-op and its many local rivals. The second part describes and explains important data sources, and more importantly, presents the network and relations of the interviewees for these two cases. Third, the H Co-op is going to be assessed under the

[46] In China's administrative system, a county is lower and smaller than a city. Cities, except for only a few exceptions, including Beijing, Shanghai, and Chongqing, are normally a tier lower than the provincial government. Exceptions granted, cities are controlled by provincial governments.

following structure of analysis: the historical foundation of the co-operative; services provided by the co-operative alongside its supply chain; the main influential factors determining the co-operative's development; and the outcomes generated by the co-operative for its members and wider stakeholders. These perspectives of analysis are derived from the main themes recognized in the literature review (developed from Section 3.4.4). And the end of this chapter, the case of a Y Co-op is going to be introduced as a dummy case. This is another tea co-operative in the same region as the main case co-operative. The close location of the Y Co-op from the H Co-op means it shares similarity, yet it has more differences in terms of internal structure and business model, which make the Y Co-op a valid comparison to Case 1. The Y Co-op also represents a certain type of agricultural organisations, and reveals more features in the comparison with other case co-operatives (see Section 9.2 regarding typologies of co-operatives in China).

5.1 The County of Kaihua and the Tea from this Region

5.1.1 The location of Kaihua County and its natural offerings

Kaihua County is located on the west boundary of Zhejiang Province (see map below), which has been one of the most economically developed provincial districts in China for hundreds of years. Its close geographical location to the border of Anhui Province and Jiangxi Province, also allows for convenient transportation of goods. The region also offers rich natural resources (such as moisture and minerals) and a moderate climate. The total land area of Kaihua

County is 2,236 square kilometres, with over 2.8 million Mu[47] (equivalent to around 1,900 square kilometres, or 187 thousand hectares) of forestry mountainous environments, which constitutes of almost 85% of its total land area. Its close location to the source of Qiantang River means that Kaihua County is in possession of abundant water resources. The local climate in the tea-producing region is mild and moist, with sufficient precipitation for plants to grow. The soil in this area generally has a pH of between 4.5 and 6.5, with abundant organic matter content, which is another favourable factor for the growth of tea plants. High levels of rainfall combined with fertile soil, make Kaihua County an ideal region for tea growing.

To utilise the advantageous natural resources to boost agricultural industry, but also to ensure its sustainability, the local Kaihua County government has been committed to enforce environment protection measures. One of the most noticeable results in recent years is that over 200 factories have been ordered by the local government to shut down, because they are non-compliant with environmental legislation (Y. Yu, per. com., April 16, 2015). The negative effects on other industries and the people involved aside, the implementation of strict environmental controls protects the ecological endowments of Kaihua County and consequently the tea industry. Such policy initiatives have been

[47] As a common and traditional unit for area measurement, Mu has been used for hundreds of years in East Asian. One unit of current Chinese Mu is about 667 square metres, or 0.07 hectares.

widely recognised and appreciated by the local tea-farming community.

Figure 8 Location of Kaihua County of the Map of China

Google Maps, (2019). Accessible from: https://www.google.com/maps/place/Liyang,+Changzhou,+Jiangsu,+China/@37.6659419,93.8429363,4.62z/data=!4m5!3m4!1s0x35b51d2eeedafefb:0x1558af69f249dec6!8m2!3d31.416911!4d119.48421

5.1.2 Long Ding tea – The tea from Kaihua County

5.1.2.1 The tales of local teas in Kaihua before modern China

It has been a common practice in China to record important local events in written documents kept by local authorities or nobility in named “county annals (县志)” since ancient times. Such annuals are not necessarily fact based, and can be produced retrospectively and redacted using unreliable sources, including local tales and invented traditions. This is not to say the annuals are inauthentic or redundant as a data source, because their constructed form can be useful in research and they are the only written records of the past in many

cases. According to the Kaihua County Annals (开化县志), the earliest ancient Chinese who first settled in the region are recorded for the Spring and Autumn period (a period in Chinese history from approximately 771 to 476 BC, or till 403 BC as others suggest). After 966 AD the name “Kaihua” was adopted after two local townships in the region. It was advertised to the king by a general who stopped by an old village named Great Dragon Village (大龙山村) and discovered the high quality local tea that was produced there. The tea was subsequently named Great Dragon Tea, which is believed to be the predecessor of the modern species of teas in Kaihua County. As stated in the Kaihua County Annals (开化县志), in 1631 some of best quality produce from local tea farms in Kaihua was attributed to the Guangxu Emperor (the last king of the Ming Dynasty) and was considered to be one of the best green tea across the country. Also recorded in the same annal book, in 1898, local officials in Kaihua were ordered to provide a regular supply of its best tea to the monarchical family of the Qing Dynasty (the last dynasty of ancient China, which was founded after the Ming Dynasty was conquered in 1644 A.D. and ended in 1912 A.D.). Not long after, in the early 1900s, Kaihua County became a major green tea-producing region and started tea-exporting businesses. However, with the revolutions in the early twentieth century, the Chinese feudal society came to an end, along with the traditional skills of

making high-end, tribute quality[48] green tea was lost (G. Zhou & Mrs. Zhou, per. com., April 16, 2015).

5.1.2.2 Long Ding tea and the modern tea production in Kaihua County

In the 1950s, the production and sales of green tea in China boomed. However, while there occurred an increasing demand in high-quality tea products, the production of such tea in Kaihua County was insufficient. In 1978, the provincial government of Zhejiang required counties under its jurisdiction[49] to restore the traditional skills of growing and cooking high quality tea, and to develop new and innovative tea producing processes and products (Y. Yu, per. com., April 16, 2015). In late April 1979, together with his peer colleagues, Mr. Guanglin Zhou, who was then in charge of the forestry bureau of Kaihua County (which was the authority leading and controlling local forest resources), went up to the mountain top in the old Great Dragon Village, where there was a lake named Long Ding Lake meaning “Top of Dragon” (G. Zhou & Mrs. Zhou, per. com., April 16, 2015). They picked fresh tea leaves from old local tea tree, carefully cooked them with contemporary knowledge and skills they had learned from the tea technician college, which was funded by local government. The final drinkable product from this experimental process was then named after the county and the lake as Kaihua Long Ding (commonly

[48] Similar to royal warrant of appointment products in the UK

[49] Zhejiang province is one of the major teas producing regions in China, a large variety of green teas are produced within different counties.

referred to as Long Ding tea). It won the second-tier prize in Zhejiang's provincial level tea competition held in May the same year. In the following year, Mr. Zhou's team attempted to improve the growing conditions of those tea trees and adopted higher tea picking standards, kept seeking to innovate in better tea-cooking process (ibid). After dozens of experiments, in 1981 they created a standardized seven-step processing procedure to make Kaihua Long Ding, which not only improved the shape, colour, taste and aroma of Kaihua Long Ding, but also won that year's top prize in the provincial tea competition. After years of efforts, by the early 1990s, Kaihua Long Ding had won a series of national tea awards and had been recognized by the Department of Commerce of China as "National Famous Tea" (W. Zhou, per. com., April 16, 2015). This is a government awarded honour proving the excellence of certain teas produce in China.

The development of Kaihua Long Ding as a regional brand did not stop there. In 1994, the total yield of tea producing across the county level was 3,334 tons, with total value worth CNY 28.91 million (X. Wang, per. com., October 19, 2015). It then experienced fluctuations in price and market demands due to the changes in wider national and the international tea market. As suggested by Mr. Zhou Jr. (W. Zhou, per. com., April 16, 2015), in 2010 Kaihua Long Ding was announced as "China's Well-Known Trademark" by the State Administration for Industry and Commerce of China (中华人民共和国国家工商行政管理总局, widely known in its short form of 国家工商总局), which is the highest level of reward that can be granted to agricultural products in the

country and also a legal status protected by the Administration and the Supreme People's Court of China. Currently, Kaihua Long Ding has a large production base with a growing area of over 120,000 mu across the county (W. Zhou, per. com., April 16, 2015; Y. Yu, per. com., April 16, 2015). The annual yield is approximately 13,000 tons, worth over CNY 682 million. As a regional brand, Kaihua Long Ding has been awarded over 55 provincial and ministerial level awards up to now and has been introduced to overseas markets including the EU and Japan (W. Zhou, per. com., April 16, 2015). Currently there are countless number of producers selling tea using the name of Kaihua Long Ding, including every tea farm in the region who is legally entitled to this local brand, as well as unauthorised producers nearby (Y. Yu, per. com., April 16, 2015; W. Zhou, per. com., April 16, 2015). The control over the brand of Kaihua Long Ding is not very strong, which is one of the problems faced by and worrying both local authorities and the Long Ding tea farmers (Y. Yu, per. com., April 16, 2015). The loose control over the brand, together with the fact that there are too many small scaled tea producers in the region, also mean that it is not practical to generate accurate statistics on exporting quantities and sales of the Kaihua Long Ding (Y. Yu, per. com., April 16, 2015).

5.2 Significant Data from The Case Co-operative and The Participants

5.2.1 The H Co-op and others in the region

As the first case study region, a pilot study was conducted in Kaihua County before the main and formal data collection. The researcher interviewed

personnel from five different co-operatives, as well as governors from the local Tea Industry Bureau (the former Forestry Bureau which lead the development of Kaihua Long Ding). The local tea trading market was also visited multiple times to acquire an essential understanding of the tea business in the region. The five interviewed co-operatives vary in scale and have different focuses on trading and tea supply chain activities. Table 5.1 displays the five visited co-operatives and their main features.

Table 5.1 Tea Co-operatives Interviewed in Kaihua County and Their Features

Name	Features Including Main Business / Supply Chain Activities
The H Co-op	Exemplar co-operative[50], close links with the pioneer Mr. Zhou, functioning through main supply chain activities
The M Co-op	Large tea trader, running as private company
The S Co-op	Focus on e-commerce of tea
The X Co-op	Functioning through main supply chain activities
The Y Co-op (Dummy)	Exemplar co-operative, mainly running as private business, close link and co-operations with local government

(Source: Author)

Among these five tea co-operatives, the H Co-op was then selected to conduct a qualitative case research. The reasons of such choice are: first, it is an exemplar SFC recognized by Zhejiang provincial government; second, based on the initial interviews and comparison with other local co-operatives, the researcher made a judgement that the H Co-op is more similar to Western co-operative organisations, while some of the other so-called co-operatives visited

[50] An "exemplar co-operative" title is given to one recognised by local, regional, or national authorities, as an approval and award for their excellence (mainly in business terms) as a farmers' co-operative. This also applies to Table 6.1 and Table 7.1.

are actually owned and run as private companies, although they are named using the term “co-operative” (this issue will be further discussed in cross-case analysis in Chapter 8 and Chapter 9); third, the H Co-op has a very interesting and close relation with the pioneer of the regional tea, Mr. Zhou, who created and established the Kaihua Long Ding; fourth, like several other tea co-operatives visited in the region, the H Co-op is willing to participate in the research; fifth, additional source information regarding not only the H Co-op, but also related tea dealers and the local township council were available and accessible.

5.2.2 Participants of semi-structured interviews and their relations

The main body of empirical data was collected through semi-structured interviews (See Appendix 9 and Appendix 10 for the interview questions). During this study, some of the participants were interviewed more than once. Table 5.2 presents the basic profiles of the interviewees, including their names, organizations they belong to, job positions, and their relations to the case co-operative. It is useful to know each participant’s position in connection with the case co-operative, and to understand the relations between the participants. Secondary data was also acquired and included in this analysis, including reports, internal accounts, commercial materials and academic research. The majority of the secondary data was accessed through the research participants. In addition, the researcher’s own observation and field notes are also adopted.

Table 5.2 List of Participants of the H Co-op Case

Participant	Organization	Position	Relation to the H Co-op	Other Information
Q. Wu	The H Co-op	Manager	Member	Largest share
W. Zhou (Mr. Zhou Jr.)	The H Co-op /Tea Dealer	Technician/ Manager	Member	Mr. Zhou's son
H. Cheng	The H Co-op		Member	
Y. Yu	Tea Industry Bureau	Ass. Chief	Government	
W. Wang	Township Council	Chief	Government	
X. Wang	Township Council	Technician	Government	
G. Zhou (Mr. Zhou)	Tea Industry Bureau	Retired	Voluntary Technician	Founder of this tea
Mrs. Zhou	Tea Industry Bureau	Retired	Voluntary Technician	Mr. Zhou's Wife
Y. Bao	Employee			
X. Cai	Villager			
G. Xu	The M Co-op	Manager	Competitor	
W. Xu	The S Co-op	Manager	Competitor	
Z. Ai	The X Co-op		Competitor	
H. Yu	The Y Co-op	Director	Competitor	

(Source: Author)

5.3 Thematic Analysis of The H Co-op

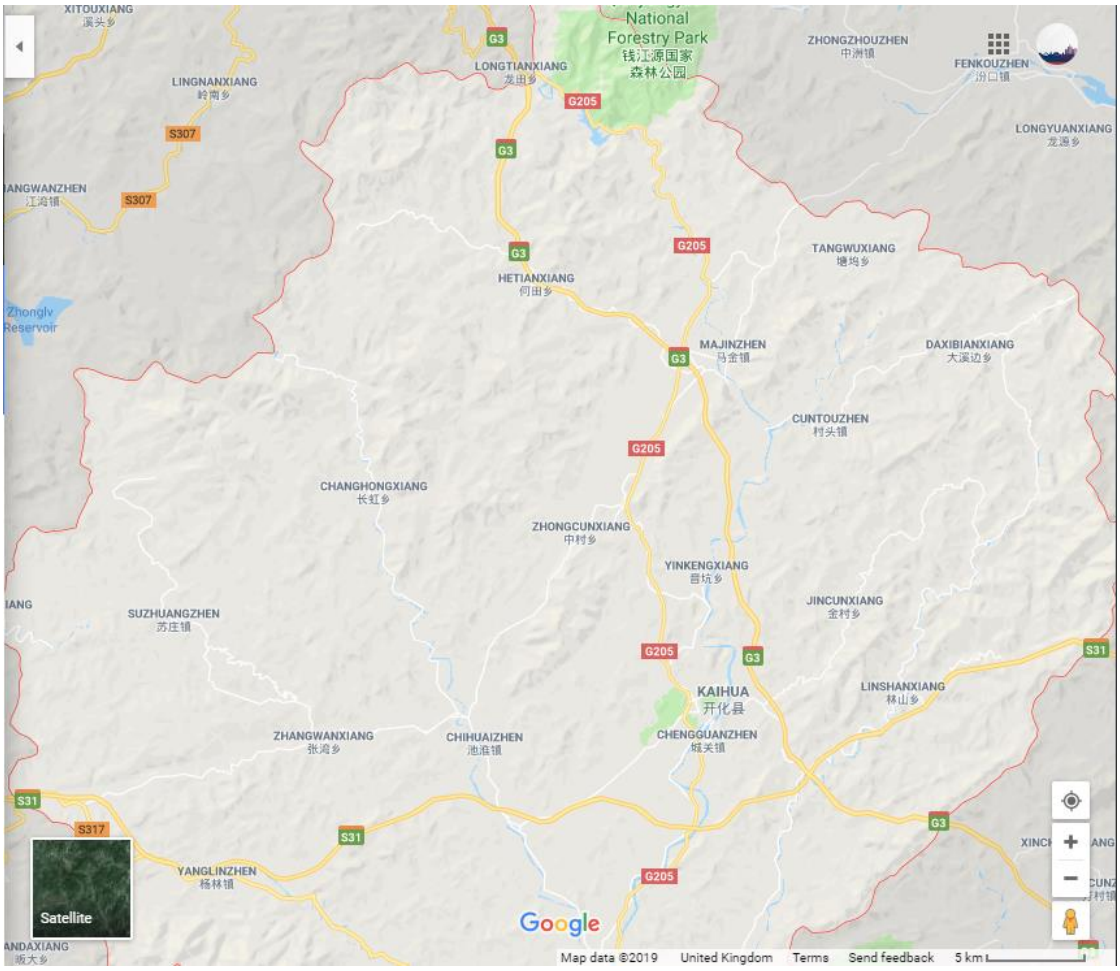
5.3.1 The H Co-op and tea growing in the Town of Changhong

The H Co-op is located in Changhong Town[51], which is roughly one-hour by drive from the centre of Kaihua County to the west (see map below). The members of the H Co-op live and produce Kaihua Long Ding in Hongqiao Village, Changchuan Village, Luchuan Village, Zaokeng Village and other

[51] In China's administrative system, towns are the next tier of units under counties and normally consist by dozens of villages. An administrative village is the smallest unit in China's political system, which can be made up by one or more natural villages, accommodating from less than 10 households to hundreds of households.

neighbour Villages.

Figure 9 Location of The Changhong Town on Regional Map



Google Maps, (2019). Accessible from: https://www.google.com/maps/place/Kaihua,+Quzhou,+Zhejiang,+China/@29.2365312,118.1889609,11.22z/data=!4m5!3m4!1s0x343633455776397f:0xcb83a4bcc2f0a789!8m2!3d29.137336!4d118.415495

A local government survey from April 2014 shows that within the jurisdiction of the town of Changhong, the total area of tea farms is 3,351 Mu, which is equivalent to about 240 hectares (Changhong Town Council, 2014, p.1). Of this total area, tea farms of more than 20 Mu (1.3 hectares) in size account for 2,327 Mu, which is approximately 155 hectares. Honqiao Village, which shares the same name as the case co-op, has the largest area of tea farms across the town region. Two out of the largest three tea farms in Changhong

Town are owned and operated by a member of the H Co-op. In Changhong, there are 31 green tea processing plants. The total area of tea processing facilities reached 8,040 square metres, with 341 units of various machinery deployed (ibid). The largest and the only Quality and Safety (Q&S) certified green tea processing plant in the town is part of the H Co-op. It is owned and managed by the largest scaled member Mr. Wu, but is also accessible to other members in the H Co-op. Mr. Wu also owns[52] the largest tea farms in this area.

5.3.2 Thematic analysis of the H Co-op

5.3.2.1 The founding and development of the H Co-op

The H Co-op was founded in 2012 by twelve tea farming households[53] located in or near Hongqiao Village (Q. Wu, per. com., October 16, 2015; W. Zhou, per. com., April 16, 2015). "The H co-op was set up voluntarily by friends who had known each other for decades", with an aim to achieve mutual help and economic benefits (Q. Wu, per. com., October 16, 2015). They have "became close since high school and grown up together" (W. Zhou, per. com., April 16, 2015). This is the community basis for the establishment of the H Co-op and an important reason why the founder members could trust each other and make

[52] In China, all lands are owned by the government on behalf of the people. For the purpose of simplicity, in this thesis, owning of lands means the legal rights of using and harvesting from the land that is leased to someone, instead of ownership in legal terms.

[53] For convenience purpose, 'farmer members' mentioned in this research refers to their household membership, as almost all the farmers interviewed who joined co-operatives represent the membership of their individual farming households.

an agreement to work together (Q. Wu, per. com., October 16, 2015; H. Cheng, per. com., October 19, 2015). This point is worth emphasising, because unlike the H Co-op, many farmer co-operatives in China are not a result of voluntary and open membership. The notorious Great Leap and People's Commune have not gone far away in China's history (see Chapter 2). Even in recent years, during the rapid increase in the number of Chinese farmer co-operatives, many were ordered to be formed by local government as a response to the central government's decision to promote farmer co-operatives. The manager and largest scaled member of the H Co-op, Mr. Wu suggested that he was asked by the local authority to join a co-operative before the he founded the H Co-op (Q. Wu, per. com., October 16, 2015). His former co-operative, like many other co-operatives, was planned by the government and was simply based on farmers' geographical locations. Mr. Wu barely knew any of his peer members in that so-called co-operative. Hence it is no surprise that the co-op did not create benefits in terms of helping the farmers to achieve a better position within tea supply chains, nor any other economic benefits. In his own words, Mr. Wu claimed that co-operative was "in name only (名存实亡)" – he was assigned to that co-operative, got registered, and then nothing else happened (Q. Wu. per. com., October 16, 2015).

To be eligible to join the H Co-op in the first place, a farmer must be from nearby region (W. Zhou, per. com., April 16, 2015; Q. Wu, per. com., October 16, 2015). All the founding members of the H Co-op are friends and know each other quite well. The founders were not willing to invite outsiders, since

they believe that working with someone unfamiliar would lead to challenges in management, especially considering the voluntary nature of membership, which means that there are no efficient methods to ensure everyone will abide by common decisions due to heterogeneity issues. The members have the freedom to leave the H Co-op at any point. After several years in existence, the H Co-op now has seven active farmer members left of the original twelve. They have all been in this co-operative since the beginning. Those five original members that left, made a lease on their tea farms to the other members and quit working on tea growing themselves (Q. Wu, per. com., October 16, 2015). This will be further discussed below. Currently the H Co-op is not accepting any new members, stating concerns about maintaining product quality (Q. Wu, per. com., October 16, 2015; H. Cheng, per. com., October 19, 2015). Mr. Wu said that since they are selling well in the local tea market, no active members wanted to leave the H Co-op, while quite a few outsiders wished to join. The co-operative has put lots of efforts into improving quality and building their brand, from which they have just started to reap the benefits. If their reputation for quality is not properly maintained, the benefits can be easily lost, for example on account of one batch of poor-quality produce from a new member (Q. Wu, per. com., October 16, 2015).

The H Co-op operates on over 500 mu (33 hectares) of tea farms. The annual volume of produce is about 6,500 to 7,500 kilograms of green tea per year. This is the final and drinkable volume of tea product (Q. Wu, per. com., October 16, 2015; Changhong Town Council, 2015). During processing, freshly picked

tea leaves lose the majority of their moisture, which means that the weight of the final tea product is approximately twenty percent to twenty-five per cent less than the harvested weight. Post-harvest moisture loss applies to all the case co-operatives in this thesis. The majority of tea is produced from the spring season annual harvest and a smaller amount from the late autumn harvest. According to the members, they used to harvest summer tea, which yields larger volumes of lower quality tea. However, since the market for summer tea products is low and barely profitable, it is no longer an option in their farming schedule.

5.3.2.2 The H Co-op's functions and roles in its tea supply chain

The way the H Co-op is run is different to those tea co-operatives visited by the researcher in the region. The H Co-op itself does not have any property or investments (Q. Wu, per. com., October 16, 2015). The co-operative mainly provides services for its member farmers through the producing and processing stages to marketing and logistic stage, as summarised in Table 4.8. Every single tea farm, processing facility, vehicles, and other assets are owned by member farmers individually. The main costs for shared-used facilities and revenues of the co-operative go through Mr. Wu's account and are then allocated among the members in proportion to the volume/quality of tea supplied (Q. Wu, per. com., October 16, 2015; H. Cheng, per. com., October 19, 2015). Labour is hired and paid for by each individual farm as well. What is shared among the members are the knowledge and skills of tea picking and processing, including how to meet quality standards for their products (W. Zhou,

per. com., April 16, 2015; Q. Wu, per. com., October 16, 2015). The H Co-op does not have set dates for member meetings. In the peak season for harvesting and processing fresh green tea, which is the spring time April to mid-May green tea business, members meet frequently, almost every other day, to share information and discuss production-related issues.

From a tea supply chain perspective, member farmers of the H Co-op have a high degree of autonomy over their own farms in the production stage, as well as in the pre- and post- production stages (H. Cheng, per. com., October 19, 2015). The members of the H Co-op agree on the production period each year before the harvesting season, and decide together what type of fertiliser (normally organic following the trend in the recent years) and methods of pest control to purchase. The co-operative does not buy in these farming supplies together, as in China the majority of farming supplies are distributed through governmental channels, and they could not improve their bargaining power by doing so (W. Zhou, per. com., April 16, 2015; X. Wang, per. com., October 16, 2015.).

The members arrange their own individual production activities, including hiring and paying for the labour they use for tea picking and processing on household bases (G. Zhou & Mrs. Zhou, per. com., April 16, 2015). The labour contracts are arranged between individual members and the hired labourers, rather than being organised by the H Co-op. However, there are informal agreements within the H Co-op to allocate labour during the peak season, so that the price

of hiring short term labour will not be pushed up through competition with other members; the available labour force is mainly drawn from the freelancers in local region and is insufficient in size, as harvest season creates huge temporary demands (W. Zhou, per. com., April 16, 2015). Fresh tea leaves normally need to be put into the processing stage within 24 hours of being picked, which means that the agreement on labour informs the order in which the members utilise the tea-cooking machinery. The larger scale members invest in their own machinery, which are shared and usage paid for among all members. The H Co-op has three tea processing plants, each owned by a different member. For those who do not have their own machinery, they can use these three members' facilities in exchange for a fair price to cover the costs of electricity and labour. Some of the members would also sell their uncooked fresh tea to the larger scale members when they do not want to approach buyers of final tea products themselves, mainly due to concerns about economies of scale (Q. Wu, per. com., October 16, 2015).

After being processed, the final tea products are now ready to go on to the market. The distribution of profits is quite straight forward in this case – each member gets paid for what they supply and sell, based on volume and weight. Members of the H Co-op all have their own distribution channels, while the portion of their annual sales through the co-op is only about a third of their total volume. However, when the co-operative set up their temporary sales counter in the green tea market located in the centre of Kaihua County during peak season, they would always "stand together" (W. Zhou, per. com., April 16,

2015). Each of the members will voluntarily contribute their time in turn to deal with the buyers (mainly wholesale buyers). They normally go to the market together in one- or two-member's vehicles and engage in social conversation over dinner with Mr. Zhou Jr.[54]. After the day's sales, the members then drive back to their villages together (W. Zhou, per. com., April 16, 2015; Q. Wu, per. com., October 16, 2015). When the temperature goes up, the co-operative members can utilise Mr. Zhou Jr.'s cold storage in his shop to keep their tea fresh for a minimal fee. Sometimes those with unsold tea would entrust this stock to be displayed for sale in Zhou's shop, labelled as tea from the H Co-op (W. Zhou, per. com., April 16, 2015).

Thanks to good quality control and continuous improvement of techniques, the H Co-op has successfully built up their reputation and brand in the market of Kaihua Long Ding. The extra value brought by the brand of H Co-op is around 60 to 80 CNY per kilogram, which is approximately twenty percent higher than the market average price. And for some of their products in high demand at the beginning of the spring season each year, the co-operative's green tea could make up to 200 CNY extra per kilogram over average market price.

The responsibility for research and development resides with Mr. Zhou Jr. and his parents, who together came up with new ideas to improving the tea species

[54] Mr. Zhou Jr. is the only member of the H Co-op who does not farm tea himself, but operates a tea shop in Kaihua County, right in the middle of the green tea market.

and cooking techniques (G. Zhou & Mrs. Zhou, per. com., April 16, 2015). They would then make an experiment on one of Mr. Wu's farms. If the result was favourable, the knowledge is shared with other members. The main value-added strategy being pursued at the time of the research was to push for organic certification to achieve a greater price premium and to access the higher end of the market. According to the farmers, the co-operative has achieved "Green Certification", and some of their farms have already met the standards for organic certification. However, the high charge for organic certification is a big concern for some of them. The entry fee for applying organic certificate is about 30,000 CNY, with additional annual charges.

5.3.2.3 Antecedents/Factors involved in the development of the H Co-op

5.3.2.3.1 Support, guide, and other influence from the government

China's political system is of great influence in the development of farmer co-operatives. The early 2000s was the beginning of the contemporary boom in farmer co-operative start-ups in China, in which the government played the role of initiator. The central government of China issued a series of policies to promote the growth of farmer co-operatives, and pushed local authorities to provide support. Many co-operatives were "ordered" by local authorities to set up in Changhong, like the one Mr. Wu had been in, which was of little benefit to the member farmers. Local chiefs are now aware of this problem (Y. Yu, per. com., April 16, 2015; X. Wang, per. com., October 19, 2015). During the fieldwork, more than one governor and government employee admitted that it would be better to encourage and support the farmers to set up co-operatives

voluntarily, rather than for the government to take the lead and force them to join.

For tea co-operatives, apart from technical help that everyone can access through the Tea Association, local authorities in Kaihua also offer extra subsidies if a co-operative opens their own sales venue in the County centre. However, members of the H Co-op claim that they did not receive any fiscal support from local government, apart from the national taxation reduction for farmer co-operatives. They believe it would be very time consuming to apply for such co-operative programs from local government. There also exist other reasons regarding relations with local governors and extra unfair costs that might be incurred, which will be discussed later in Chapter 8 and Chapter 9. Apart from tax reduction, farmers of the H Co-op can also receive subsidies (about fifty percent) for buying certificated agricultural machinery, which is open for all farmers, co-operative or otherwise, to apply for.

In recent years, the town level, as well as the County level of local authorities, are putting more emphasis on tea related tourism. Farmers do not hold a positive opinion towards this shift. Many are worried that they are receiving less technical support from local authorities, which is true, since it has been confirmed that the number of tea technicians working in the local area has decreased from between 6 to 10, down to only one in 2015 (G. Zhou & Mrs. Zhou, per. com., April 16, 2015). The relatively short-term plans (three to five years) for developing tea tourism do not motivate farmers, who have been

devoting decades of effort towards achieving sustainable, high quality tea production. The diversification into tourism appears to match the governors' own agenda which is to attract outside investments into local area and create economic achievements in short-term. (Q. Wu, per. com., October 16, 2015; W. Zhou, per. com., April 16, 2015). This is often seen in China as such achievements could greatly help one's political career in China, so the officials tend to consider less for the community in long-term.

Another important factor relating to the central government of China is in respect of the ownership of land. Farmers would be willing to make more investment on the land and other facilities if they can have long term leases or obtain private ownership of land. As member farmers claimed, "we wouldn't bother running sustainably or improving to meet say organic certificated if the land rental term is too short" (Q. Wu, per. com., October 16, 2015). Another member interviewed also expressed a similar opinion (H. Cheng, per. com., October 19, 2015). In addition, as Wu (per. com., October 16, 2015) claimed, "it would take decades to build up a brand image, especially for agricultural products. Short term land lease would just make it impossible". Another issue incurred with frequent re-lease of farming land is corruption due to the allocation of land. As it creates larger space for the abuse of power from village and town chiefs, who have significant influence in deciding "who gets which land" and is not well supervised (ibid).

5.3.2.3.2 Members' participation

One of the most important factors behind the success of the H Co-op, as pointed out by several different members, is the mutual trust and close relations/friendship between members (W. Zhou, per. com., April 16, 2015). Voluntary membership and close relations among the members provide for high levels of goodwill and trust. Members have all made the best effort to improve, not only their own tea farm business, but also the co-operative as a brand. Given this high level of commitment and success, it is possible for the co-operative members to achieve consensus as a united group, especially compared to those "only in name" co-operatives forced to be set up by local authority (Q. Wu, per. com., October 16, 2015). Once agreements on standards are reached, everyone in the co-operative implements those standards. Agreement and implementation of standards ensures a high quality of tea production across the different members, creating a virtuous circle of success as the value of the co-operative brand rises on the basis of this output.

In the case of the H Co-op, all the active member farmers can be considered as core members. Among the members, Mr. Wu has the largest tea farm. His own farm plus those small pieces of land he rents from inactive members, consists of over half of the H Co-op's total tea farming area. Most of Mr. Wu's farm are under long-term lease agreements and will remain under his control for another 30 to 40 years (Q. Wu, per. com., October 16, 2015). This is long enough for him to input investment into the tea farms, as it is believed to be beneficial in the long run until his retirement. The rest of the member farms

are similar in size. As the largest scaled member, Mr. Wu takes greater responsibilities in the co-operative's everyday operation. And he is also willing to cover some general costs for the co-operative since he is more capable, such as wages for accountants and vehicle usage (H. Cheng, per. com., October 19, 2015). To make the best use of his lands, Wu has diversified into camellia oil production in the past three years, which operates during a different season to tea growing and trading. This is not part of the co-operative business.

Mr. Wu used to be a rural entrepreneur before he co-founded the H Co-op. Through years of trading forest and farming goods, he has gained experience in business (W. Zhou, per. com., April 16, 2015). He also obtained four years of experience in trading low-end tea products (Q. Wu, per. com., October 16, 2015). According to Mr. Wu, the most important lesson he learnt from his previous experience as a business man is the importance of gaining trust and networking. That is probably one of the reasons why the H Co-op aims at producing consistently the best quality tea in the region, and could hence achieve added brand value. Mr. Wu's previous business, which was a so-called "township company" (a type of enterprise appearing in China during the privatisation movement, see literature review) of which he was deposed by a "jealous" local governor (Q. Wu, per. com., October 16, 2015). He stressed the importance of having in place more certain and protected contracts over land use with the government, and the necessity of maintaining good connections with local authority.

Mr. Zhou Jr. is another important figure among the core members. The partnership between Mr. Zhou Jr. and his father means that the H Co-op stands out from its local competitors in terms of tea growing and processing techniques (Q. Wu, per. com., October 16, 2015). Zhou's knowledge and skill greatly improved the quality of tea products from the H Co-op, and so their sales margins. As the only member who does not own a tea farm, and since members receive profits based on what they supply, Zhou Jr. is actually not receiving any direct benefit from being part of the co-operative. No doubt he stands to benefit as a tea dealer from Kaihua County if the regional/co-operative brand becomes more recognised, but more importantly, he enjoys being part of the co-operative to assist his schoolmates and look after the tea created by his parents (W. Zhou, per. com., April 16, 2015). For him, working for the H Co-op allows him to not only help his best friends, but also fulfilling his filial piety by developing and inheriting the precious heritage of making proper Kaihua Longding Tea. In addition to his works for the H Co-op mentioned above, as he is probably more capable financially, he also offers interest-free loans to other members when they have temporary financial difficulties (ibid). Zhou Jr. said that instead of participating in tea production and direct economic inputs, he supports the co-operative by providing technical advice and consultancy. He is the only person found across the cases in this research to offer this kind of support.

After several years of running, at the time of the data collection, the H Co-op had seven active farmer members remaining. They have all been in this co-op

since the beginning. The other 5 original members made a lease on their tea farms to these members and quit working on tea growing themselves. The reason for their withdrawal from tea farming is that they believed they could not achieve sufficient economies of scale on their small farms, some of which are even smaller than 10 mu (0.7 hectare) each, and besides, tea growing is not their main source of income.

Mr. Zhou (the senior) works voluntarily as the consultant of the H Co-op. Officially speaking, he is not a member of the co-operative, but his contribution to the H Co-op and Kaihua Long Ding is significant, probably even more so than the founding members (Q. Wu, per. com., October 16, 2015). His passion in looking after local tea farmers and the Long Ding tea, which he played such an important role in creating, and is vital to the success of the H Co-op. In the absence of any monetary benefits, Mr. Zhou derives satisfaction from seeing the quality of the tea improve and become more popular among buyers and tea lovers. Seeing the local tea farmers and their communities prosper is the most rewarding for him (G. Zhou & Mrs. Zhou, per. com., April 16, 2015).

5.3.2.3.3 Competition and supply chain pressures

According to Mr. Wu and Mr. Zhou Jr., it has been observed that some competitors tried to pretend they are part of the H Co-op when selling in the local green tea market, effectively seeking to freeride on the positive reputation of the H Co-op with buyers. “Since last year, these fakers would set their counter very close to the H Co-op’s, and would not explicitly communicate to

buyers that they are separate to the H Co-op if buyers failed to recognise the difference" (W, Zhou, per. com., April 16, 2015). Since the market is small in size (only formed by about 4 short streets) and many of the sellers and regular buyers know about each other, this has not caused significant damage to the H Co-op's reputation or economic benefits. However, for new buyers from outside, this can be tricky and has the potential to hurt the co-operative's brand.

Another factor pushing tea farmers to be part of a co-operative is the demand for large volumes and consistently high-quality tea from the market. It is in fact one of the important reasons why the farmers of the H Co-op went together at the first place. As a registered co-operative with its own brand, down-stream buyers are more confident when buying from them. Many of those returning loyal buyers are now placing grow-to-order contracts to meet their particular needs. Some of the buyers also require official sales receipts when making purchases, which under China's current system can be issued by a co-operative but not individual farmers.

5.3.2.3.4 Other Influencing Factors

When asked why he chose to form a co-operative as the form of enterprise, instead of a share-holding company, Mr. Wu said that apart from wishing to provide mutual help to each other, another reason was that they could not go through the company registration this way (Q. Wu, per. com., October 16, 2015). Due to Chinese legislation at that time, they did not meet the financial requirements to set up a new company (i.e. did not have enough capital to meet

the minimum requirement to register with authority in China[55]) However, he then added,

> A company or a co-operative, it would be pretty much the same for us. It would still be our own and run by us friends. To be honest, this is how things work around here.
>
> Q. Wu, per. com., October 16, 2015

Would it be so? From another perspective, this suggests that they do not really understand or even care about the ideology of being a co-operative. Mr. Wu also expressed that he is aware the managing practise and decision making of a company might be different, as the larger shareholders would become more powerful. He suggested if he had adopted the company legal structure, he would probably group up and co-operate with lesser people. "I would do it only with the two or three closest friends", as the company would require capital investment and is more likely to involve potential disputes among shareholders and risks (Q. Wu, per. com., October 16, 2015).

Another negative factor is that the tea farms, not only the H Co-op's farms, but others in the region as well, are facing the problem of succession. Young people willing to devote themselves to tea farming and technical innovation are few. Now across the whole county there are only two government tea technicians,

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[55] This is changed in 2014, since when start-up business owners no longer need to have a relatively large amount of cash (the specific requirements varies in regions, but normally it is required to have equivalently tens of thousands of GBP) sitting in the bank account to get their business registered.

while 20 years ago there were around six or seven and each town has a specific position for tea growing and business. This, to an extent, reflects a shift in local officials focus.

> They are more concerned about achieving short term results to build up their own track records for promotion. Tea farming requires time to build up reputation, and is not very attractive to get investments from outside the region.
>
> Q. Wu, per. com., October 16, 2015

5.3.2.4 Consequences of joining the H Co-op

The tea business of the H Co-op has been running smoothly. According to multiple members and some competitors, the price of Kaihua Long Ding from the H Co-op is generally 60 to 80 CNY higher per kilogram than the market average price (W. Zhou, per. com., April 16, 2018). Mr. Wu claims that for the best-selling and best -quality spring season tea, they could make up to 200 CNY extra per kilogram. As well as the higher selling price, the sales volume of the member farmers also increased. Back in 2012, even at a much lower price, the sales situation of the farmers' tea was not great. In the past two years, the market demand for their products can almost guarantee they will sell-out. Many customers make advance orders to guarantee their purchase. Another benefit for being part of the H Co-op is that they can accept large orders that exceed any one individual's output. Since all of the members meet the quality criteria set by the co-operative, members are confident to take orders from large buyers, and then share the order with other members who could

supply identical, high-quality Long Ding tea.

With its good quality Kaihua Long Ding, the H Co-op has been able to build its own co-operative brand and contribute to the improvement of the local regional brand. The benefits created by a good reputation are obvious. Following the H Co-op's lead, the quality, and hence the price, of the whole region have been growing (X. Wang, per. com., October 19, 2015). Although membership is no longer open to outsider farmers, they are welcome to come to free tutorials regarding tea growing and processing workshops held by Mr. Zhou. At the same time, more jobs are also created. Many local people can now have about an extra option of being tea pickers for several months a year. This work is currently mostly taken by retired elder local peasants, who would otherwise not have much to do and can now make some extra income, since tea picking requires patience and is time consuming, while not requiring heavy labour. In addition, in all the tea farms of the H Co-op, no polluting chemicals are used. Hence, no pollution and other harms are caused by the co-operative to the local environment. Currently, none of the members of the H Co-op has plans for expansion of their farming area or taking in any new members.

5.4 Case 2 (Dummy Case): The Y Co-op in Kaihua County

The second case of this research is a dummy case. The Yilongfang Co-op (the Y Co-op) is one of the tea co-operatives visited in Kaihua County. It is selected as a dummy case for comparison for the following reasons, based on

the interviews and researcher's observation. First, the Y Co-op has been awarded by local and provincial authorities as exemplar co-operative. Second, the Y Co-op is successful in business terms. Third, the Y Co-op is very different in almost every aspect from the H Co-op, and it can represent a group of large numbers of agricultural co-operatives in China.

The Y Co-op and the trading company (refers to as the Y Company hereafter) it belongs to form the largest tea-trading entity in Kaihua County, which is often used as an exemplar by local authorities to illustrate the county's success in tea business (Y. Yu, per. com., April 16, 2015). The Y Co-op was founded in 2006 by Mr. Yu, who is the chairman of the board of directors of Zhejiang Yilongfang Tea Co., Ltd. The privately-owned tea company was registered six years before the Y Co-op set up using the same name the co-operative adopted later. The name arrangement indicates their business structure, a "company and co-operative" model as called in China (or a co-operative lead by "dragon-head company" as refereed in literature, see Section 3.4), which generally is meant to be a collaboration between a co-operative that grows needed agricultural produces and a shareholder owned company which takes charge of marketing and distribution (H. Yu, per. com., April 16, 2015; Y. Yu, per. com., April 16, 2015).

Despite the fact that it is named and registered as a co-operative, the Y Co-op is not in fact a co-operative. It appears to not meet any requirements set by either the ICA principles or the China SFC Law, unlike any other final sampled

tea co-operatives in this research. In fact, the Y Co-op does not have any members at all. The so-called “members” are merely the tea farmers where the Y Co-op buy tea leaves from – they do not receive any benefits, apart from the payment for the tea leaves they supply, from the Y Co-op or have any control over the co-operative (H. Yu, per. com., April 16, 2015). According to Mr. Yu, the Y Co-op is “just a privately-owned company” with a registration as agricultural co-operative so it can be eligible for government supports such as taxation reduction (ibid). On its website, it is stated that the Y Company “owns” (or “controls”)[56] the Y Co-op.

In terms of its producing area, Mr. Yu. claims that the tea sold in the Y Co-op are from its “farming bases” which takes a total farming area of about 300 hectares and are located “across the country” (H. Yu, per. com., April 16, 2015). However, it would make more sense if consider these farms are just suppliers where the Y Company purchase tea leaves from, instead of its own growing sites as implied, as these tea farms are located in different provinces in China from the south west to the east and are far away from each other.

On the business side, the Y Co-op is successful. Unlike other tea co-operatives, the shop of the Y Co-op is located in a more central and busy area

[56] The word used in Chinese is “下辖”, which literally translates into “under the jurisdiction”.

in town but outside the local tea market. The shop of the Y Co-op is well decorated with fancy interiors and furniture, as well as a designated luxury style tea drinking (or tasting) area, which is unique in Kaihua County based on the researcher's observation on all its competitors in the tea market. The final tea products from the Y Co-op are sold in delicate packaging material and priced almost 50% more than the average price of similar teas in the local tea market.

Another point worth mentioning is its close relationship with local government and officials. As mentioned above, the Y Co-op is an exemplar tea co-operative in the region, and often showcased by local government. In addition, three out of the four of other co-operatives visited in Kaihua County mentioned the close relationship between the Y Co-op and the local government, some claim that the government bursaries are offered to the Y Co-op only as the Y Co-op is willing to and can afford investing significantly in lobbying and networking with local officials. This claim is very challenging to be proven correct or wrong. However, it is noticed that when talking about financial supports from the government, Mr. Yu suggest that such supports "are not sufficient", while members from other tea co-operatives claim they do not receive any at all.

Chapter 6 – Case 3: The N Co-op in Yueqing County, Zhejiang Province

This chapter explores and investigates another case co-operative from a different region. The case co-operative, the Nengren Tea Specialised Co-operative (referred to as the N Co-op) is located in Yueqing County in Zhejiang Province.[57] This co-operative is named after the village, Nengren, where the co-operative and its member farms are located.

The case of the N Co-op is structured as follows. First, the background to the region is explored, including basic geographic and climate information, together with an introduction to the main type of tea produced by the N co-op and its local competitors. The second part describes data accessed from the co-operative and explains the links between the interviewees that participated in the research. Third, the N Co-op is going to be assessed under the following frameworks of analysis: the historical foundation of the co-operative; services provided by the co-operative alongside its supply chain; the main factors determining the co-operative's development; and the outcomes generated by the co-operative for its members and wider stakeholders. These perspectives of analysis are derived from the main themes recognized in the literature review in Chapter 3.

[57] Yueqing has actually been named as a "çity" in China's current administrative system since 1993, however, Yueqing City is levelled as county. This means Yueqing sits somewhere between a regular county and a city in terms of size, economy scale, and other aspects. For the consistency to other cases, and the convenience of use, in this thesis Yueqing is considered as a county.

6.1 The County of Yueqing and the Tea from This Region

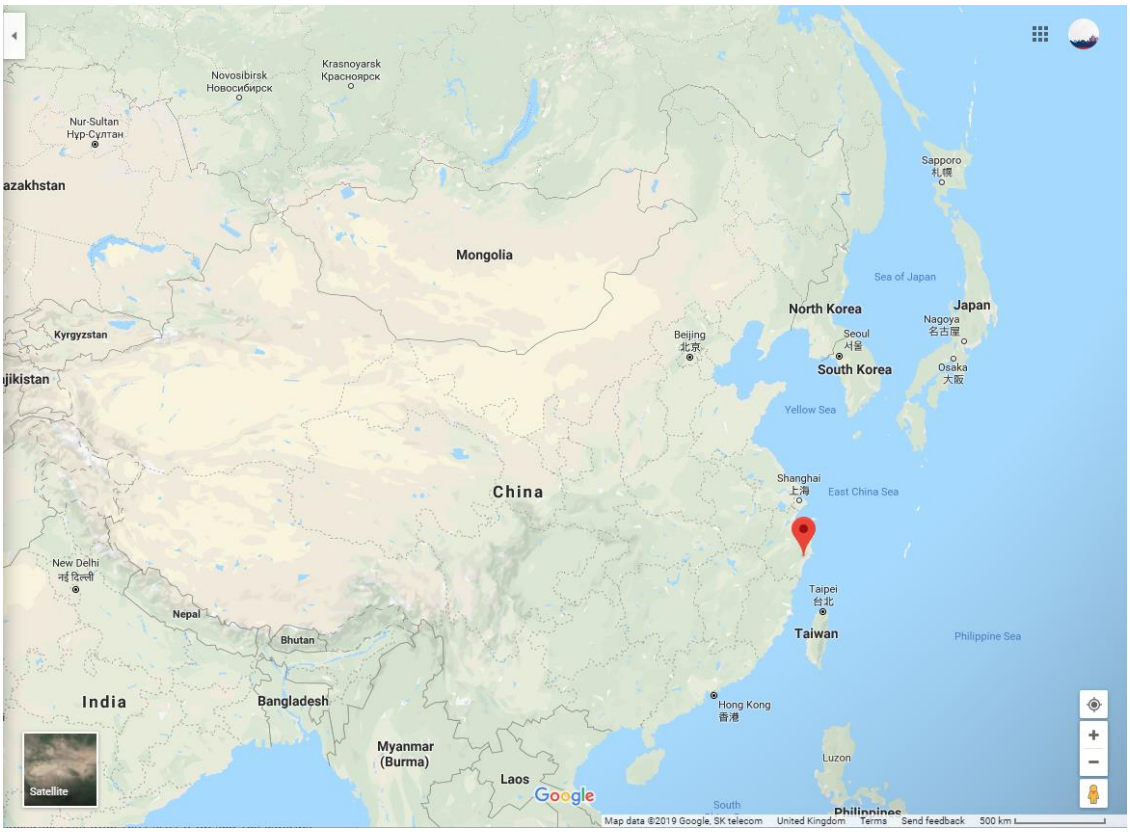
6.1.1 The location of Yueqing County and its natural offerings

Yueqing County is located in the south east corner of Zhejiang Province (see map below). This county is part of Wenzhou City, which borders Fujian Province. Yueqing County is in the North East part of Wenzhou, towards Taizhou City. Its coastal geographical location provides excellent access to transportation routes. The region also offers rich natural resources and a moderate climate. The total land area of Yueqing County is 1,223 square kilometres, with a further 270 square kilometres of marine territory. Yueqing provides excellent access for sea transportation and is one of the most important harbours in Zhejiang Province. Yueqing county is also located along China's national express highway and is on the route of the high-speed railway. In addition, the airport in Wenzhou City is only 20 kilometres to the south from Yueqing County.

Besides developed measures of transportation, the landscape of Yueqing County also brings rich natural resources and natural beauties, and provides solid foundation for cultural attractions. The 120 million years old Yandang Mountains (雁荡山), much of which are located in the region of Yueqing County, is the most important natural landscape of the area. In 2005, the mountains were nominated as a Global Geopark by the United Nations Educational, Scientific and Cultural Organization (UNESCO). The Yandang Mountains also host the case tea co-operative. With altitudes of at least 800 metres, the tea farms in the Yandang Mountain area are gifted with rich rainfall, a favourable

temperature against pesticides, and protection from industrial pollution.

Figure 10 Location of The Yueqing County on the Map of China



Google Maps, (2019). Accessible from: https://www.google.com/maps/place/Liyang,+Changzhou,+Jiangsu,+China/@37.6659419,93.8429363,4.62z/data=!4m5!3m4!1s0x35b51d2eeedafefb:0x1558af69f249dec6!8m2!3d31.416911!4d119.48421

6.1.2 Yandang Mao Feng tea from the Mountains

As stated in the Yueqing County Annals (乐清县志), Yueqing County was first set up as a county level administration as early as the Later Liang (of the Five Dynasties period) in 908 AD, and the name has been kept since then. In 2006, the United Nations Group of Experts on Geographical Names (UNGEGN) visited the county and nominated it as a Millennium County (千年古县) in China, appraising its long-lasting history and well-kept culture. Tea production in the region appeared early in Yueqing's history. The original name of this local tea was Yan Ming (雁茗), sharing the first character of the famous the Yandang

Mountain – Yan (雁), which means wild goose in Chinese. The local tea fits in the broad type of Mao Feng tea, also known as Mao Jian tea, which is found in various tea-producing regions across China, including Yunnan Province, Sichuan Province, Anhui Province, and Zhejiang Province. The case tea co-operative and its peers in the region all brand their teas using the name of the Yandang Mao Feng.

There are several versions of the origin of the Yandang Mao Feng. According to the Yueqing County Annuals, the tea from Yandang was enjoyed and spread by a visiting botanist Kuo Shen (沈括, 1031 – 1095 A.D.) in the Northern Song Dynasty (北宋 960 – 1127 A.D.). The tea from Yandang was considered as the most precious agricultural produce from the Yandang Mountains. With its first appearance in written records dating to the Northern Song Dynasty, it is believed that the teas from Yandang originate in the Jin Dynasty (晋朝 265 – 420 A.D.). The Yandang Mao Feng has also been known as Hou Tea (猴茶, “monkey’s tea”), which literally translates into “tea picked by monkeys”, which is derived from the inaccessible high cliffs on which this tea is often found growing. The Qingbai Leichao (清稗类钞, also translated as Qing Petty Matters Anthology, contains fragments of stories dating from the late Qing Dynasty (c.1900 A.D.), there is a story where monkeys in the Yandang Mountains bring this tea from the cliffs in springs to monks living in the mountains as a return for the monks feeding them during winters, when it is too cold and challenging for the monkeys to get food themselves.

The skills and experiences of tea growing, harvesting, and processing has been passed on between generations for hundreds of years in this region (Y. Lin, per. com., November 3, 2015). According to the Wenzhou City Annuals, across all five counties under Wenzhou's jurisdiction, the tea from the Yandang Mountains provides the best quality and taste. In the Ming Dynasty (1936 – 1644 A.D.), the best tea from the Yandang Mountains were chosen as tributes to the emperors. This is another proof of the Yandang Mao Feng's fame and excellent quality. Since modern China (especially after the reform in 1978), tea planting and trading in the area has experienced fast growth, and became an important pillar of local economy.

6.2 Significant Data from The Case Co-op and The Participants

6.2.1 The N Co-op and other tea co-operatives in the region

The scope of this case is focused on the region of Nengren Village, which is located in the Yandang Mountains and has been famous for producing high-quality Yandang Mao Feng. Three co-operatives specialised in tea were accessed initially. The researcher interviewed personnel from all three co-operatives, and buyers and employees of the N Co-op. Attempts were made to talk to other smaller-scale members and other stakeholders in the Nengren Village, however, these attempts were aborted due to language barriers. In addition, it was obvious to the researcher that most villagers in this remote mountainous area were not willing to open up to an outsider who did not speak their local dialect. No governors from the local Tea Industry Bureau or other local authorities were accessible. Three local officials were contacted but

claimed that they did not have time to participate in the research. Table 6.1 displays the five visited co-operatives and their main features.

Table 6.1 Tea Co-operatives Interviewed in Nengren Village and Their Features

Name	Features Including Main Business / Supply Chain Activities
The N Co-op	Exemplar co-operative, functioning through main supply chain activities
The F Co-op	Smaller in size comparing to the N Co-op
The O Co-op	A large tea trader in the region

(Source: Author)

The N Co-op is chosen from its peers because its success in economic gains and brand building, as well as its obvious contribution to the Nengren Village, which will be further explored in the following sections. Apart of being an exemplar SFC recognized by Zhejiang provincial government. the N Co-op also has a very strong link with the village it sits in. Its embeddedness into the village and local tea supply chain definitely draw the researcher's attention. What makes it more interesting is that the N Co-op is the only one among visited co-operatives that is capable and willing to explore other business opportunities in other industries besides agriculture related in addition to tea growing and selling, including tea theme tourism and holiday houses (and small-scale resorts).

6.2.2 Participants of semi-structured interviews and their relations

The main body of empirical data was collected through semi-structured interviews (See Appendix 9 and Appendix 10 for the interview questions). During this study, some participants such as Mr. Lin and Mrs. Lin were interviewed more than once. The researcher also spent some time staying in

the N Co-op's guest rooms, and was able to seize the opportunity to participate in tea harvesting and processing with the co-operative members and employees, and acquired previous experience and observation through participation. Table 6.2 presents the basic profiles of the interviewees, including their names, organizations they belong to, job positions, and their relations to the case co-operative. It is useful to know each participant's position in or to the case co-operative, and to understand the relations between them.

Table 6.2 List of Participants of the N Co-op Case

Participant	Organization	Position	Relation to the N Co-op	Other Information
Y. Lin (Mr. Lin)	The N Co-op	Manager	Member	Largest shareholder
H. Ju (Mrs. Lin)	The N Co-op	Technician	Member	Mr. Lin's high school classmate and wife
X. Lin	The N Co-op		Member	Mr. Lin's brother
L. Lin	The N Co-op	Sales	Employee	From the village
J. Zeng	The N Co-op	Sales / trainee	Employee	
J. Li	The N Co-op	Sales / trainee	Employee	
A. Yi	The N Co-op	Cook / waitress	Employee	
Y. Ding			Volunteer	Previous customer
Q. Lin	The Q Co-op	Manager	Competitor	
W. Xu	The C Co-op	Manager	Competitor	
X. Zu			Buyer	

(Source: Author)

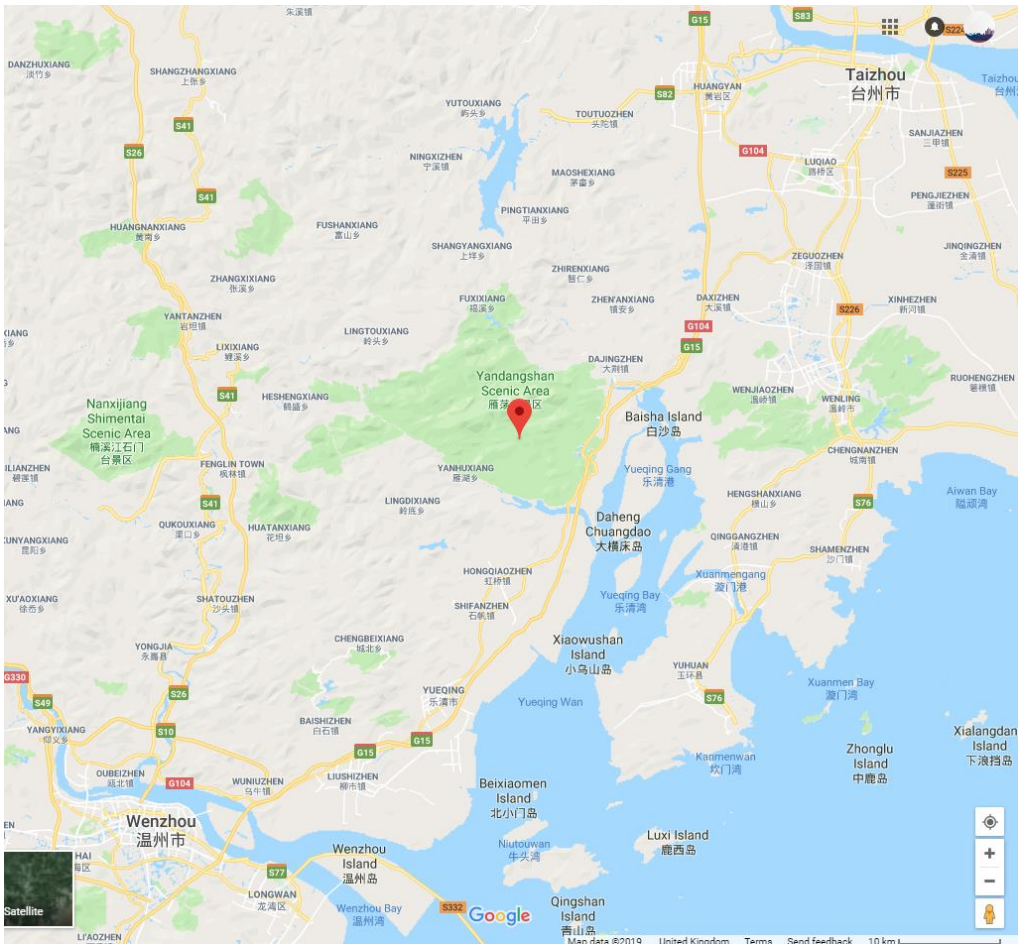
6.3 Thematic Analysis of The N Co-op

6.3.1 The N Co-op's location and natural environment

The Nengren Village where the N Co-op is located is almost hidden on the map. It is a tiny area just below the red dot indicating the Yandangshan Scenic Area. It takes almost one hour by car through mountainous country road from the

closest train station, and is on the north east edge of Yueqing County.[58] The Nengren Village consists of three small natural villages (small groups of residences), all members of the N Co-op live in and farm most of their tea in these villages. A small amount of tea farms are located in the mountain tops bit further away (about 15 minutes' drive). The N Co-op is located the furthest south, approximately 15 – 20 minutes' walk uphill from the centre of the village.

Figure 11 Location of The Nengren Village on Regional Map



Google Maps, (2019). Accessible from: https://www.google.com/maps/place/Nengrencun,+Yueqing,+Wenzhou,+Zhejiang,+China/@28.3122935,120.83672,10.46z/data=!4m5!3m4!1s0x344fafebb0ed1339:0x6cadd9fcaf0eeffa!8m2!3d28.338758!4d121.060255

[58] Google Map shows it is about a 30-minute drive, but the actual length of journey is increased by the road condition.

Being part of the Yandang Mountains area, and not too far from the sea, the Nengren village offers abundant precipitation and nutritious soils for agriculture. As claimed by local agricultural technicians, the high altitude and isolated micro climate caused by the high hills provide an even better habitat for tea plants than most of other tea growing regions in the neighbour provinces (H. Ju, per. com., November 3, 2015).

6.3.2 Thematic analysis of the N Co-op

6.3.2.1 The founding and membership structure of the N Co-op

Mr. and Mrs. Lin, together with Mr. Lin's brother and some close friends set up the N Co-op founded in 2005 (Y. Lin, per. com., November 3, 2015). It then accepted other farmers from nearby villages. As Mr. Lin suggests:

> It is a family tradition from generation to generation to produce good quality Yandang Mao Feng tea…My brother and I both learnt the knowledge and skills from our father, who was trained by our grandfather. The form of agricultural co-operatives was introduced to us by local officials in agricultural sector.
>
> Y. Lin, per. com., November 3, 2015

The original motivation of setting up a tea co-operative was to group family and friends together to produce good quality Yandang Mao Feng tea and higher yields. Later the co-operative started to take membership applications from other local farmers in the region to secure a more stable supply of tea as well as to help those small-scale tea famers to achieve greater bargaining power (H. Ju, per. com., November 3, 2015). The total amount of members of the N Co-op is currently about 100. These farmers were attracted by the initial success

of the N Co-op, and want to be part of it and achieve extra income from selling tea through the co-operative. "The majority of the population in the Nengren Village share the same family name as I do – Lin. We (the ancestors) were all a big family hundreds of years ago", as Mr. Lin suggested, "I feel that I am obliged to make my contribution and help others in my village" (Y. Lin, per. com., November 3, 2015).

As said, the close personal links between local farmers form the community basis for the N Co-op to be established. Another important factor attracts the neighbours to join Mr. Lin and his peer pioneers is the N Co-op's rich knowledge and experiences of tea growing and processing. Mr. Lin's family gathered precious experience in tea farming, which has also been recognised by Zhejiang provincial government and rewarded by the designation of "Intangible Cultural Heritage" (Y. Lin, per. com., November 3, 2015). Such knowledge has been shared with member farmers to improve the quality of their tea and hence improve their potential incomes. "We want to produce the best tea in the old-fashioned, traditional way", suggested Mr. Lin (ibid), although he added that they do accept help from modern technology. In addition, Mr. Lin's personal experience, before he became a tea farmer, also contributes to his charisma and capability in managing the business; while his wife, Mrs. Lin, is the very first who achieved a degree in tea farming techniques and skills in Yueqing County. She is capable of providing improvements to the traditional methods of producing Yandang Mao Feng (see Section 6.3.2.3.2).

The membership of the N Co-op is open to local tea farmers from the Nengren Village and other neighbouring villages in the Yandang Mountains area; to qualify for membership they must have tea farms or cultivated lands which are suitable for tea farming. There are three types of membership within the co-operative. Some members (mainly large scale and more capable financially) independently grow and harvest tea on their farms, and then pool their harvested fresh tea leaves together with other members for processing. The machinery of the N Co-op is in fact owned and financed by these large-scale members, including Mr. and Mrs. Lin themselves. The second tier of members also grow and pick tea by independently, then sell the tea to the co-operative before processing. The N Co-op offers a higher price than the market for members' tea, which it then processes and sells. The third type of member does not farm tea as they are normally smaller in scale. These members lease their land to Mr. Lin and receive a payment for the lease.

Similar to the H Co-op in Chapter 5, the N Co-op has not been taking many new members in the past few years, after it established its reputation of producing good quality Yandang Mao Feng among buyers. Mr. Lin believes in absolute control over the farming business of the co-operative (Y. Lin, per. com., November 3, 2015), which is not very co-operative like. He actually called himself a "dictator" during the interview. Mr Lin reasoned, "you cannot play by the books. It just won't work. The requirement in the SFC Law isn't very practical" (per. com., November 3, 2015). This rationality can be explained by his previous business experience before joining the co-operative, which

suggested that excessive discussion and voting procedures might significantly slow down the co-operative's operation and distract its focus from achieving improved economic performance. However, in the course of the interview it became apparent that Mr Lin is not implementing a total "dictatorship", at least not among the core members who contribute to the investment and shares the risks. In addition, Mr. Lin appears to be comfortable to allow members to leave the N Co-op if they want to, although he comments that "no one wants to since the co-operative has been doing very well" (ibid).

The total farming area of N Co-op's tea farms is not known, even to members of the co-operative. The reason is that many of the farms are located in mountainous areas or even on cliffs, which makes it very challenging to measure with any degree of accuracy. Plus, the density of tea trees and production yields from each plant varies greatly, so the annual production from one farm can be very different from another one with a similar size (Y. Lin, per. com., November 3, 2015). According to the N Co-op's sales record, the annual volume of tea produce from the co-operative is approximately 1,000 kilograms of green tea per year. This is the final and drinkable volume of tea product. The N C-op only farm and harvest spring season tea, as it is considered the best quality season.

6.3.2.2 The N Co-op's functions and roles in its tea supply chain

The N Co-op functions through its tea supply chain activities, covering purchasing, producing, processing, marketing, and logistics (i.e. storage and

distribution). It is also involved, to some extent, in research and development. However, as the N Co-op tend to follow the old school style of Yandang Mao Feng, it does not employ much of its focus on research activities. The assets of the co-operatives, such as machinery, property, and brand are invested and owned by the core members. The machinery is placed on the ground floor of Mr. Lin's house, where there is enough space for the machineries as well as a small storage warehouse and packing room. Mr. Lin's property also provides several guest rooms for tea buyers from outside as well as tourists visiting the farm.

The N Co-op starts its supply chain activities with the purchase of raw materials, including natural fertilizer and pesticide control products, with costs shared among the members based on actual usage. Tier 1 and tier 2 members then farm and produce independently and pay for hired labour, if required. The harvested fresh tea leaves are sent to Mr. Lin's house for processing. Typically, Mr. Lin or his brother work overnight to process harvested tea leaves till dawn, using the machinery and their knowledge passed down from earlier generations (Y. Lin, per. com., November 3, 2015). This is the most challenging stage of tea production. During peak seasons, which is early-mid April, the two brothers start processing tea leaves picked on that day after lunch and work until approximately 4 am. The researcher participated in this process for several days during his visit to the N Co-op. The machineries are not too complicated to operate or understand as they are just simply designed to dehydrate fresh tea leaves by heating them up. Knowing when to take decisions

in the process, however, takes years of experience, especially considering the changing weather in the rainy season of April, which means every batch of those freshly picked tea leaves are different and require individually designed processing schedules.

After processing, the tea is packaged by the employees of the N Co-op. The N Co-op orders delicate tins and boxes containing the co-operative's logo to package the tea. All the tea is marketed through the co-operative via online and offline channels. The N Co-op owns one property where the processing, packing and storage happen, and two small retail stores; one in the centre of Yueqing County, and the other in the tourism area of the Yandang Mountains. A small van is hired by the co-operative to pick up orders from the warehouse and deliver to postal services located in the county centre, which then despatch the parcels across the country. Mr. Lin also drives around in his own vehicle to deliver to major buyers in nearby regions. Some buyers from the furthest regions (which can be as far as north east end of China) visit the co-op to secure the first few batches of best quality tea.

In addition to above activities associated with its tea supply chain, the N Co-op also conducts other business, including tourism based around tea and the other agricultural products that are produced from its farms when they are not occupied by tea farming. The co-operative has a small guest house about 5 – 10 minutes' walk away from the main building. Mr. Lin has major expansion plans to build a dozen leisure houses behind the main building for tourists

interested in Yandang Mao Feng tea. In autumn or winter, when the tea farming activities are hibernating, the N Co-op produces oil from tea seeds, or honey from tea flowers, to earn additional income. These products are mainly sold locally to visiting tourists and villagers. They also produce old fashioned tea flavoured snacks to be sold to tourists. However because the amount of above products are relatively much smaller to the tea business, they do not solve the seasonality of labour issue or provide all year round income at similar level.

6.3.2.3 Antecedents/Factors involved in the development of the N Co-op

6.3.2.3.1 Support, guide, and other influence from the government

As introduced above, one of the reasons for the founding members to establish the N Co-op was the promotion of agricultural co-operatives by the government. However, in the case of N Co-op, little support from local authorities was received according to the members (Y. Lin, per. com., November 3, 2015; H. Ju, per. com., November 3, 2015). Other tea co-operatives in the region also reported a lack of actual supports from the government (Q. Lin, per. com., November 5, 2015; W. Xu, per. com., November 5, 2015).

There are certain local policies offering agricultural co-operatives benefits such as special taxation rates. But Mr. Lin claims it is not well-designed as:

> The tax for co-operatives is a ladder tax rate (the more you earn the higher the tax rate), only the smallest scale co-ops avoid the threshold for the second tier, which means that the rate is much higher than for

normal private business.

Y. Lin, per. com., November 3, 2015

The tax system explains why co-operative' members in the region also register private companies to enjoy lower rates of tax. Agricultural co-operatives are a relatively new form of business and lack legal support, which means that many buyers prefer an invoice issued by a traditional private company (ibid). Since most of the members in the N Co-op are from the Nengren Village, land transfer is straightforward in this case, which are typically decided by village level governmental authorities.

The strong power of local government and their not-up-to-date policies creates problems instead of providing supports in some cases. One of the examples made my Mr. Lin was that in 2013–2014, he was troubled by local officials after "complaining" to the media about the speed of claiming subsidies allocated by the central government (Y. Lin, per. com., November 3, 2015).

> I was not even complaining about the local government, I just said I personally didn't bother to claim the money last year from the local authorities…but the local officials thought I was, and they understood it as a negative comment on their performance. In return, some officials put any applications on hold for extra time as a revenge. They also added some extra inspections as a disruption to our everyday operation.

Y. Lin, per. com., November 3, 2015

Another type of problem is caused by outdated legal requirements which have not kept pace with the development of new agricultural related businesses. For example, the N Co-op applied for a license for accommodation and catering service for its guest house near the tea farm, which is invested and owned by the core members only, but the slow and bureaucratic process has delayed opening. The most applicable legislations and regulations were established decades ago (before the appearance of guest houses or Airbnb type of accommodation) and were made for medium- or large-scale hotels. According to Mr. Lin, it requires too many permits to open and operate such a guest house legally, some of which are not possible or necessary to obtain (Y. Lin, per. com., November 3, 2015). A specific example is that the guest house of the N Co-op failed fire safety regulations, because these regulations were written for hotels and require buildings to be constructed using inflammable materials; the irony is that private houses in the region, like the guest house, were built in a more traditional way using a large proportion of wooden materials (ibid). For such a small-scale accommodation with only one and half floors hosting about five rooms, the fire risk is relatively low. Or, an alternative, more acceptable way can be to have other methods for fire risk preventing required for this type of properties (e.g. fire extinguisher, strict requirements on electrical items, or require a 24-hour night watcher), which appears to more realistic.

6.3.2.3.2 Members' participation

Member participation in the N Co-op is at a lower level in comparison to that in the H Co-op and in the T Co-op, at least in terms of informing the decision-

making process. Mr. Lin and other core members, who possess large farms, decide on the main operational issues. He and his wife make decisions on everyday operations of the co-operative (J, Zeng, per. com., October 5, 2015). For strategic issues, discussions and negotiations take place among core members (Y. Lin, per. com., November 3, 2015; X. Lin, per. com., November 4, 2015).

In the N Co-op, there are seven core members which are Mr. and Mrs. Lin, Mr. Lin's brother, and his close friends. Mr. Lin has the largest farm among the members and is the one with the biggest financial investment into the co-operative (Y. Lin, per. com., November 3, 2015; H. Ju, per. com., November 3, 2015). Mr. Lin and his wife own most of the co-operative's properties including buildings and the machinery. As the largest scaled member and the manager of the co-operative, Mr. Lin takes larger responsibilities in the co-operative's everyday operation. Although he said he runs the N Co-op as a "dictatorship" (Y. Lin, per. com., November 3, 2015), it is discovered that decisions on major strategic issues, including big investments, are actually conducted by core members collectively (Y. Lin, per. com., November 3, 2015; X. Lin, per. com., November 4, 2015). This finding is very interesting as it shows a difference between the researcher's observations and the perceptions of key informants, which reflects that members may perceive the co-operative identity through their own lens. The reason behind this is either that Mr. Lin is over-claiming his power and authority to enhance his honour as the leader of the N Co-op; or he has a sense of collective identity with other core members as they are closely

linked with each other and share same vision and mission so that his decisions are mirrored by the core members; or a combination of both.

Mr. Lin was in the position of village chief of the Nengren Village for several years before he set up the N Co-op, before which he tried different jobs including working as a rural entrepreneur (Y. Lin, per. com., November 3, 2015). These experiences bring him the essential knowledge and skills of management and marketing, as well as build up his charisma character as a leadership role among his peer farmers. Additionally, his experience as village chief helps him to understand the administration system and provides links with local officials for networking and lobbying (ibid). His compassion for his village neighbours forms another major factor pushing him to operate the N co-op and share the benefits with the community through it.

Mrs. Lin is the second most important core member in the N Co-op. As the first farmer with related higher education in the region, her academic knowledge and training in modern tea planting definitely contribute to the continuous improvement in processing and tea cooking, and hence the quality of final tea products. In addition to her knowledge and vision for the tea industry, not to mention her contribution to the development of tea growing and processing techniques, she also came up with innovative ideas for the co-operative to grow, such as adding cultural elements (i.e. traditional music and calligraphy) to make the tea farm tourism more attractive (H. Ju, per. com., November 3, 2015). Her knowledge, combined with her husband's experience as an

entrepreneur, is a vital factor contributing to the N co-op's success as a business (Y. Lin, per. com., November 3, 2015). Mrs. Lin also helps with accounting and management when Mr. Lin is busy with tea production and marketing.

There are about 90 other members of the N Co-op who are not classified as core members. These farmer members from the Nengren Village are either tier 2 or tier 3 members of the co-operative, which means they either sell their tea harvests to the co-operative (or to the core members), or lease their land to other members. These members only participate in economic terms, such as receiving payments from selling fresh tea leaves to the co-operative, or taking rentals for their land. They are not involved in decision-making process for the N Co-op (Y. Lin, per. com., November 3, 2015).

6.3.2.3.3 Competition and supply chain pressures

Just in the Nengren Village, there are a few of competitor co-operatives producing substitutes and competing with the N Co-op. One of the competing co-operatives was set up and run by a former core member of the N Co-op (Y. Lin, per. com., November 3, 2015; Q. Lin, per. com., November 5, 2015). The manager has been a close friend to Mr. Lin and they used to learn martial arts together. He left the N Co-op three years ago because he was not happy with Mr. Lin's power and control over the management of the co-op (ibid). Although as a core member, he had had a voice in making business decisions, but there were several members from Mr. Lin's family in management roles, which made

him feel that he was “positioned in a family business” and an outsider instead of being part of a co-operative member with enough control over the N Co-op. After his leave from the N Co-op, he set up this Q Co-op with his own siblings and father (Q. Lin, per. com., November 5, 2015).

Mrs. Lin believe the reason he resigned his membership is that he wants a larger share of the profits (H. Ju, per. com., November 3, 2015). She also complained that the Q Co-op he established tried to steal customers by pretending they are part of the N Co-op, and sold his lower quality tea at the N Co-op’s price with a potential to harm the N Co-op’s reputation.

> They are located closer to the village centre and buyers from the outside have to pass their shop before arriving at ours. Some buyers who heard about us, but we have never met before can get confused and consider them (the Q Co-op) as us by mistake. And people in that co-operative tend not to remind the buyers that they are not dealing with the real Nengren Co-op”
>
> H. Ju, per. com., November 3, 2015

For the N Co-op, another factor pushing local farmers to be part of the co-operative is the lack of marketing channels and skills, and weaker bargaining powers in the supply chain. According to Mr. Lin, before joining the co-operative, small scale tea farmers used to sell tea to middle men, who paid very little for even the best quality Yandang Mao Feng tea. “I watched my grandparents working hard on their farm and getting paid so little. It is unfair”

(Y. Lin, per. com., November 3, 2015). Through the co-operative, local tea farmers can combine their strength to achieve a better position in negotiating with the buyers. The N Co-op has also built up its brand and reputation by developing a set of standards as well as some training that has been implemented among all their members. The best quality tea leaves receive the highest price and those that fail to meet the criteria will be rejected and are not processed by the co-operative, where the members will need to find personal channels to sell their tea without using the N Co-op's brand (Y. Lin, per. com., November 3, 2015). Compared to its local competitors, Yandang Mao Feng from the N Co-op is sold at roughly 400 British Pound per kilogram, which is one third higher than the average market price.

6.3.2.3.4 Other Influencing Factors

Another advantage resulting from a good reputation is customer loyalty. Many buyers coming to the N Co-op are tea dealers or tea shop owners from other parts of the country. A buyer named Zu claims he does not personally care if the tea is from a co-operative or a company; in fact, he does not believe or understand the differences between the two. The N Co-op, however, has built up its reputation and Zu's customers like to drink N Co-op tea, which is the reason he keeps coming back to the co-operative every year during the spring season to secure his share of the supply (X. Zu, per. com., April 6, 2016). In the days spent with the N Co-op, the researcher also met and had discussions with a Mr. Ding, who has been a loyal customer of the co-operative for several years. He enjoys the N Co-op's tea so much, as well as the country life in the

tea-producing region which gives him inspirations on his poet-writing career, so that he chose to work as a volunteer for one or two weeks every year in the past three years at the N Co-op (Y. Ding, per. com., November 4, 2015).

6.3.2.4 Consequences of joining the N Co-op

6.3.2.4.1 For member farmers within the N Co-op

As stated above, tea from the N Co-op has achieved a significant premium compared to other local producers. This is the most obvious advantage for member farmers in the N Co-op. Core members are now receiving a around GBP 100 per kilogram price premium over the average market price. Common members receive less, but still more than what they could earn independently, as suggested by Mr. Lin (Y. Lin, per. com., November 3, 2015). Members who sell fresh tea leaves before processing to the N Co-op are guaranteed at least a 20 percent higher than market price for unprocessed tea leaves; while those who lease their land to Mr. Lin receive monthly payments, which is “more rewarding then what they could achieve than farming all year themselves” (Y. Lin, per. com., November 3, 2015).

6.3.2.4.2 For other stakeholders

The business success of the N Co-op also benefits others living in the village. It contributes to the development of local tea business, and increases the value of Yandang Mao Feng tea. This benefits both member and non-member tea farmers in the village. The growth in the tea business also creates more job opportunities for local villagers and labours from around the village. Many

elders who were previously unemployed and without any source of income have now become part-time tea leaf pickers. (Y. Lin, per. com., November 3, 2015). The tea tourism is also believed to result in more income for restaurants and shops in the village. Furthermore, Mr. Lin has engaged in acts of paternalism with the profits he has achieved; for example, renovating and widening the old road in the Nengren Village.

However, not everyone is happy with these changes. Mr. Lin's explanation is that "[s]ome would rather stay in the old, poorer conditions, than to see others being more capable and trying to help them, because of jealousy" (Y. Lin, per. com., November 3, 2015). Another explanation (based on the researcher's observation that many villagers are not willing to be talked to) is that they just do not want to have so many outsiders inside their village.

Chapter 7 - Case 4: The T Co-op in Liyang County, Jiangsu Province

The Tianmuhu Wuyuanchun Tea and Fruit Specialised Co-operative (referred to as the T Co-op in this paper) located in Liyang County[59] is examined in this chapter. Different to the other cases explored in this thesis, the T Co-op is located in a different province, Jiangsu Province, and also has a distinctive pattern of producing tea products. Founded in 2006, the T Co-op is named after a famous tourism destination in the local region – Tianmuhu (or Tianmu Lake) which can be translated as the Eye of Sky Lake.

The T Co-op's case is structured as follows. First, a brief introduction to background information of the region and the main type of tea produced. The second part describes data collected from the T Co-op, and explains the links between the interviewees participated. Third, the T Co-op is going to be assessed by themes generated from earlier part of this thesis (Chapter 3): historical foundation of the co-operative; services provided by the co-operative alongside its supply chain; the main influential factors determining the co-operative's development; and the outcomes generated by the co-operative for its members and wider stakeholders.

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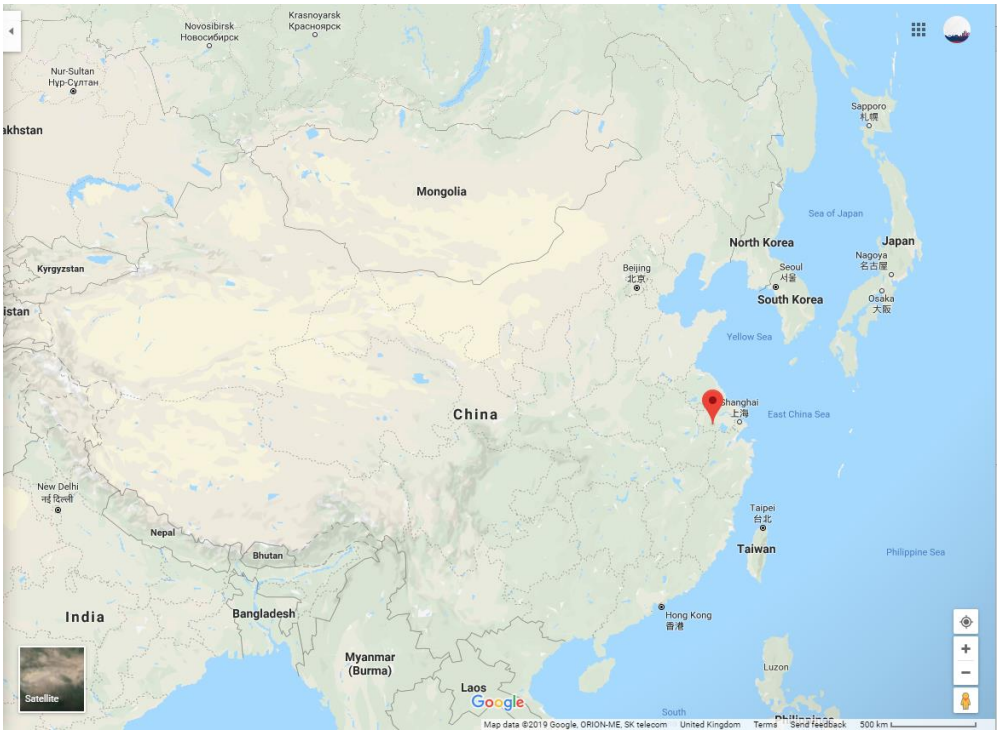
[59] Liyang is in fact named as a 'çity' in China's current administrative system, however, Liyang City is levelled as county and used to be part of Changzhou City in Jiangsu Province. This means Liyang is levelled as between a regular county and a city in terms of size, economy scale, and other aspects. For the consistency to other cases, and the convenience of use, in this thesis Yueqing is considered as a county.

7.1 The County of Liyang and the “White” Tea from the Region

7.1.1 The location of Liyang County and its natural offerings

Located in the south west Jiangsu Province, Liyang County is on the west boundary of the Yangtze River Delta (see map below) and also the upstream of Lake Tai (太湖, the third largest freshwater lake in China). The county of Liyang is part of Changzhou City and close to the common border of Jiangsu Province, Zhejiang Province, and Anhui Province. This convenient location provides Liyang County with accesses to fast and efficient transportation routes. It is included in China’s national express highway and is on the route of high-speed railway networks. There are also three airports in Jiangsu Province within two hours’ drive from the county, with an extra civil-use airport under construction locally.

Figure 12 Location of Liyang County on the Map of China



Google Maps, (2019). Accessible from: https://www.google.com/maps/place/Liyang,+Changzhou,+Jiangsu,+China/@37.6659419,93.8429363,4.62z/data=!4m5!3m4!1s0x35b51d2eeedafefb:0x1558af69f249dec6!8m2!3d31.416911!4d119.48421

Liyang County has a total land area of 1,535 square kilometres, hosting 2 national wetland parks, 1 national (forest) park, and a national tourist resort. This county offers rich natural resources and a moderate climate, which provides an advantageous environment for the produce of barley, wheat, castanea mollissima (Chinese chestnut), medical herbs, and tea

7.1.2 The Tianmuhu "White" Tea and Its Origin

Unlike other case co-operatives, the main type of tea produced from Liyang County does not have a long historical provenance. Being among the most developed green tea producing regions in China, tea has been growing and enjoyed locally for hundreds of years in Liyang County. However, the star product today, "white" tea was only imported to Liyang County in the past two decades (H. Liao, per. com., November 17, 2015). This type of tea is originally from Anji County, Zhejiang Province, which was visited by the researcher during the scoping study. The White Tea from Anji County has been produced and sold across the country for a long period. Some believe the earliest written record of the Anji White Tea dates back to the Song Dynasty, as white tea is mentioned in a book named the Treatise on Tea (大观茶论) which is written in 1107 A.D.[60] The rediscovery of old white tea trees was in 1930 in Xiaofeng

[60] The Treatise on Tea is a book written by Chinese Emperor Huizong of the Song Dynasty, who himself is a connoisseur of tea. Many local tea dealers and producers refer to this book to show the long-lasting history of the Anji White Tea; however, some argue that the "white tea" in the book is the other type of white tea produced in a different region. For the differences between "white teas", see Section 4.3.2 and Footnote 37.

Town (孝丰镇). Then in 1982, the local agriculture bureau in Anji County found a hundreds-of-years old white tea tree, which became the starting point of the Anji White Tea industry. In 2004, the General Administration of Quality Supervision, Inspection and Quarantine of the People's Republic of China officially recognised the regional brand of Anji White Tea by adding it to the list of Protected Geographical Indication of the People's Republic of China.

In fact, the "white" tea above, either from the case co-operative in Liyang County, or the original Anji White Tea, is typically classified as green tea. In theory, leaves from any tea tree could by processed into different types of tea. In the tea industry in China, it is the different procedures of processing fresh tea leaves that determines the different colour classification of tea (green tea, white tea, red tea, black tea, yellow tea, oolong tea). Under this rule, white tea refers to tea leaves that are dehydrated naturally, rather than using artificial heat, followed by a certain level of fermentation. According to this criteria Tianmuhu White Tea and Anji White Tea ought to be classified as green tea, because the processing is more or less the same as for green tea, which involves artificial heating and no fermentation. The explanation for the white tea classification of these green teas is perhaps because the tea trees display albinism, which means their leaves are paler than those used to produce green tea. Because of their unique colour and taste, this type of tea is often named as "white" and differentiated from other green teas. Additionally, the governmental protection on regional brands for this "white" tea provide official authorisation.

7.2 Significant Data from The Case Co-op and The Participants

7.2.1 Case selection

Different from the N Co-op in Case 3, the T Co-op is the only tea co-operative in its village (more accurately a tea and fruit specialised co-operative as stated earlier). Another tea co-operative (listed in Table 7.1), named as the J Co-op located in the neighbouring town was also visited briefly as a local competitor. The T Co-op was selected for this case study as it is an exemplar in the region. The co-operative has a strong and close link with the very first tea research institute in Jiangsu Province, which was founded by the chairman of the T Co-op three years ago before he and other founding farmers set up their co-operative (further explored in following sections). It was also recognised as a national exemplar SFC by the Ministry of Agriculture and Rural Affairs of the People's Republic of China and China Federation of Supply and Marketing Cooperatives in 2012 (the Federation is a governmental organisation of national Supply and Marketing Cooperatives, led by the State Council of the People's Republic of China).

Table 7.1 Tea Co-operatives Interviewed in the Region and Their Features

Name	Features Including Main Business / Supply Chain Activities
The T Co-op	Exemplar co-operative, functioning through main supply chain activities
The J Co-op	Smaller sized competitor located about over one-hour drive away

(Source: Author)

7.2.2 Participants of semi-structured interviews and their relations

The majority of the data for the case of the T Co-op was collected through semi-structured interviews (See Appendix 9 and Appendix 10 for the interview questions). Some internal documents from the co-operative were also

accessed during this study to supplement these data. The researcher was also permitted to spend an extra few hours during each research visit following the chairman and co-operative manager, observing their work in the processing facilities and at meetings. Table 7.2 presents the basic profiles of the interviewees in this case.

Table 7.2 List of Participants of the T Co-op Case

Participant	Organization	Position	Relation to the T Co-op	Other Information
H. Liao	The T Co-op	Chairman	Chairman	Largest share, founder of R&D facility
M. Jiang	The T Co-op	Manager	Manager	
D. Zhou	The T Co-op	Employee	Employee	Driver
B. Ma	Dealer	Manager	Buyer	
F. Luo	The T Co-op		Member	
W. Feng	The T Co-op		Member	
Q. Ren	The T Co-op		Member	
M. Chen	Government	Local official		
W. Han	The J Co-op	Manager	Competitor	

(Source: Author)

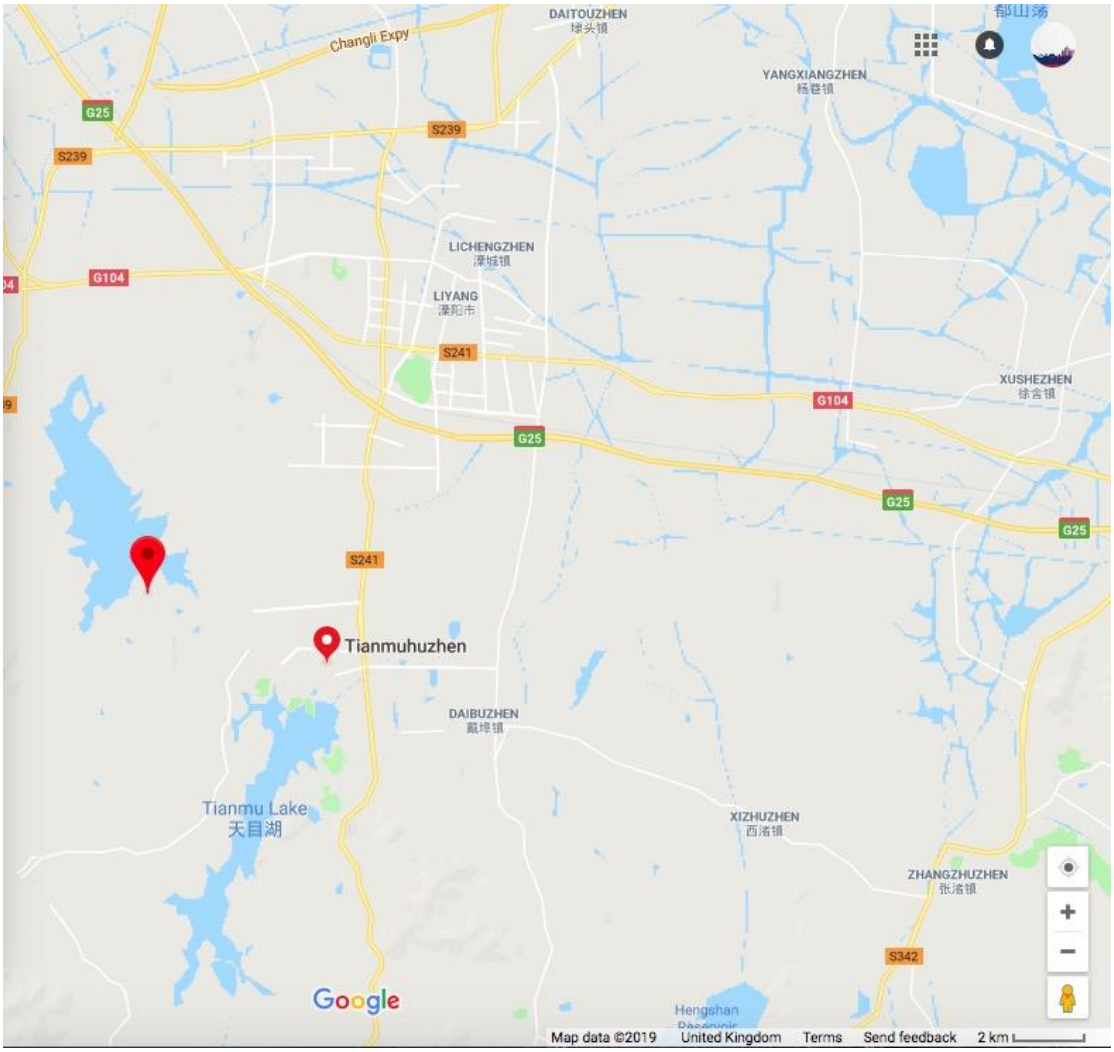
7.3 Thematic Analysis of The T Co-op

7.3.1 The location of the T Co-op in its local region

The T Co-op as well as its chairman's tea research facility (the Tianmu Lake Researching Institute of Tea) are both located around the Lieshan Village, under the jurisdiction of Tianmuhu Town, Liyang County. As marked on Figure 13, the village is outside the Tainmuhu Town Centre, and is reached after an hour driving on country roads from the county centre of Liyang. The researcher experienced difficulties in getting into and leaving from the village as there is no frequent bus access, and it is not a well-known destination for taxi drivers in local region. The only public transport reaching the village is a bus stop

located on a main road, which is almost thirty-minutes' walk away.

Figure 13 Location of The Lieshan Village on Regional Map



Google Maps, (2019). Accessible from: https://www.google.com/maps/place/Lieshancun,+Liyang,+Changzhou,+Jiangsu,+China/@31.3602012,119.4552024,11.7z/data=!4m8!1m2!2m1!1z54OI5bGx5p2R77yM5aSp55uu5rmW6ZWH!3m4!1s0x35b51ddfa135eec1:0xdcd480b5ced8161c!8m2!3d31.3413772!4d119.3920755

The close geographic distance between the T Co-op and the Tianmu Lake Research Institute of Tea not only affords low transportation costs and easier collaboration among employees, but also means that the research institute shares the same climate and other natural resources (such as soil and water). Co-location with tea farms means that research and development can be

brought simply and directly from the institute into the co-operative with little adaption needed.

7.3.2 Thematic analysis of the T Co-op

7.3.2.1 The founding and membership structure of the T Co-op

The T Co-op was set up as a pilot program by Mr. Liao and 13 other local small-scaled farming households in October 2006 (H. Liao, per. com., November 17, 2015; M. Jiang, per. com., November 18, 2015). At the time when the T Co-op was officially registered with local authorities in 2007, it consists of 75 member farms, growing tea on 1,730 Mu (about 115 hectares) of land in the local region. The main foci of production at the T Co-op, as highlighted in its name, are different types of tea and fruits including grapes, peaches, and pears. It also sells saplings tea trees, fruit trees and garden plants.

Since its foundation, the T Co-op has experienced fast growth in both the area under cultivation and economic size. In 2010, the T Co-op's membership pool increased by more than fifty percent, to 113 member farmers, increasing the total tea growing area to 3,211 Mu (approximately 213 hectares). Then, by 2013, the co-operative increased to 175 members farming on an expanded area of 5,071 Mu (about 337 hectares). The T Co-op has a management team of 13 people, including the chairman Mr. Liao, two finance personnel, and other staff specialised in technical support, marketing and other aspects of operational management. By the end of 2013, the T Co-op achieved an annual sales figure of 23,125,000 Chinese Yuan (roughly 2,312,500 British

Sterling Pound).

The T Co-op has achieved a number of awards and certificates from different awarding bodies and authorities. A few major examples of the co-operative's achievement include: in 2010, the T Co-op was recognised by Jiangsu Provincial Government as an exemplar specialised farmers' co-operative with excellence in research and development; in 2012, the co-operative was selected as a national exemplar of specialised farmers' co-operative by the Ministry of Agriculture of the People's Republic of China. Tea products from the T Co-op has been awarded certificates of "Green Product", "Organic Product", and other awards from authorities at provincial and national levels.

The T Co-op offers open membership to local tea farmers who grow tea in nearby regions in Liyang County. To become a member, one must have tea farms and be willing to work together under the co-operative's quality standards (H. Liao, per. com., November 17, 2015). There are no specific requirements on the size of a member's farm. The scales of members' farms vary. Mr. Liao is one of the largest scaled members (M. Jiang, per. com., November 18, 2015). Compared to other case co-operatives, the membership structure of the T Co-op is more complicated. The co-operative currently has around 500 members, among whom there is an organisational member, the local Supply and Marketing Co-operative, which does not engage in everyday operations, but invests into the T Co-op and receives an annual dividend in proportion to its share of ownership. Less than 20 members have invested into the collectively

owned assets of the T Co-op. About 300 member farmers regularly participate in the co-operative's operations, while the rest engage much less with the co-operative, for example, when they need to receive technical support, utilise processing facilities, or to trade through the co-operative (M. Jiang, per. com., November 18, 2015). Unlike the H Co-op (Chapter 5) or the N Co-op (Chapter 6), the membership of the T Co-op has been open to local farmers since its foundation and will continue to be open for new applicants in the future (H. Liao, per. com., November 17, 2015). "That's our goal and mission – to help and support as many local farmers as we can", as suggested by one of the co-operative managers (M. Jiang, per. com., November 18, 2015).

7.3.2.2 The T Co-op's functions and roles in its tea supply chain

The highlight of the T Co-op's functions through its tea supply chain activities is its research and development function, besides its other services to members including producing, processing, marketing, and logistics. Thanks to its strategic collaboration with the researching facility and their geographically close locations, the T Co-op has easy and stable access to the state-of-art technology and technique development in tea planting, growing, and processing. Moreover, the co-operative can also benefit from the biological scientific researches in breeding new tea tree species. Such experimental researches are money- and time-consuming, and require great amount of expertise, all of which are not often available to tea co-operatives in China. All the experiments for the advance of science and knowledge, and the relating risks are bared by the researching facilities alone, and would not be transferred

to the T Co-op (M. Jiang, per. com., November 18, 2015).

The T Co-op provides recommendations and suggestions about purchasing, and members can make collective purchases of farm inputs through the co-operative. At the production stage, the T Co-op applies co-operative quality control standards which are set at co-operative meetings prior to the production season; all members need to follow the standards if they choose to later process and sell through the T Co-op. Members receive free training and consultancy services from the co-operative to help them comply with these standards.

The co-operative collectively owns processing machinery. Not every member is willing or capable of making financial investments towards the purchase of machinery, while some other members (normally larger scaled ones) possess their own machinery, which means that the use of the co-operative's processing facilities are different for across the members. Those who economically participate in the ownership of the Co-op's machinery send their fresh tea leaves to the T Co-op's processing site for processing and packaging free of charge; non-investors need to pay for the usage of the facilities at a rate which is decided at the co-operative's pre-season meeting. All tea sent to the co-operative are labelled by batches indicating the date, producing farm, and standard of tea, before entering storage, in order to make sure every single bag of tea processed and later sold from the T Co-op is traceable (H. Liao, per. com., November 17, 2015). Mr. Liao and hired experts oversee the processing

procedures on site. Processed tea leaves are packaged by the co-operative's employees on site using packaging materials customised for the T Co-op. Packaged final products are kept in cold storage and then despatched to customers and wholesalers. The co-op has vehicles and employs drivers to send their products to postal services in town, or deliver directly to major customers from the nearby area. The T Co-op mainly market and sell their tea through the following channels: the co-operative tea shop located in the town centre of Liyang, the co-operative's online shop, and member farmers' personal channels. There are also returning buyers who visit the T Co-op regularly to buy and pick up the teas themselves.

7.3.2.3 Antecedents/Factors involved in the development of the T Co-op

7.3.2.3.1 Support, guide, and other influence from the government

Similar to other case co-operatives, one of the reasons that the T Co-op was founded in the first place by the original members was the introduction of government policies promoting and encouraging agricultural co-operatives in China. As an exemplar specialised farmers' co-operative, the T Co-op has received various support, including advice and endorsement from the local government (H. Liao, per. com., November 17, 2015; M. Chen, per. Com., November 19, 2015). The promotion by local authorities was significant in gaining local farmers' attention and trust in the early stages of the T Co-op and contributed to the successful expansion. The fast growth in the number of member farmers is a combined result of local government support and the co-operative's performance (H. Liao, per. com., November 17, 2015; M. Jiang per.

com., November 18, 2015).

Another important background factor is that the T Co-op's chairman, Mr. Liao, used to be part of the governmental system. He formerly worked for the Supply and Marketing Co-operative in Liyang County for almost two decades, which was a branch of China's government in the agricultural sector following the planned economy era (1949 – 1977, see Chapter 2 for more details). His ability of opportunity recognition, as well as the experience and networks he built up in his previous job, is a key entrepreneurial skill that often is associated with the start-up of social enterprises. The Marketing Co-operative gradually moved away from organising and conducting farming activities from 1978, but remains vital in supporting (or controlling) farm supplies and other inputs in the agricultural sector in China, helping the T Co-op to receive support, through the connection with Mr Liao, including loans and even direct investments into the assets (H. Liao, per. com., November 17, 2015). Like other farmer co-operatives, the T Co-op is also entitled to subsidies on agricultural machineries from local government.

7.3.2.3.2 Members' participation

Like other co-operatives, members' participation plays an important part in the operation of the T Co-op. Due to the more complicated structure of membership in the T Co-op than the other cases covered in this thesis, the participation from different types of members appears to be of a larger variety than other case co-operatives. In this sub-section, the organisation member,

the local Supply and Marketing Co-operative, and those individual members who invest in and share the ownership of the co-operative's assets will be classified and analysed as core members; the remaining member farmers of the T Co-op, who have no investment into the co-operative's facilities and participate relatively less in operations, are considered as ordinary members.

7.3.2.3.2.1 Core members

In the case of the T Co-op, the most important member would be Mr. Liao, who is not only the chairman of the co-operative, but also exercises his knowledge and experience from the tea research facility, in addition to that generated through the local Supply and Marketing Co-operative (H. Liao, per. com., November 17, 2015). In addition, he also owns the largest tea farm among his peer members, and is capable of making the largest investment into the co-operative's assets (M. Jiang, per. com., November 18, 2015).

As Mr. Liao used to be in the Supply and Marketing Co-operative for the local region for a long period. This experience left a permeant mark on him:

> I worked for Supply and Marketing Co-operatives for many years and that's where I first learned about the idea of a co-operative.....I believe grouping up under co-operatives is the best way for small farms to receive help and achieve more economic benefits.
>
> H. Liao, per. com., November 17, 2015

His experience explains how he developed the ideology and initiated the T Co-op in 2007 with a dozen farmers and rural entrepreneur friends with the aim of

supporting local farmers. Moreover, his connections with the local Supply and Marketing Co-operative and his former colleagues provides beneficial resources for himself and the T Co-op, as mentioned above.

Another strength of Mr. Liao comes from his expertise as the founder, manager, and chief technician of the tea researching institute. Such strength is twofold. First, with the experience from the institute, Mr. Liao is personally capable of not only providing technical support to the T Co-op, but also managing the organisation (H. Liao, per. com., November 17, 2015). Second, as the bridge between these two organisations, the T Co-op is favourably positioned to access advanced research knowledge from the institute (F. Luo, per. Com., November 18, 2015; M. Jiang, per. com., November 18, 2015). Members of the T Co-op benefit from the close relationship between their co-operative and the tea research institute.

Although Mr. Liao is the one who understands and believes in co-operatives the most amongst the members of the case co-operatives presented in this thesis, he nevertheless believes that farmer co-operatives need to be guided or lead by government. In advocating for government involvement, Mr Liao departs from the ICA principle of independence and autonomy. These beliefs result from Mr. Liao being so closely involved in the governmental Supply and Marketing Co-operative and from the benefits of this relationship for co-operative development.

Another core member of the T Co-op is the local Supply and Marketing Co-operative. Representatives from the Supply and Marketing Co-operative attend some of the meetings at the T Co-op where business strategies and investment decisions are made. Unlike other core members, the Supply and Marketing Co-operative does not involve the everyday operations of the T Co-op. It holds shares in the T Co-op, receives dividend payments, and have representatives present at co-operative meetings dealing with strategic issue of the T Co-op, but in other respects does not participate in the co-operative (M. Jiang, per. com., November 18, 2015; H. Liao, per. com., November 17, 2015). Considering the historical failure of SMCs in China in the past, this reduced level of involvement is probably best for the T Co-op and its other members' benefits (see Chapter 2).

7.3.2.3.2.2 Other members

There are hundreds of non-core members, or ordinary members in the T Co-op. The exact number of these group of members is difficult to count as there are constant changes in this type of membership. As these members do not have investment or other long-term commitment/bond in the T Co-op, they may reduce their level of participation in the co-operative or withdraw entirely. There are also some ordinary members who have not officially left the co-operative, but are "inactive" and barely engage, which results in more difficulties to establish an accurate count of the active membership. On the other hand, these situations prove to a degree that the T Co-op has been exercising the voluntary and open membership principle.

Apart from the decision-making process regarding investment and assets, which are only determined by core members who invest and have ownership, ordinary members are not treated differently according to the co-operative manager (M. Jiang, per. com., November 18, 2015). Everyone within the T Co-op must meet the same quality criteria for their tea products, and tea of equal quality is purchased by the co-operative at the same price, regardless which member it is from. However, according to Ms. Jiang, ordinary members with no investment tend to be less keen on attending co-operative meetings: “It depends on the main theme of the meetings. There are normally much more attendees if a meeting is more interesting (directly beneficial) to them, such as training information on machinery” (M. Jiang, per. com., November 18, 2015).

7.3.2.3.3 Competition and supply chain pressures

As a provincial and national exemplar of SFC, plus its unique privilege of being closely tied to a research institute, there are no competitors similar to the T Co-op at the same level of production, in terms of yield, research and development capacity. In addition, as introduced in Section 7.1.2, since the growing of Tianmuhu White Tea is a recent innovation, there are not many peer competitors in the local region specialising in this type of tea either. The competitor co-operative visited by the researcher is smaller in scale and focuses on a green tea named “Bird Tongue”, which is a more traditional local tea. Some tea companies in the area of Liyang County also produces Tianmuhu White Tea, however, based on observations in the local tea market,

other tea producers are selling at a lower price. With its reputation and quality, the tea from the T Co-op is priced 30-40% higher than others on average, with some of its high-end exceptional tea species (developed by the tea research institute from their experimental prototype) selling at more than double the market price.

7.3.2.3.4 Other Influencing Factors

During the interviews, it was revealed that the changes in market conditions (or shifts in customer preferences) also push individual tea farmers to work together in a co-operative. A most important change is the remarkable drop in consumption by public fund holders, given the recent clamp down on corruption by the government. Since many organisation customers now have to pay from their own pocket, the sales of high-end tea experienced a decrease in the 2010s. As a response, the T Co-op developed a wider range of less pricy products aiming at mid- to low-end customers. This movement not only better meets the needs of ordinary customers, but also contributes to the width of the production line of the T Co-op and to a larger share of the market. Changes in market condition were also mentioned by other case co-operatives, however, they are not in possession of the T Co-op's research and development capacity to address this issue so efficiently.

Another influential factor is the rising awareness of food safety amongst the general public. Ordinary consumers in China now have increased demands for assurance of product quality, such as higher standards and the traceability of

agricultural products, which would be very challenging for small scale farmers to practise, but relatively much easier if it is done through a co-operative, as the initial costs required are reduced due to economies of scale (B. Ma, per. Com., November 20, 2015; H. Liao, per. com., November 17, 2015). For similar reasons, the T Co-op is also able to have its own online sales team to better meet the increasing demands from online orders (M. Jiang, per. com., November 18, 2015). The T Co-op does not have its own online-selling website, the team work with major e-commerce platforms and monitoring the changes in customer preferences. Individual customers, as well as some small-scale buyers or tea dealers, put in their orders for tea from the T Co-op through online platform. Their orders will then be despatched through delivery services.

7.3.2.4 Consequences of joining the T Co-op

7.3.2.4.1 For member farmers within the T Co-op

The direct beneficiaries of the T Co-op are its members. A thirty to forty percent extra margin over the market average means a much better income for the member farmers. According to the T Co-op's internal documents, by 2018 each member household could gain an extra 50,000 Chinese Yuan (over 5,000 GBP) in annual income. Apart from the increased profitability and other benefits provided by the co-operative described in previous sections (Section 7.3.2.2 and Section 7.3.2.3.4), the T Co-op can also help its members to solve labour shortage experienced at peak harvest seasons; a trend that is increasing in severity. The co-operative provides a platform for member farmers to

negotiate and arrange limited local labour resources, similar in this respect to the H Co-op albeit through a more formal contractual approach as opposed to the H Co-op's informal negotiations. Moreover, it sends a recruitment team to the Northern provinces in China to recruit extra labour for its members. Till 2014, the T Co-op has accumulatively recruited around 5,750 short-term workers for its members from outside the region. However, the co-operative does not have statistics for the total labour force to help calculate the percentage of the workforce from outside, as the labour usage has been continuously changing. It can be estimated the labour brought from outside by the T Co-op contributes to a significant proportion of total labour employed during tea producing seasons, considering the total population of the town in 2014 is less than 80,000.

7.3.2.4.2 For other stakeholders

The success of the T Co-op enhances the regional brand and reputation of teas from Tianmuhu, which benefits other non-member farmers in the region, and contributes to the local economy as well as creating more job opportunities. For example, farmers in the local area are often provided with free access to many of the T Co-op's training sessions and machinery workshops (H. Liao, per. com., November 17, 2015). The strategy of free access is based upon the hope that the participants might decide to become co-operative members at some point. Also, through the training, local farmers are prompted to grow their tea without using harmful chemicals such as poisonous fertilizers and pesticides, which not only would help them to achieve better economic rewards,

but also protects the reputation of the regional tea and enhances the sustainability of the local environment. These shall in turn benefit the T Co-op as well.

Chapter 8 - Cross-case Analysis

This chapter provides an analysis of the case co-operatives from a cross-case perspective and is structured in two parts. First, the case co-operatives are assessed against various institutional standards to evaluate how closely their practices conform to the values and principles that define the co-operative identity. Second, a construct analysis is used to explore the internal and external factors influencing the case co-operatives. The second part adopts the six constructs developed during this research (see Section 4.2). The first construct, benefits for member farmers, contains a comparative review of the case co-operatives that describes and compares their main supply chain activities (i.e. services they can receive through membership of a tea co-operative in China).

8.1 Alignment with Co-operative Principles: A Case Comparison

In the literature review section of this thesis (Chapter 3), the researcher reviewed the differences between the ICA Principles and the guidelines from China's 2007 SFC Law. In addition, consideration was given to the practices of Chinese agricultural co-operatives, drawn from a systematic review of extant empirical studies (Table 3.11). This section of the thesis presents how the practices of the case co-operatives in Chinese tea supply chains conform or diverge from the principles or guidelines required by or recognised in various standards or extant studies.

Table 8.1 Alignment with Existing Co-operative Identity Statements

ICA	2007 SFC Law	Extant Literature	The H Co-op	The N Co-op	The T Co-op	The Y Co-op
Voluntary & Open Membership	Voluntary Participation	It's generally voluntary but there exist barriers for farmers wishing to join co-operatives, such as capital size or geographic location.	Set up by farmers voluntarily, not accepting new membership.	Set up by farmers voluntarily, not accepting new membership.	Set up by farmers voluntarily, accepting new membership.	Founded by the co-op manager, who is the owner and manager of a private tea dealing company with the same name. No membership.
Democratic Member Control	Democratic Member Control	Many Chinese co-operatives are dominated by core members	Democratic member control	Hierarchical control, where core members have much more power	Democratic control among core members	The same management system as the company, investor-control based
Member Economic Participation	Trade alone is a sufficient condition for membership	Core members involved in both investing and trading (some invest only), other members just trade through co-operative	No common capital. Members have individual assets and investments	Core members pool investment. The majority is from Mr. Lin	No common capital. Members have individual assets and investments	There are not actually “members” in the Y Co-op
Autonomy and Independence	No such requirement	Usually affected by policies made by central and/or local government	High.	High	Medium - Local SMC partially controls the co-op	Low - Influenced hugely by the local authority
Education, Training and Information	No specific requirement	Many provide agricultural training and market information, but seldom involve co-operative contents	The sessions open and free to local non-members in fact spreads the idea of co-op	Used to provided trainings but not much on co-op topics	Open training sessions may spread the idea	None
Co-operation among Co-operatives	No such requirement	No functioning ones exist	No	No	No	No
Concern for Community	Concern for members only	Very limited, the third type of co-operatives mentioned earlier may focus more on community than other ones	Share training with local non-members. Job creation. Developing tea-tourism	Job creation	Job creation. Application of R&D in the field	Job creation

(Source: Author)

As can be seen in Table 8.1, there exists remarkable differences between practices and different principles or guidelines. These Chinese tea co-operatives in general follow the guidelines provided by China's 2007 SFC Law, with the main exception being the principle of democratic control. Most of the co-operatives, as suggested by the extant studies on Chinese agricultural co-operatives (reviewed in Chapter 3), are in fact dominated by one, or a few, core members. When compared with the ICA principles, another major difference is the co-operative's autonomy and independence, especially when dealing with power and pressures from both central and local government and other authorities in China. As suggested by Deng et al. (2010) and others (Section 3.4.4.1), the co-operative movement across the whole nation is driven by central government policy; while at the local level, how the policies are implemented depends very much on local authorities. (See Chapter 5 to Chapter 7 and section 8.2.4 for more details.) Another major difference is related to the open membership, which comes in twofold. Most of visited co-operatives (including the case co-operatives and other ones visited during the scoping study) are not currently offering membership to new members. Also, this research finds that the principle applied in the ICA standards that all farmers of whatever race, gender or ethnicity are welcome is overlooked in China.

The first part may be cause by that the co-operative members believe they have reached an optimal number of members and the closing of the membership can be advantageous to them, though none of the co-operatives set a target number of memberships in their guiding document. Another perspective for explaining this is that farmers feel difficult to trust (or risk) the co-operative's brand image and reputation to those they do not know well (see Section 8.2.2 & Section

8.2.3). A possible explanation for the overlook on the gender and race issues is that the regions where the contemporary Chinese co-operative movement was pioneered and spread from are fairly homogenous racially and ethnically, and farmers in these regions tend to join a co-operative by farming households other than as individuals.

When comparing the contemporary co-operative movement in China to the historical development of co-operatives in Europe, it can be seen that they are quite different. For example, the co-operative movement in nineteenth century England, began as a self-organising grass-roots response to poverty and lack of market access (Birchall, 1997; ICA, 2010; Mancino & Thomas, 2005). The movement subsequently lobbied government for support through the reform of existing laws that restricted their organisation and activities, and they also lobbied for the provision of new laws. However, when looking at more recent developments in Europe, co-operatives have been framed as social enterprises that serve more general public interests by governments. Therefore, governments have been instrumental in shaping the co-operative movement to deliver social welfare under growing fiscal constraints of welfare states (Defourny & Nyssens, 2013). So, in some sense, the growth of the co-operative movement in China is different than in other contexts, but this difference can be seen as a matter of degree than a qualitative difference, because the state has always been a necessary agent in the promotion of co-operatives. State support for co-operatives is never a sufficient cause of co-operative formation, but it is always necessary for co-operatives to operate legally in each national context.

8.2 Constructs – Influential Factors to Tea Co-operatives Identified

Six main constructs have been identified during this research. They are selected and developed from the literature and the codes used through the research process. The case co-operatives are assessed under every construct. These constructs are:

C1 – Benefits provided to the members by their co-operative;

C2 – Members' internal embeddedness within the co-operative;

C3 – Members' control on their co-operative;

C4 – External factors: a co-operative's external embeddedness and its institutional environment;

C5 – Farmers' self-identity as co-operative members;

C6 – The legitimacy of a co-operative.

8.2.1 Benefits provided to the members - Services and supply chain activities provided by the case co-operatives

This section states and analyses the main supply chain activities of the case co-operatives. As presented in previous Chapters, each individual tea co-operative has different levels of participation in various activities along their supply chains. Some common activities are shared among the case co-operatives, while in most of the supply chain stages they differ from each other. Table 8.1 presents detailed activities of each case co-operative. A main finding of this research is that member tea farmers benefit from the services provided by their co-operatives, which confirms the findings in much of the existing literature (Deng et al., 2010; Ito et al., 2012; Saunders & Bromwich, 2012; Geng, 2014; Zhang et al., 2009). Below are some of the most significant

services provided by the case co-operatives to their member farmers at the pre-production, production, and after-sales stages. These benefits are not only claimed by the core members interviewed, but also confirmed by other interviewees including local officials, employees, as well as by the researchers' observation.

8.2.1.1 Purchasing

In China, all legitimate and government certified farm inputs are controlled by the government and distributed through so-called Supply and Marketing Co-operatives (供销社), which is a monopoly system designed and founded by the state post-dating the planned economy era (1949-1977). Purchasing inputs through co-operatives, therefore, does not create greater bargaining power for member farmers in the case tea co-operatives. However, when purchasing machinery, co-operative members can negotiate for better deals on group purchases, as indicated by Mr. Liao from the case of T Co-op (H. Liao, per. com., November 17, 2015). In addition, in all the case co-operatives the core members who possess greater financial resources tend to offer low-interest or even interest-free loans to poorer members. In making loans they are motivated in case they encounter temporary financial difficulties in the purchasing seasons.

In addition, local authorities in some regions offer subsidies towards co-operative farmers, which means a farmer within a co-operative in the region could get a better price compared to non-co-operative farmers. But there is a lack of evidence on how such subsidies work across the whole country. At the

country level, there exist subsidies for purchasing machinery that are not only available to co-operatives, but also to other types of farmer organisations in the agricultural sector.

8.2.1.2 Producing

At the production stage, the main activities are conducted by individual members across the case co-operatives. There are two main advantages member farmers can receive from tea co-operatives. First, member farmers are provided with easier access to technical support through co-operatives, because these services are difficult or expensive to deliver to each individual farm by co-operative technicians, consultants, local authorities, agricultural academies and private research facilities. Second, by arranging schedules to share the limited local labour resources, co-operative members can avoid competing against each other and pushing up the price for short-term labour hire.

8.2.1.3 Processing

None of the case co-operatives has a machinery pool that is shared between all members. Instead, the core members who are larger in scale and wealthier tend to invest in and operate their own personal processing facilities. Small farmers in the H Co-op and T Co-op can share larger members' processing facilities, which they could hardly afford to purchase themselves, by paying a contribution towards the running costs (e.g. electricity and labour). Knowledgeable members and/or technicians within these two case co-operatives also provide advice to those who are financially capable and want to

purchase their own machinery. It also enables the members to bargain for a better price when making purchases together. Another significant advantage brought by machinery-sharing is that when someone's processing facilities break down, they can arrange to use another member's processing capacity at short notice. Otherwise they could lose their tea harvest for that day due to the perishable nature of fresh tea leaves.

8.2.1.4 Marketing and logistics

By joining together, farmers benefit from having enlarged yields, better quality control, and lower storage and transportation costs; which result in higher profits. Another major co-operative benefit is linked with brand and marketing. All the cases had created their own co-operative brands which are recognised by the market as higher-end comparing to the original regional brand shared by all local producers. Developing brands has translated into higher selling prices compared to the market average, as well as enhanced market reputation.

In addition, as a small-scale tea supplier, a tea co-operative can offer customised products. It has been observed in different agricultural industries around the world that this kind of customization, or craftsmanship, could play an important role for rural entrepreneurs and farmer co-operatives (Taragola et al., 2010; Özdemir & Çelik, 2012). As a delicate, high-value agricultural product, green tea from the case co-operatives has been modified in certain ways to better meet customers' needs, including new growing regions, taste, shape of tea leaves, colour of tea, and packaging.

8.2.1.5 R&D - Technical supports and advice throughout different stages of supply chain activities

Grouping together makes technical support more feasible for member farmers of co-operatives. “We could not have received such support and advice if we were not a co-operative”, said Mr. Wu (Q. Wu, per. com., October 16, 2015). No matter what type of support it is, whether a government program, volunteering consultation, or advisory support accessed through personal strings, farmers uniting within a co-operative can afford to hire technicians. From the perspective of the service provider, it is more efficient and effective to work with co-operatives, because they are assured that when they come to the field, there are sufficient numbers of farmers attending the help sessions. In the H Co-op, internal knowledge exchange between experts like Mr. Zhou and member farmers is a vital factor for the H Co-op’s success, and hence it creates more benefits for members. It was found that as there are very limited numbers of trained personnel devoted to tea production, it is challenging for individual small-scale farmers to access research and development for tea cultivation or processing, or for that matter even basic agricultural technical supports and advices.

8.2.1.6 Benefits return (of retaining profits)

In the 2007 China SFC Law, it has been specified that farmer co-operatives should calculate their profit several times a year and then distribute surpluses to member farmers. A key finding in this research was that none of the case co-operatives has such a benefits-return mechanism. The reasons were found to be associated with the achievement of fairness. First, in these cases, the co-

operatives do not own significant assets and in effect they do not run as separate legal / economic entities. This is due to the fact that the 2007 China SFC Law did not adequately clarify the legal position of co-operatives in China. Agricultural co-operatives, at least the ones visited in the case studies, are often considered by the members as a platform or network for member farmers to share knowledge and information, instead of as a legal entity that is in possession of tangible collateral assets. Co-operatives lack support from other legislation and regulations. Hence in most co-operatives, it is the individual members who invest and own the assets. It is unfair to share the benefits equally with all members, some of whom might not have contributed any investment into the co-operative. In the case of the H Co-op, sales revenue for each order are allocated based on the supply fulfilment from each member so there are no retained profits, which makes the return of benefits immaterial as profits accrue at the individual level rather than the organisational level. In this respect the case co-operatives fulfil the ICA co-operative ethical value of “equity" that has been guiding the fair distribution of dividends to co-operative members since the Rochdale model was devised in the nineteenth century.

8.2.2 Members’ internal embeddedness within the co-operative

A clear example of internal embeddedness is from the case of the H Co-op, where the members are all from neighbouring villages. The members share a similar historical and cultural geographical background and life experiences. In the cases it was found that many of the members are close friends (W. Zhou, per. com., April 16, 2015; Q. Wu, per. com., October 16, 2015). Close social ties and the trust that is generated through these associations, explains why the

farmers were able to successfully organise and start-up their co-operatives. This meets the expectation from extant literature on social embeddedness (see Section 3.5). Through embeddedness, a co-operative achieved enhanced performance through better internal coordination (Granovetter, 1986; Jack & Anderson, 2002; Heidenreich, 2012).

The member farmers of the H Co-op and the N Co-op are closely bonded to each other, through kinship and close friendship, as well as on the land they work and live on together, which means a strong embeddedness (Scott, 1987. See also Table 8.2). One of the most important outcomes of such embeddedness is trust - not only trust among a co-operative's members, but also the trust from local communities as well, which can be very important for the co-operative to survive and develop. Mr. Zhou (G. Zhou, per. com., April 16, 2015), who has great passion for the local tea farms and the Kaihua Longding Tea he created, explained that the reason he was willing to work as their tea-growing technical consultant on a voluntary basis was the high level of trust in Mr. Wu and the H Co-op: "I knew him for years (through Mr. Zhou's son). I trust him and the co-operative. I know they have the beliefs and passion of making good quality Longding Tea." (G. Zhou, per. com., April 16, 2015). Without the strong ties among themselves and with external resources (i.e. professional technical support from experts like Mr. Zhou in the case of the H Co-op), or say the coordination of internal and external factors through the embeddedness, it would be much more challenging for small-scale farmers to access the benefits they receive. Table 8.2 displays how internal embeddedness appears in the case co-operatives.

Table 8.2 Internal Embeddedness of Case Co-operatives

	The H Co-op	The N Co-op	The T Co-op
Status of Relationship among members	Members have known each other for decades, the members are friends and closely tied. High levels of trust between members.	Members are from a small village where most residents share the same family name. Some core members are from the same family and view tea cultivation as family heritage.	Members are farmers from local region. By its business success and services provided, the co-operative gains trust from its members and attract outside farmers to become members.
Quotations from Participants	"We all grew up here and our families live here……I grew my tea in an environmentally friendly way and want it to be sustainable for the community". - Q. Wu, p. c., Oct. 16, 2015	"The history of our family tea business dates back to my grandpa's grandpa, it has become a heritage". - Y. Lin, p. c., Nov 3, 2015	"We make sure every member's voice is heard, no matter whether his (or her) farm is large scale or not. We all work together to achieve better negotiating power in the market." - H. Liao, p. c., Nov. 17, 2015
Highlight Consequences	Knowledge exchange among members and also between the co-operative and outside agencies through key members.	Core members donate part of their profits to general construction projects for the village, which benefits all members in the area.	Knowledge exchange among members, enhanced negotiating power when purchasing machinery and selling products.

(Source: Author)

Being structurally embedded together, member farmers not only achieve better co-ordination of resources among themselves and economies of scale, but also hold an advantageous position when dealing with other local actors outside the co-operative. A vivid and practical example is around land usage. Since it is not possible to privately own any land under current legislation in China, small-scale and dispersed land often becomes an obstacle for famers seeking to scale up. Within a co-operative however, it becomes feasible for land rent and land transfer to be co-ordinated among the members because of the high level of trust and shared benefits among them. In addition, the problem of "over-embeddedness" which means when embeddedness of an organization becomes too strong, it brings in negative effects (Uzzi, 1997), including obstacles in knowledge flow between the insides and outsides of an institution,

has not been found obvious in the case tea co-operatives studied. A possible explanation is that the entrepreneurial core members are acting as “boundary spanners" that enhance the connection between external and internal networks.

8.2.3 Members’ control on their co-operative

As mentioned above in Section 8.1, under the ICA principles and China’s 2007 SFC Law, a co-operative is obliged to not only create benefits for its member farmers, but also be controlled by its members. Among the case co-operatives, the T Co-op shows the strongest membership control. Member farmers in the H Co-op also have high level of membership control, but they conduct many of their business decisions individually and the majority of their sales are achieved through personal channels instead of through the co-operative. Table 8.3 reflects the different status of membership control among case co-operatives.

In the T Co-op, the chief manager (or officially titled as the chairman of the co-operative committee), Mr. Liao, used to work for the old type SMCs. That experience cemented his belief in the benefits and potential of co-operation among local people. In fact, from amongst the managers in the case co-operatives, he holds the most positive opinions about the co-operative movement in China. He is also the only one among all the co-operatives visited who is referred to by his peer members and employees as chairman of the committee of the co-operative. This reflects the structure and culture of the T Co-op – there is a committee monitoring the co-operative’s operation and Mr. Liao is the person that the members trust as the chairman to work with, not

work for unlike in the case of the N Co-op, where Mr. Lin is often addressed as "the boss". The culture of co-operation is also shared by the members and influences the employees. Among the four cases, the T Co-op is the one that has the most frequent and regular member meetings to discuss co-operative issues, and members can speak freely for their own interests.

Table 8.3 Different Level of Membership Control of the Case Co-operatives

	The H Co-op	**The N Co-op**	**The T Co-op**	**The Y Co-op**
Decision-making process	Through member discussions.	Chairman and management team are in charge of everyday operations.	Mr. Lin makes most of the decisions, consults with other core members.	Manager of the company makes all decisions.
Member meetings	Frequent but informal meetings.	Regular committee and member meetings.	Core members meet and have informal discussions regularly.	No member meetings.
Level of Shared Control among members	High	Low	High	Low
Quotations from Participants	"They (the members) all have a say during the meeting, or whenever they are not satisfied, even it is not a meeting day they can just call the committee and make a complaint……We need to work really hard to keep them happy…… Everyone's opinion counts, the chairman does not have a bigger say in it, his voice or opinion is the same, if not less. - M. Jiang, p. c., Nov. 18, 2015	"Everyone is treated equally in our co-operative. Members sometimes have disagreements but seldom argue. We sort out issues through meetings and discussions……in a democratic way." - W. Zhou, p. c., Apr. 16, 2015	"We tried democratic votes before, it just didn't work. Some people just won't play along with others and it took too long to react market needs." - Y. Lin, p. c., Nov. 3, 2015	n.a.

(Source: Author)

On the contrary, unlike the H Co-op and the T Co-op, where members have their own distribution channels, the tea sales for the N Co-op are solely through the co-operative, and stronger relations have been built between the N Co-op

and its down-stream buyers. Core members of the N Co-op claim that it is necessary to have a strong leadership, namely Mr. Lin as manager, to deal with powerful buyers effectively and to fulfil their customised orders efficiently. Focusing on achieving improved efficiency and profitability, the N Co-op ended up following a more centralised decision-making structure, with Mr. Lin making most of the decisions and occasionally consulting with a few core members, yet promising ordinary members an annual income which is no worse than under the previous model. This strategy is effective at the current time and their income has been increasing, however, the research found that not everyone is happy with this “dictatorship” and some have chosen to leave the co-operative (Y. Lian, per. com., November 5, 2015).

The phenomenon of more-powerful core members is not necessarily negative, as they can be considered as more important stakeholders within their co-operative, in comparison to ordinary members, because of their potential to meet the critical needs of the organization (Jawahar & Mclaughlin, 2001). The core members from the case co-operatives, such as Mr. Lin from the N Co-op and Mr. Liao from the T Co-op are acting as “institutional entrepreneurs”, who have the important social skills and the abilities to motivate cooperation among other members “by providing them with common meanings and identities” (Fligstein, 1997: 397). The different level of control by core and non-core members within the co-operative is also a reflection of the ownership structure and related incentives. Differences in ownership and control are now becoming more of a feature in Western agricultural co-operatives to encourage investment (Bijman, 2002; Hendrikse & Bijman, 2002); most notably the

introduction of tradable shares and delivery contracts in what have been dubbed New Generation Co-operatives (Katz & Boland 2002).

8.2.4 External factors: a co-operative's external embeddedness and its institutional environment

8.2.4.1 Relational and cultural embeddedness of the case co-operatives

Embeddedness in local social relations and culture plays a vital role for the case co-operatives. An extreme example of co-operative embedding into the local community would be the case of the N Co-op. As the N Co-op is based in a relatively isolated small village, where the majority of people share the same surname (i.e., belong to the same clan), its social relations with local entities provides the co-operative with significant influence (for more details, refer to Chapter 6). The villagers and members of the N Co-op are not only neighbours or friends, they are kin. The links between them are very complex, especially under Chinese culture. As Mr. Lin from the N Co-op said, their village has been producing Yandang Mao Feng Tea for hundreds of years, and is part of their heritage (Y. Lin, per. com., November 3, 2015). Adding to the complexity is the fact that Mr. Lin was once the chief of the village before he started the co-operative. Similar to the case of the H Co-op, it was the villagers' trust and co-operation that enabled Mr. Lin and his family to set up the co-operative in the first place. In addition, the N Co-op was also named after the village, which is also the regional brand name for their tea. This arrangement can be both beneficial and problematic, as the co-operative can effectively exploiting place and geographical location, however negative consequences are also likely associated, such as freeride issues (Pike, 2009;

Jia & Zsidisin, 2014; Generic trademark, n.d.). Opposition to the nomenclature have been raised from non-member farmers, as they believe it put them in an adverse situation when competing with the N Co-op in the market (Y. Lian, per. com., November 5, 2015; W. Xu, per. com., November 6, 2015). Table 8.4 summarises key information regarding three case co-operatives' embeddedness. Perhaps a co-operative has more legitimate claim on a place-based brand (see Section 8.2.5 for co-operatives' legitimacy), than other types of organisation, but the findings on the lack of requirements on community concerns in current co-operative law of China (see Section 8.1) as well as lack of other supports from regulative institutional environment (see Section 8.2.4.2) means how the agricultural co-operatives in China share their benefits with other shareholders varies from case to case.

Table 8.4 External Factors Affecting Tea Co-operatives

	The H Co-op	**The N Co-op**	**The T Co-op**
Relations with External Environment	Open access for non-member tea farmers in the community to join workshops.	Located in a village where most residents share same family name and know each other for generations; there are tensions between the N Co-op and some of the villagers.	Well connected to other players in the supply chain, and local research facilities; creates job opportunities for the local community.
Highlight Consequences	Knowledge exchange benefiting both members and outsiders willing to attend the H Co-op's training events.	Core members' donations towards general construction projects for the village; being able to use the village name as the N Co-op's brand; experiences difficulties when dealing with disputes with local villagers.	Stable and efficient knowledge exchange from the laboratory to the field.

(Source: Author)

In the case of the T Co-op, the research found that their close relations with local stakeholders has resulted in positive outcomes. The highlights include the collaboration of the T Co-op and the tea research facilities operated by the co-operative manager Mr. Liao, which enhances knowledge exchange between

these two entities, as well as enabling the T Co-op to have a large tea product line and strong technical support.

If the link with local community and culture is too strong, however, it may create problems for co-operatives. The most interesting examples come from the N Co-op. The first issue regards the local competitors, who are also villagers and have close personal relations with Mr. Lin and the N Co-op, pretending they are the N Co-op and selling in the N Co-op's name to buyers who are unfamiliar with the local market. This obviously damages the N Co-op's interests, especially for the reason that the N Co-op is actually located at the end of the road while the counterfeiters are in the centre of the village and closer to the main road. This illustrates the risks of developing a generic trademark without protective legislation (Pike, 2009; Generic trademark, n.d.). The second story is that the N Co-op once suffered theft, though the loss was not major. The cameras captured the identity of the thief, who is also from the village. In both situations, the N Co-op neither reported the incident to the police force or took the offenders to court. In fact, they did not even accuse them formally or directly in person, since they do not wish their neighbour to lose face and destroy the harmonious relationships within the small village. The research found that it was difficult or impossible in their culture to blame a relative or close neighbour of an offence through official channels. In the case of the Y Co-op, their close relations with local authorities gains them trust and extra support, and potentially more marketing opportunities and sales revenue. However, although it is not confirmed by personnel within the co-operative, multiple sources from the local region claim or imply that the Y Co-op received

governmental subsidies and other financial supports. This support means that the Y Co-op's competitors are being disadvantaged.

8.2.4.2 Institutional environments of the case tea co-operatives

Another perspective into the external influences for the case co-operatives is the exploration of their behaviour in respect of the regulative institutional environment[61] they operate in and the effect that it has on the co-operatives' performance. The regulative environment has changed remarkably since 2007 and it is critical to focus on and examine how these changes affect the case co-operatives as a means of understanding the wider contemporary expansion of agricultural co-operatives in China.

Located all in Jiangsu Province and Zhejiang Province, these case co-operatives share a very similar formal institutional environment. The main difference was that as the pioneer in the current co-operative movement, Zhejiang was the very first province in China with provincial legislation to promote farmer co-operatives. However, since the enactment of national SFC Law in 2007, all farmer co-operatives are operating under the same national legislation now. Comparing the volume of co-operatives in China prior to and since 2007, it is obvious that the new legislation, together with a variety of recent policy supports, provides for a more favourable formal institutional

[61] The normative and cognitive institutional environments are the social and cultural relations the case co-operatives are embedded in, which are already covered in the external part of Section 8.2.4.1.

environment and promotes the contemporary co-operative movement in China. This finding confirms the findings of the extant studies reviewed (Zhou et al., 2007; Deng et al., 2010; Liang & Hendrikse, 2013. Also see: Section 3.4.4.1).

Table 8.5 Regulative Institutional Environment for the Case Co-operatives

	The H Co-op	**The N Co-op**	**The T Co-op**
Legislation	Prior to 2007, regional regulations had been made to support the pioneering development of agricultural co-operatives in Zhejiang Province. Then the 2007 SFC Law applies.		Guided by the 2007 SFC Law.
Practise & Results	The Law has not been followed strictly in all cases, especially in terms of membership control and "benefits return". Additional regulative supports are required. All the case co-operatives worry about policy changes in near future.		
	The H Co-op not having collective assets or trading as a whole; production and sales are organised loosely.	"Dictatorship" type of internal control; Difficulties in receiving monetary support from local government.	Management team has concerns about the consistency of policies relating to co-operatives.

(Source: Author)

As stated, there are flaws in co-operative practise. The extant literature on government and policy factor (Section 3.4.4.1) has noticed the potential drawback from inappropriate interfere. However, what has not been stressed enough in previous studies are the imperfections of the current co-operative legislation and associated policies towards farmer co-operatives in China, as well as the more general political and legal system, which together hinder the development of co-operatives and their member farmers. Co-operative members, local officials, as well as scholars interviewed during this research have expressed their concerns. The introduction of SFC Law in 2007 formed a clearer and more supportive environment for Chinese co-operatives to a considerable extent, compared to the beginning of the 2000s when no one was certain about the co-operatives legal status as a form of farmer organisation. Yet there are still blind spots that need to be addressed. A clear example is

reflected in Table 8.1 (see p. 336-337), when comparing co-operative practises in China with the ICA standards, the aspects that are ignored in contemporary co-operative practise including member economic participation, independence and autonomy, and co-operation among co-operatives; these are not included in the 2007 SFC Law. Table 8.5 demonstrates data of three case co-operatives in terms of their regulative institutional environment.

To provide a mature environment for co-operatives, a single legislative document with only fifty-five lines seems insufficient, particularly the 2007 SFC Law which was a first and experimental draft (Zhang & Yuan, 2009; Guo, 2011). Relative legislation and regulations are also required to explicitly set the rules. For instance, the SFC Law provides legal status and enables a farmer co-operative to be recognised as a legitimate farmers' organisation, however, the co-operative as an economic entity has yet to be fully recognised by the Trade and Industry Bureau and financial sector. Member farmers from the H Co-op and the N Co-op struggled to follow the business registration process that was designed for companies, and to access financial services like bank loans. Another example is the section 49 to section 52 that outlines that farmer co-operatives should receive political and financial support from central government and local authorities including tax reductions, but does not clarify either the criteria to be an eligible co-operative, or how the supports should be delivered. It leaves plenty of uncertainty, which can discourage not only co-operative farmers but also local officials. It was found that seldom are co-operative members satisfied with the support provided by local authorities. Many co-operatives express concern over opaque and unfair allocations of

government subsidies, and some even have difficulty claiming the tax reductions they are entitled to.

A key finding is that the articles specifically written into this single piece of co-operative law are not always followed completely. One of the biggest issues is the authenticity of the co-operatives. It has been witnessed that many farmer co-operatives are “in name only” as pointed out by Mr. Wu from the H Co-op. Many agricultural co-operatives, including Mr. Wu’s previous co-operative, were forced to set up by local officials where the farmers had no voluntary consent. Some interviewees pointed out that there are co-operatives set up only for the purpose of claiming government funds and are not actually in operation. It is also reported that there were insufficient checks on the member farmers’ status – a co-operative could be set up without formally informing the named farmers! In one of the case regions, a fake co-operative was set up by a single person who claimed he and some of his neighbouring farmers had decided to found a co-operative, while those nominated farmers were not even actually aware of it. This is different from the situation in many EU countries where the legal frameworks are “flexible enough” to encourage various formal structures and rule based internal control and governance (Bijman et al., 2012), which accounts for the unclear situation on membership control issues and “fake co-operatives” in the current co-operative movement in China.

These imperfections within the current written legislation and regulations, as well as the problematic enforcement of them, result in negative impacts on co-operatives in China. The lack of identity and confidence of being a co-

operative caused by the legislative and political environment can be a determining factor limiting the development of Chinese farmer co-operatives, and discouraging members from owning and controlling the co-operatives in a co-operative democratic way. Besides, it also makes it challenging for co-operatives to have fair access to government support schemes, which in turn weakens the benefits they could create for their members using those resources. The power of allocating such money brought corruption to local authorities, meaning that in many cases the farmer co-operatives that are in need and that should be entitled to support, are unable to access this support (see the cases of the H Co-op and the Y Co-op in Chapter 5).

The promotion of co-operatives by the government in China has led to a great increase in the number of agricultural co-operatives since the 2000s, however, many farmers do not actually understand the idea of being a co-operative or follow the rules and values. Due to the frequent changes in policy and direction of government, many co-operative members do not have faith in the long-term future for co-operatives as a successful form of farmer organisation. Co-operative members expressed their concerns that the trend for agricultural co-operatives will not last long, and will soon be replaced by something else. For example, “family farms” were mentioned by members from the H Co-op and the N Co-op, which is a new term used in many governmental documents that aim to provide direct support to individual farming households. China’s policies on land ownership, land transfer and usufruct, also deters those seeking to invest in farming facilities.

8.2.5 Co-operative legitimacy and members' self-identity

The case co-operatives' legitimacy is derived from three sources: their legal status as a registered co-operative; the local community's recognition; and members' self-identification as part of the co-operative. A fundamental question that needs to be addressed is how co-operatives enhance their efficiency and growth, as well as sustain their founding values at the same time, as they have dual identity as both a business and a social movement (Clegg, 2006; Thornton et al., 2012). Hence the meanings and values of being a co-operative should also be critical in assessing a co-operative, in addition to its performance. As Wu & Pullman (2015) point out, the cultural contents including values and ideologies impact on and guide an entity's their economic activities as well as its motives. Dart (2004: 411) agrees that "[m]oral legitimacy not only connects the overall emergence of social enterprise with neoconservative, pro-business, and pro-market political and ideological".

The first, under the current regulative institutional environment, remains the same for all the case co-operatives. This is to say they were all classified as co-operatives and registered with local authorities when these co-operatives were set up. The second factor, the recognition from the local community, is much more complicated as discussed above in Section 8.2.4.1. To a large extent it means that a co-operative is understood and deemed to be beneficial by the community they are embedded into. It requires more than the word "co-operative" in the organization's name or a piece of government-issued paperwork to justify an entity's existence and performance as a co-operative. Across the case co-operatives, it was found that local communities tend to give

more positive opinions if a co-operative benefits its local region. However, this is not a simple linear relation. Local stakeholder appraisals also vary by their personal links with the co-operative and co-operative members, as well as competition and other conflicts of interests.

Table 8.6 Member Farmers' Self-Identity as Part of Co-operative

	The H Co-op	The T Co-op	The N Co-op
Members' Understanding of the Co-operative Ideology	Across the cases, they consider the co-operative as a platform organisation for farmers to access government support and other knowledge exchange. Not many farmers understand co-operatives from an ideology perspective.		
Members' Faith in the Co-op and Its Values	Members believe in voluntary participation, democracy, and autonomy.	Members, especially the Chairman Mr. Liao have strong faith in the Co-op.	Core members such as Mr. Lin trust more in centralised control.
Expectations for the Co-op's Future Business	Members think they will be in similar position as a co-operative or a partnership company.	Members expect the T co-op to achieve further business success	Core members believe the co-operative's business will keep growing, as long as it's under their control.

(Source: Author)

The third factor determining a co-operative's legitimacy is the extent to which its members consider their organisation to be a co-operative (and themselves to be co-operative members). It was found that members across the co-operative cases, recognise themselves in various ways. Individual members' identities affect the identity of the co-operative, as well as the co-operative having an influence on the members. However, some of the interviewees claim that although they have achieved more benefits than they would by selling tea to middle men and big tea companies, they do not feel all that different as a result of being part of a tea co-operative in comparison to a small agricultural company. One member from the H Co-op argued that they formed the co-operative because it has been promoted by local officials which means potential financial support and taxation reductions, "I don't really mind having a tea co-op

or a small tea company (in partnership with mates). I would only start a business with friends, people I know for a long time and enjoy working together, as a co-op or a company." (H. Cheng, per. com., October 19, 2015). Many co-operative farmers hold similar beliefs and they do not have a very positive personal attitude towards the future of their co-operative either. As expressed in Mr. Cheng's words, farmers would switch to a small-scale private agriculture company as soon as possible once the promotion and subsidy schemes for the co-operative from the government cease. They are not so keen on co-operatives as a solution to the challenges they face as small-scale tea farmers.

Chapter 9 – Discussion and Conclusion

Building upon the cross-case analysis chapter above, this final chapter provides further discussion on the case co-operatives. The relationships between the six constructs are presented as propositions, which together map out a model of the constructs related to the tea co-operatives in China. Then, two typologies for tea co-operatives in China are suggested based on the model. At last, a conclusion section for the whole thesis is reached, emphasising the contributions of this research and its limitations as well as recommendations for future research.

9.1 Propositions of Constructs' Relationship and Model Development

As analysed above, there are several factors affecting case co-operatives. This study proposes six constructs to be adapted in discussing and understanding these co-operatives: benefits provided to the members by their co-operative, members' internal embeddedness within the co-operative, members' control on their co-operative, external factors including a co-operative's external embeddedness and its institutional environment, farmers' self-identity as co-operative members, and the legitimacy of a co-operative. These constructs are summarised below in Table 9.1, together with the findings from the four empirical cases.

Table 9.1 Table of Constructs

Construct	The H Co-op	The N Co-op	The T Co-op	The Y Co-op
C1 - Membership Benefits	Services and increased income (low in absolute value) for members.	Increased income for members.	Services and increased income for members.	Benefits go to the company owner/manager.
C2 - Internal Embeddedness	Close ties among members with the co-operative.	Core members are closely linked.	Close ties among core members.	n.a.
C3 - Member Control	Shared control among members.	Shared control among core members.	Shared control among members.	Controlled by the company owner/manager.
C4 - External Embeddedness & Institutional Environment	Registered as co-operative, strong ties with local farmers and government.	Registered as co-operative, close to farmers and local residents in the village.	Registered as co-operative, closely tied with research facilities.	Registered as co-operative, close with local government.
C5 - Farmer's Self-identity as Co-operative Member	Low – Members of the H Co-op do not tell the difference between co-operative member or partnership.	Low – Members are in fact working for Mr. Lin and other core members.	High – Farmers consider themselves as co-operative members.	n.a (There are no actual member farmers in this case.)
C6 - Co-operative Legitimacy	High – Registered and recognised as co-operative.	Low – Registered as co-operative, but dominated by core members.	High – Registered and recognised as co-operative.	Low – This is in fact a company with a co-operative name.

(Source: Author)

Through the analyses of the case co-operatives, it was found that a construct could affect or interact with other constructs. It is observed that a strong internal embeddedness within a co-operative improves its operation. Take the H Co-op as an example (see Chapter 5 and Section 8.2.2), as member farmers claimed, they would not join each other to start the co-operative and co-run it in the first place, had it not been for the close ties among them and hence the trust that facilitated the success of their co-operative. Similarly, it could have been very different, in terms of having access to the same level of support and assistance, if members of the H Co-op had not grown up with and built a close relation with Mr. Zhou Jr, through whom other member farmers and those non-

members received voluntary professional support. Hence, this research proposes:

P1a - Internal embeddedness has positive impacts on benefiting member farmers of a co-operative.

P1b – Internal embeddedness has positive impacts on co-operatives' membership control.

Among the cases, the researcher did not find any situation of over-embeddedness, where internal embeddedness developed to such an extent that it became an obstacle to knowledge exchange between actors inside and outside of a co-operative. On the contrary, the case co-operatives benefit from their embeddedness and the knowledge from outsiders flows very well through certain core members (or "boundary spanner") to the rest, who can better meet the needs of a co-operative than its other stakeholders (Granoveter, 1973; Jawahar & Mclaughlin; 2001) For instance, one of the most important roles of Mr. Lin in the N Co-op is to function as a marketing manager to deal with buyers from outside and promote their products in the market, while the rest of his peer members, who grow up in their isolated village, care mainly about their own small-scale farm than the business world outside. In the H Co-op's case, Mr. Wu brings in Mr. Zhou to equip the co-operative and its members with better technical knowledge. In the case of the T Co-op, Mr. Liao enables the knowledge to flow from the tea research facilities led by himself, and is also able to utilise his experience and private links as a former local official to promote their co-operative. Considering the much worse situation in the period when members farmed individually, and the fact that the case co-operatives are

relatively more economically successful compared to their local competitors (bear in mind that due to the nature of tea, producers from further afield are not able to directly compete with these regional brands), the over-embeddedness has not currently appeared to be a problem for tea co-operatives in China if our cases are taken as typical of the industry as a whole. These cases suggest that over-embeddedness does not appear in tea co-operatives in China. This research proposes:

P2a – External embeddedness can create favourable conditions for a co-operative and bringing in more membership benefits (i.e. accesses local resources such as government support, knowledge transfer). (Section 8.2.4.1)

Thinking about external factors such legislation, other propositions between external factors and the case co-operatives are (see Section 8.2.4.2):

P2b – A well-developed regulative institutional environment enhances sharing of controlling power among co-operative members.

P2c – A well-developed regulative institutional environment improves the legitimacy of a co-operative. (See also Section 8.2.5)

From the multiple cases and cross-case analysis, the research found that although many farmers in China do not have a thorough understanding of the co-operative ideology, some farmers have more faith in agricultural co-operatives and they are following some of the co-operative principles in practice (as reflected in Table 8.6). These farmers who tend to consider themselves as part of a co-operative are those that either have a voice in the decision making

of their tea co-operatives, or are satisfied with the benefits provided by being part of a co-operative, or sometimes both. So, based on this phenomenon, this thesis also proposes:

P3 - Co-operatives with a higher level of member control increase farmers' self-identity as co-operative members.

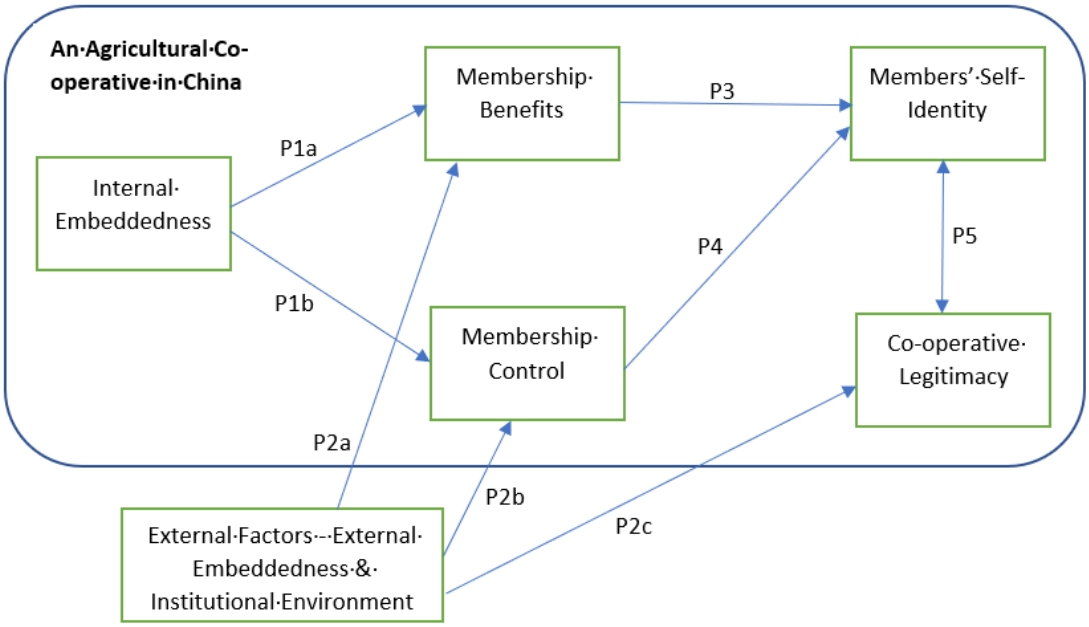
P4 - Greater member benefits tend to increase member farmers' self-identity as part of a co-operative.

As analysed and discussed above, internal and external factors have impacts on co-operative members' self-identity, as well as on the legitimacy of the co-operative organisation. However, the relationship between members' self-identity and a co-operative's legitimacy is not as straight forward as other propositions above. Farmers who are part of a legitimate co-operative that follows co-operative values (such as the T Co-op), are more likely to recognise themselves as co-operative members. On the other hand, those who recognise themselves as co-operative members (instead of considering themselves as employees of, or sellers to, a co-operative) also tend to exercise their rights and obligations of being a co-operative member, and in turn make their co-operative more legitimate. Tracing causality in this relationship is challenging and begs the chicken and egg question of which comes first, rather than the simple proposition of a dependent relationship. Hereby the researcher proposes:

P5 – Farmers' self-identity as co-operative members enhances the legitimacy of a co-operative, while being in a legitimate co-operative encourages farmers to identify as co-operative members.

Considering the relationships among the constructs, a model has been developed as follow (Figure 14). Based on the discussion, a co-operative's internal embeddedness and external factors (i.e. external embeddedness and institutional environment) have impacts on the co-operative, both in terms of the control mechanism and the beneficial performances for its members. From the case studies, it has been observed that higher level of embeddedness, as well as a supportive institutional environment generally would enhance co-operative members' self-identity and the co-operative's legitimacy, which shall result in making the organization more co-operative like, i.e. better practicing of co-operative principles and guidelines. Also, as stated in Section 8.2.4.2, the external institutional environment also directly influences a co-operative's legitimacy, which mutually affects individual members' self-identity. Figure 14 below indicates the relations between these constructs.

Figure 14 Model of Constructs from Case Co-operatives



(Source: Author)

In addition, higher level of embeddedness also contributes to the creation of more benefits for non-members in local community. Although this is not one of the foci of the study, as benefiting non-members is either a requirement by China's 2007 SFC law, or the purpose of any of the case co-operatives. It is still good to know that these agricultural co-operative in China are taking care of the communities they are located in. Besides, it is also found that closer relations with local community tend to encourage the co-operatives to share more resources with the community. A clear example is in the first case (see Chapter 5), where the H co-op's own technical consultant holds training sessions, farmers from local villages, who are not part of the co-op are also welcomed to attend for free. Another example is that Mr. Lin from the N Co-op spent his personal money to build roads for the village, as well as for the co-operative and himself (see Chapter 6).

The model of constructs presented in Figure 14 reflects the interrelations among constructs developed from empirical cases of this thesis. However, it has the potential to be generalised and applied to wider agricultural co-operatives in China. The constructs and propositions can be further applied and tested with future qualitative as well as quantitative research. The adoption of this model as the basis of further data collection can contribute to better understanding the main factors influencing Chinese co-operatives and their member farmers.

9.2 Typology Developed from This Multi-Case Study

Another significant outcome of this research is to develop a typology of contemporary agricultural co-operatives in China. As reviewed in Chapter 3, most of extant literature groups co-operatives by their functions or supply chain activities. Here, however, a typology is proposed based on critical co-operative principles and practices, with consideration of the construct model (Figure 14) and extant works. Two typology matrices are developed using different sets of constructs from Section 9.1. Table 9.2 adopts benefits created for co-operative members and level of democratic control as dimensions. These two dimensions are not only constructs from the model that can be used to illustrate a co-operative's performance, but also two important factors recognised by both the ICA principles and China 2007 SFC Law. A second typology is also developed, as shown in Table 9.3. A different set of constructs from the model are employed, namely co-operative legitimacy and farmers' self-identity as co-operative members, which focus more on the ideology side of the co-operatives.

Table 9.2 Typology 1 Developed from The Research

Benefits Created for Co-op Members	High	The N Co-op	The T Co-op
	Low	The Y Co-op	The H Co-op
		Low	High
		Level of Democratic Control Among Members	

(Source: Author)

As shown in Typology 1 matrix, the case co-operatives are evaluated from two perspectives: the level of democratic control shared by co-operative members and the benefits created for member farmers. The reason for choosing these two perspectives is they capture the dimensions of behaviour and performance

that were discussed in detail above, but also they are related to major co-operative principles. As showed in Section 8.1, both the ICA principles and the China SFC Law (2007) stress on the principles of: Voluntary, Democratic Member Control, and Concern (beneficial) for members. Each of the four case co-operatives fits in a different quadrant. The reader is reminded that the benefits are those that are realised and enjoyed by the co-operative members, rather than relative benefits in comparison with their competitors. The reason for the H Co-op being classified as achieving "Low" benefits for members is more related to the particular market for this type of tea. Relatively speaking, the products of the H Co-op has a premium margin of around 20% to 40% when compared with other local producers, but the absolute value in relation to profit is low due to the nature of Long Ding tea market.

Table 9.3 Typology 2 Developed from The Research

Farmers' Self-identification as Co-op Members	High		The T Co-op
	Low	The N Co-op The Y Co-op	The H Co-op
		Low	High
		Co-operative Legitimacy	

(Source: Author)

Typology 2 separates co-operatives by their legitimacy and their members' self-recognition. The "co-operative legitimacy" is adapted here and only refers to the external factors, i.e. legal status as a co-operative, and the community's recognition. In this two by two matrix, the N Co-op and the Y Co-op are both classified as with low legitimacy, since they are not considered by local stakeholders as co-operatives, although their official entity type is registered as

a co-operative. None of the case co-operatives fit in the low legitimacy and high member identity. Taking all the co-operatives visited during this project, including those not selected for in depth analysis, the research suggests that this type of co-operative does not exist in the current practise of tea co-operatives in China.

The two typologies proposed in this research can be employed to not only categorise different agricultural co-operatives, but also to identify the authenticity of co-operatives. As a response to the “fake co-operative” topic debated in the extant literature (Section 3.4), the research finds that an authentic or genuine co-operative should at least achieve one “high” in either dimension. Thus, based on Typology 1, the N Co-op, the T Co-op and the H Co-op would be considered as real co-operatives. While in Typology 2, the N Co-op falls out, and only the T Co-op and the H Co-op are considered real. To apply the typologies in day-to-day operation by policy makers and other stakeholders, the researcher suggests that an entity to be examined against the two matrices jointly to determine whether it qualifies as a co-operative. Considering the development for modern agricultural co-operatives in China is still at an early stage, if a co-operative meets the criteria for either matrix, it is recognised as an authentic co-operative. This increases the inclusivity when designing relative policy and other institutional supports for farmer co-operatives, and reduces the risks for small and smaller scaled co-operative which may struggle to achieve all “high” to be ruled out.

9.3 Conclusion of the Research

Through multiple case studies, this research provides insights on the contemporary co-operative movement in Mainland China. It explores Chinese agricultural co-operatives and how their values and practises are formed and adapted to the Chinese cultural and physical environment they sit in. This research also recognises different types of agricultural co-operatives, and exams the different extent of ownership and control among the members in different co-operative settings. Moreover, it reveals internal and external factors that are influential to a co-operative's behaviour and performance. The main findings and results of this empirical work include: the recognition and comparison of Chinese co-operative and Western co-operative values, building a construct model of Chinese agricultural co-operatives applying embeddedness and institutional theories, and two typologies of contemporary agricultural co-operatives in China. As a rigorously conducted research, the result and findings of this thesis provides generalisability to be further applied on other agricultural co-operatives in China, although the cases of this study are based on co-operatives specialised in tea industry, which are located in neighbour regions due to the nature of that certain type of agricultural produce. With inspiration from the extant literature, the design of the research sampling covers co-operatives providing differentiated services through main agricultural supply chain activities and lead by various initiating parties. The modelized constructs with propositions and the two typologies can be straight applied and tested with co-operatives focusing on tea or other agricultural produces in wider regions of China.

9.3.1 Contributions to literature and knowledge

First, through interviews and observations during the field trips, this research project provides first hand qualitative data regarding contemporary agricultural co-operatives in China, especially in the green tea industry. It offers a valid attempt to unveil and understand the status of co-operative practice in current China. Attempts have been made to explore the meaning of the notion "co-operative" through tea supply chains in China, further exploring how co-operatives are embedded internally as well as embedded into and interact with external environment. This is an original work conducted utilizing theoretical works from M. Granovetter, L.G. Zucker, and B. Uzzi in the contexts of tea supply chains in China. It also offers an opportunity for a better understanding on both Chinese and Western agricultural co-operatives to be achieved by enabling state-of-art researches in the Western world (such as those from Bijman, Wu & Pullman) to be compared with empirical data from China in similar contexts following embeddedness, institutional, and supply chain theories.

Another major contribution is to develop a set of typologies and a model of agricultural co-operatives in China, especially in the contexts of small-scale agriculture co-operatives such as those in tea industry. It provides a more practical way of recognising and classifying the co-operatives, and proposes a way to identify and distinguish inauthentic (i.e. fake) co-operatives; as well as building up a model to exam co-operatives' behaviour through a variety of constructs. In addition, the historical review of the development of the Chinese co-operative movement and the systematic literature review on co-operatives

constitute two original contributions to the literature.

This research also explores and examines how the performance of the case co-operatives are influenced by various internal and external factors, which can be taken into consideration by agricultural co-operatives in China for improvement in operations. Challenges faced by co-operatives are also presented, which can hopefully draw the attention of scholars and policy-makers to further support co-operative development in China. Support is demanded by policy makers to update legislation to ensure the co-operative objective of improving the economic and living conditions of farmers (members and/or non-members) in rural areas. The researcher has been working with and received support from Chinese Academy of Social Sciences (CASS), where scholars have been reviewing the development of co-operatives in China and providing advice to the central government for updating policies and laws. International NGOs focusing on this area lack a presence in China for political reasons. This research suggests that an alternative approach is to work with Chinese authorities and think-tanks in China to reflect on the experience and frontier of issues relating to the co-operative movement, such as ownership structures, international agricultural supply chains, and supply chain integration. Although the values and experiences of agricultural co-operatives in the West should cannot be simply duplicated in China, they can be learned from and provide valuable perspectives in evaluating the co-operative movement in China. This research suggests that both the co-operative law and the agricultural co-operatives in China need to be encouraged to further adopt the ICA Principles and Values, especially those relating to the membership structure and member

control, to improve not only member farmers' benefits, but also the legitimacy of the co-operatives and member farmers' self-identity. In realising benefits from adopting the ICA Principles and Values it is hoped that this will in turn result in beneficial outcomes for the wider agricultural community and rural development.

9.3.2 Limitations and recommendations

There are several main limitations of this study. The first one is the accessibility issues caused by language barriers. As a mandarin speaker from Northern China, the researcher found it very challenging when talking to some interviewees with a strong dialect or accent from the southern part of the country, especially tea farmers who left school early or seldom negotiate with outside buyers. The lack of participation by farmers and labourers in the research not only limits the potential pool of participants for interview, but also restrains the information the researcher could obtain during observations. A further concern is that even amongst the interviewees who speak mandarin, the fact that the speaker sounds like an outsider might still discourage them from opening up and providing more data.

Second, as a narrative research following a qualitative case study approach, the results cannot or should not be simply widely applied to all co-operatives, unlike generalising findings from quantitative experiments. It is important for a qualitative case research like this to present the robustness and richness of in-depth data. The external validity and generalisation of this thesis, like any other in-depth qualitative studies, do not derive from isolation of variables, but based on successionist logic and appraisal from both the researcher and the

readers (Mishler, 1990; Porter, 2007; Galloway, 2009). Hence, for this research, its generalisation is ensured by the dialogue with other researchers and previous literature on the topic, which served the shaping of sampling strategy, as well as the application of the ICA principles in the design and analysis. The model and typologies conducted in this research require further data inputs and tests, which is also the implication for follow-up work.

Third, as a study on tea co-operatives, there is a lack of participating co-operatives specialised in other major types of tea than green tea, such as red, black and oolong teas. This is partially caused by inaccessibility due to the remote location and natural disaster disruptions that occurred when the researcher visited these area (e.g. typhoons). Even stronger language barriers in the South of China also discouraged the researcher, from exploring regions where these different types of tea are grown. In addition, as the researcher has learned much regarding tea cultivation and processing during this project, it would be helpful if the researcher had learned more about tea plants from a botanical perspective. Although this is not the focus of a research project in the management discipline, biological knowledge would potentially be advantageous in drafting research plans and sampling strategies. There exists the possibility that the particular features of various tea species/types (such as different habitats and processing requirements) can lead to differences in how the production is designed and organised, which could result in other forms of structure within tea co-operatives.

Future research should address the limitations of this research so that more

valuable primary data can be accessed. Also, a close watch needs to be kept on the changing policy in China, especially in the following two areas: (1) Support legislation and regulations following on from the 2007 SFC Law, including but not limited to those on land transfer issues, clarification of co-operatives as an organisational form, and requirements on the governance and benefit return features of agricultural co-operatives; (2) If the focus of government support on agriculture and rural areas shifts from agricultural co-operatives to other forms of small-scaled rural entities, such as family farms. The researcher suggests that movements in these two areas would result in significant changes in the status of the agricultural co-operative movement in China. It would be interesting and worthwhile to explore what changes would be brought to Chinese co-operatives' operation in their supply chains, and the interactions between the co-operatives and their communities.

Appendices

Appendix 1 – List of Final Reviewed Papers and Demographic Information

No	Paper Title	Author	Cite[62]	Year	Journal	Purpose	Methodology	Data Source
1	The role and characteristics of social entrepreneurs in contemporary rural cooperative development in China: case studies of rural social entrepreneurship	Lan, Zhu, Ness, Xing & Schneider	0	2014	Asia Pacific Business Review	Empirical	Interview	Primary Data
2	The '4project', Suning county, Hebei: Enabling rural people to come together and re-organize	Zheng	N/A	2014	China Nonprofit Review	Empirical	Case Study	Primary Data
3	Farmer cooperatives in China: Diverse pathways to sustainable rural development	Song, Qiu, Zhang & Vernooy	0	2014	International Journal of Agricultural Sustainability	Empirical	Mixed Methods (Case Study & Survey)	Primary and Secondary Data
4	Chinese aquatic farmers' participation in modern marketing channels	Geng	0	2014	British Food Journal	Empirical	Survey	Primary Data
5	Borrower attitudes, lender attitudes and agricultural lending in rural China	Kong, Turvey, Xu & Liu	0	2014	International Journal of Bank Marketing	Empirical	Survey	Primary and Secondary Data
6	Functions and limitations of farmer cooperatives as innovation intermediaries: Findings from China	Yang, Klerkx & Leeuwis	1	2014	Agricultural Systems	Empirical	Case Study	Primary Data
7	Transaction costs comparison between cooperatives and conventional apple producers: A case study of northwestern china	Wang & Huo	0	2014	Annals of Public and Cooperative Economics	Empirical	Survey	Primary Data

[62] Source: Google Scholar

8	Debating the rural cooperative movement in China, the past and the present	Yan & Chen	0	2013	Journal of Peasant Studies	Literature Review		
9	Clarification of collective land rights and its impact on non-agricultural land use in the Pearl River Delta of China: A case of Shunde	Tian & Zhu	0	2013	Cities	Empirical	Survey	Primary and Secondary Data
10	Determinants of repayment performance of group lending in China: Evidence from rural credit cooperatives' program in Guizhou province	Zhang & Izumida	0	2013	China Agricultural Economic Review	Empirical	Survey	Primary Data
11	Attitudinal Asymmetries and the Lender-Borrower Relationship: Survey Results on Farm Lending in Shandong, China	Turvey, Xu, Kong & Cao	1	2013	Journal of Financial Services Research	Empirical	Survey	Primary and Secondary Data
12	The efficiency of agricultural marketing cooperatives in China's Zhejiang province	Huang, Fu, Liang, Song & Xu	2	2013	Managerial and Decision Economics	Empirical	Mixed Methods (Document Analysis & Interviews)	Primary and Secondary Data
13	Core and common members in the genesis of farmer cooperatives in china	Liang & Hendrikse	5	2013	Managerial and Decision Economics	Empirical	"Case Study"[63]	Primary and Secondary Data
14	Tilling sand: Contradictions of "Social Economy" in a Chinese movement for alternative rural development	Hale	4	2013	Dialectical Anthropology	Empirical	Case Study	Primary Data
15	Entry of Chinese small farmers into big markets	Xu, Shao, Liang, Guo, Lu & Huang	1	2013	Chinese Economy	Empirical	Survey	Secondary Data

[63] It is more like a survey rather than case study, although Liang & Hendrikse named their method as case study.

16	Distributional effects of agricultural cooperatives in China: Exclusion of smallholders and potential gains on participation	Ito, Bao & Su	9	2012	Food Policy	Empirical	Survey	Primary Data
17	Establishing cooperatives for effective community development in rural China	Bromwich & Saunders	0	2012	Development in Practice	Empirical	Mixed Methods (Survey & Interviews)	Primary Data
18	Factors affect Chinese producers' adoption of a new production technology: Survey results from Chinese fruits producers	Xu & Wang	N/A	2012	Agricultural Economics Review	Empirical	Survey	Primary Data
19	New model rural cooperatives in Gansu: A case study	Saunders & Bromwich	0	2012	Journal of Enterprising Communities	Empirical	Case Study	Primary Data
20	Marketing of farmer professional cooperatives in the wave of transformed agrofood market in China	Jia, Huang & Xu	10	2012	China Economic Review	Empirical	Survey	Secondary Data
21	Study on the Chinese farmer cooperative economy organizations and agricultural specialization	Yang & Liu	1	2012	Agricultural Economics	Empirical	Modeling	Primary Data
22	Determinants of producers' participation in agricultural cooperatives: Evidence from Northern china	Zheng, Wang & Awokuse	5	2012	Applied Economic Perspectives and Policy	Empirical	Survey	Primary Data
23	Factors for successful development of farmer cooperatives in Northwest China	Garnevska, Liu & Shadbolt	7	2011	International Food and Agribusiness Management Review	Empirical	Mixed Methods (Case Study & Interviews)	Primary Data
24	Contractual arrangements between farmer cooperatives and buyers in China	Jia & Huang	20	2011	Food Policy	Empirical	Survey	Secondary Data

25	Farmers' behaviors and performance in cooperatives in Jilin Province of China: A case study	Zheng, Wang & Song	3	2011	Social Science Journal	Empirical	Survey	Primary Data
26	Accessibility to microcredit by Chinese rural households	Li, Gan & Hu	13	2011	Journal of Asian Economics	Empirical	Survey	Primary Data
27	A DEA-model evaluation of the efficiency of peasant household credit investigation system in rural credit cooperatives: A positive research in Hubei Province, China	Xiong, Tian & Ruan	1	2011	China Agricultural Economic Review	Empirical	Survey	Primary Data
28	Policy support and emerging farmer professional cooperatives in rural China	Deng, Huang, Xu & Rozelle	37	2010	China Economic Review	Empirical	Survey	Primary Data
29	Informal lending amongst friends and relatives: Can microcredit compete in rural China?	Turvey & Kong	37	2010	China Economic Review	Empirical	Survey	Primary Data
30	Certified organic agriculture in China and Brazil: Market accessibility and outcomes following adoption	Oelofse, Hogh-Jensen, Abreu, Sultan & Neergaard	17	2010	Ecological Economics	Empirical	Case Study	Primary Data
31	Informal lenders and rural finance in China: A report from the field	Zhou & Tekeuchi	1	2010	Modern China	Conceptual		
32	Linking small scale farmers in China with the international markets: A case of apple export chains	Zhang, Qiu & Huang	15	2009	International Food and Agribusiness Management Review	Empirical	Interviews	Primary Data
33	Agricultural machinery cooperatives in China: Origin, development, and innovation	Li, Yang & Cook	N/A	2009	ASABEAI 2009	Conceptual		

34	Financial repression in China's agricultural economy	He & Turvey	3	2009	China Agricultural Economic Review	Empirical	Modeling	Secondary Data
35	The communist party and financial institutions: Institutional design of china's post-reform rural credit cooperatives	Ong	3	2009	Pacific Affairs	Empirical	Mixed Methods (Interviews & Suvery)	Primary Data
36	Financial reforms push capital to the countryside	Gale	8	2009	Chinese Economy	Empirical	Survey	Secondary Data
37	Rural supply and marketing cooperatives in China: Historical development, problems and reform	Guo, Schmit & Henehan	5	2008	Journal of Rural Cooperation	Literature Review		
38	Development of local financial systems in mainland China	Liu & Wu	10	2008	Eurasian Geography and Economics	Empirical	Survey	Secondary Data
39	Experiments of new rural reconstruction in Lankao	He	6	2007	Chinese Sociology and Anthropology	Empirical		
40	Coping with pressures of modernization by traditional farmers: A strategy for sustainable rural development in Yunnan, China	Shiro, Furtad, Shen & Yan	1	2007	Journal of Mountain Science	Empirical	Mixed Methods (Survey and Interviews)	Primary Data
41	Rural cooperatives in China: Policy and practice	Clegg	21	2006	Journal of Small Business and Enterprise Development	Empirical	Case Study	Primary Data
42	Reforms of China's rural credit cooperatives and policy options	Xie	40	2003	China Economic Review	Literature Review		
43	Property rights and managerial incentives within a rural Chinese Shareholding Cooperative Enterprise	Zhang	1	2001	Issues and Studies	Empirical	Mixed Methods (Survey and interviews)	Primary and Secondary Data
44	China's monetary reform: The counterrevolution from the countryside	Holz	11	2001	Journal of Contemporary China	Empirical	Mixed Methods (Survey and Document Analysis)	Primary and Secondary Data

45	The analysis of rural regional disparity in China	Chan & Chan	12	2000	Asian Economic Journal	Empirical	Modeling	Secondary Data
46	Expanding women's co-operatives in China through institutional linkages	Chen	10	1999	Development and Change	Empirical		
47	Conflicts of interest: Reform of the rural credit cooperatives in China	Watson	11	1998	Moct-Most	Empirical		
48	We're not financial organisations!': Financial innovation without regulation in China's rural cooperative funds	Cheng, Findlay & Watson	0	1998	Moct-Most	Empirical		
49	Chinese Rural Enterprises in Transformation: The End of the Beginning	Lin & Ye	15	1998	Issues and Studies	Empirical	Interviews	Primary and Secondary Data
50	Recent developments in rural enterprise reform in China: achievements, problems, and prospects	Smyth	24	1998	Asian Survey	Empirical		
51	On the past and future of China's township and village-owned enterprises	Putterman	100	1997	World Development	Empirical		
52	China's rural shareholding cooperatives as a form of multi-stakeholder cooperation	Clegg	6	1996	Journal of Rural Cooperation	Empirical	Qualitative	
53	Bureaucratic learning in the rural co-operatives of China	Tsang	1	1996	Asia Pacific Business Review	Empirical		
54	Township-village enterprises, local governments and rural communities: The Chinese village as a firm during economic transition	Pei	37	1996	Economics of Transition			
55	Redefining state, plan and market: China's reforms in agricultural commerce	Sicular	129	1995	China Quarterly	Empirical	Survey	Secondary Data

56	Reshaping peasant culture and community: rural industrialization in a Chinese village	Yang	32	1994	Modern China	Empirical	Survey	Secondary Data
57	Agricultural cooperation and the family farm in China	Zhu & Selden	N/A	1993	Bulletin of Concerned Asian Scholars			Primary Data
58	On the reform of rural supply and marketing cooperatives in China	Wan, Zhou & Dillion	4	1988	Agricultural Economics			
59	Resources management in India and China - an overview	Gustasson	4	1986	Journal of Rural Studies			
60	A 'Paupers' Co-op' twenty-five years on: Capital formation in rural China	Maxwell	1	1979	World Development	Empirical	Case Study	Secondary Data
61	Food and agricultural marketing in China	Abbott	12	1977	Food Policy			

Appendix 2 – Summary Form of Publications in English Language

No	Title	Author	Year	Summary/Findings
1	The role and characteristics of social entrepreneurs in contemporary rural cooperative development in China: case studies of rural social entrepreneurship	Lan, Zhu, Ness, Xing & Schneider	2014	The leadership role and other characteristics of social entrepreneurship have significant role in developing cooperatives in rural China.
2	The '4project', Suning county, Hebei: Enabling rural people to come together and re-organize	Zheng	2014	Four types of grassroots organizations (including cooperatives) were promoted in Suning, Hebei to bring rural population together to face and solve problems rooted in rural society.
3	Farmer cooperatives in China: Diverse pathways to sustainable rural development	Song, Qiu, Zhang & Vernooy	2014	Following various pathways, farmers in China are now developing new forms of collective actions (such as cooperatives) to increase their competitiveness in modern market and better their lives.
4	Chinese aquatic farmers' participation in modern marketing channels	Geng	2014	A causal relationship is found between the marketing channels and farmers' participation into network relationship such as co-operatives.
5	Borrower attitudes, lender attitudes and agricultural lending in rural China	Kong, Turvey, Xu & Liu	2014	After analyzing attitudes of borrowers and lenders in rural China, the paper points out that policy initiatives are required for Rural Credit Cooperatives to face the gaps between them in their credit relationship.
6	Functions and limitations of farmer cooperatives as innovation intermediaries: Findings from China	Yang, Klerkx & Leeuwis	2014	Case studies shows that farmer cooperatives play the roles of innovation intermediaries that help to build linkage within agricultural innovation systems.
7	Transaction costs comparison between cooperatives and conventional apple producers: A case study of northwestern china	Wang & Huo	2014	Based on questionnaire survey, this paper studies the difference in transaction cost for members and non-members of cooperatives, and points out that compared with small- and large-scale famers, the medium scale ones are likely to benefit the most from becoming a member.

8	Debating the rural cooperative movement in China, the past and the present	Yan & Chen	2013	There have been debate about the rural cooperative movement in China among intellectuals. Many questions if cooperatives can benefit the majority of rural population, and point out the 'fake cooperatives' phenomena.
9	Clarification of collective land rights and its impact on non-agricultural land use in the Pearl River Delta of China: A case of Shunde	Tian & Zhu	2013	Establishing land shareholding cooperatives contributes to the industrialization process 'on a low-cost basis through pooling the fragmentally-held land plots'.
10	Determinants of repayment performance of group lending in China: Evidence from rural credit cooperatives' program in Guizhou province	Zhang & Izumida	2013	There exist failures in the mechanisms ensuring Rural Credit Cooperatives to get repayment. Several measures could better the situation.
11	Attitudinal Asymmetries and the Lender-Borrower Relationship: Survey Results on Farm Lending in Shandong, China	Turvey, Xu, Kong & Cao	2013	The relationships between lenders and borrowers and attitudinal asymmetries and other social interactions are of great importance in farm lending.
12	The efficiency of agricultural marketing cooperatives in China's Zhejiang province	Huang, Fu, Liang, Song & Xu	2013	It is proved that significant inefficiencies exist in marketing cooperatives. Factors including economics development level, size of coops and human capital of members affect the efficiency.
13	Core and common members in the genesis of farmer cooperatives in china	Liang & Hendrikse	2013	Instead of following a bottom-up and collective action process, the emergence of farmer cooperatives in China are largely driven by the government and/or core entrepreneurial members in the cooperatives.
14	Tilling sand: Contradictions of "Social Economy" in a Chinese movement for alternative rural development	Hale	2013	This paper examines four types of peasant organizations (including cooperatives) emerged during the New Rural Reconstruction movement in China, with a focus on the contradictions between their ideals and their relation to capitalism.
15	Entry of Chinese small farmers into big markets	Xu, Shao, Liang, Guo, Lu & Huang	2013	Farmers cooperative are now legally accepted and supported by China government. They provide an alternative mode of agricultural industrialization and help to link small farmers into big markets. But limitations exist.

16	Distributional effects of agricultural cooperatives in China: Exclusion of smallholders and potential gains on participation	Ito, Bao & Su	2012	By examining the treatment effects on individual household economy, it can be seen that agricultural cooperatives and publicly funded extension services significantly better farmer's economic status.
17	Establishing cooperatives for effective community development in rural China	Bromwich & Saunders	2012	Data from 24 modern rural cooperatives in Gansu showed that the social welfare and economic benefits for co-op members and their communities were improved within two years after the establishment of cooperatives.
18	Factors affect Chinese producers' adoption of a new production technology: Survey results from Chinese fruits producers	Xu & Wang	2012	Survey data shows that 'joining a cooperative and sharing the costs of technical support could save production costs and thus improve the adopt intensity' of new technology.
19	New model rural cooperatives in Gansu: A case study	Saunders & Bromwich	2012	New model rural cooperatives improve member farmers' production and marketing capabilities, and result in improvements in not only their economic income, but also their family and social relations.
20	Marketing of farmer professional cooperatives in the wave of transformed agrofood market in China	Jia, Huang & Xu	2012	Modern agro food chain has become a more and more important marketing channel for Farmer Professional Cooperatives in China. However, food safety standards are seldom specified in FPC transactions.
21	Study on the Chinese farmer cooperative economy organizations and agricultural specialization	Yang & Liu	2012	'The farmer cooperative economy organization…can coordinate the transaction validly among farmers who are specialized in agricultural production, to reduce the farmers' transaction risk, to protect the farmer' household safety, to help farmers get more benefits from the economics of specialization, and thus to promote the development of agricultural specialization.'
22	Determinants of producers' participation in agricultural cooperatives: Evidence from Northern china	Zheng, Wang & Awokuse	2012	Farmers' decision of participating in cooperatives are affected by several factors, such as educational attainment, risk comfort level, farm expansion, operational costs, geographic location and types of their crops.

23	Factors for successful development of farmer cooperatives in Northwest China	Garnevska, Liu & Shadbolt	2011	Key factors for successfully developing farmer cooperatives are identified: a stable legal environment, a dedicated leader, government support, farmers' understanding and participation, as well as professional support from NGOs.
24	Contractual arrangements between farmer cooperatives and buyers in China	Jia & Huang	2011	Not all farmer cooperatives adopt written contracts in their primary marketing channel. It is found that livestock sector and larger scale farmers are more likely to get contractual arrangements.
25	Farmers' behaviors and performance in cooperatives in Jilin Province of China: A case study	Zheng, Wang & Song	2011	Farmers' understanding about and willingness in joining cooperatives are determined by several factors including education level, the variety of their products, growing area, future plan, sales difficulties, labor shortage, etc.
26	Accessibility to microcredit by Chinese rural households	Li, Gan & Hu	2011	A positive relationship is found between a rural household's credit demand and their access to the credit. Farmers should be encouraged to access microcredit provided by institutions such as Rural Credit Cooperatives.
27	A DEA-model evaluation of the efficiency of peasant household credit investigation system in rural credit cooperatives: A positive research in Hubei Province, China	Xiong, Tian & Ruan	2011	The efficiency of credit services for peasant household through Rural Credit Cooperatives is low. And the average scale efficiency is higher than pure technology efficiency.
28	Policy support and emerging farmer professional cooperatives in rural China	Deng, Huang, Xu & Rozelle	2010	China government has played an important role in facilitating Farmer Professional Cooperatives in rural China. The number of FPCs has been significantly increased, from nearly zero in late 1990s to 24million in 2008.
29	Informal lending amongst friends and relatives: Can microcredit compete in rural China?	Turvey & Kong	2010	Only about 33% of farm households borrow from Rural Credit Cooperatives, while the rest prefer to borrow from friends or relatives.

30	Certified organic agriculture in China and Brazil: Market accessibility and outcomes following adoption	Oelofse, Hogh-Jensen, Abreu, Sultan & Neergaard	2010	Small scale farmers can be more easily involved in organic agriculture initiated by farmer cooperatives than normal contract-farming model.
31	Informal lenders and rural finance in China: A report from the field	Zhou & Tekeuchi	2010	'Informal lenders play an active role in lending to farmers and formal and informal lenders cooperate with each other.' The reform of RCC is only part of China's current rural finance.
32	Linking small scale farmers in China with the international markets: A case of apple export chains	Zhang, Qiu & Huang	2009	The innovative institutions such as cooperatives have improved the efficiency of price transmission and thus brought better benefits to actors in food supply chain, especially for small scale farmers.
33	Agricultural machinery cooperatives in China: Origin, development, and innovation	Li, Yang & Cook	2009	'Under the perspectives of cooperative theory and new institutional economics, the paper mainly focuses on backgrounds, types, characters, advantages, disadvantages and impacts of machinery cooperatives in different periods.'
34	Financial repression in China's agricultural economy	He & Turvey	2009	'Only limited evidence of a repression dominated by savings, while investment response appears to be, at least on average, normal or unrepressed. More specifically, the relationship between growth and investment is consistent with an unrepressed economy but saving do show evidence of repression.'
35	The communist party and financial institutions: Institutional design of china's post-reform rural credit cooperatives	Ong	2009	The reform of rural financial institutions including Rural Credit Cooperatives is positive for farmers to meet their financial requirements. But bureaucratic problems still exist.
36	Financial reforms push capital to the countryside	Gale	2009	China's credit reform has taken advantage of its abundant capital to recapitalize the rural credit cooperative, finance agricultural commodity procurement, and promote micro lending on an unprecedented scale.
37	Rural supply and marketing cooperatives in China: Historical development, problems and reform	Guo, Schmit & Henehan	2008	Rural Supply and Marketing Cooperatives have been experiencing problems such as ineffective reforms, lack of accountability and transparency, limited focus on member needs, negative reputation, poor management and governance structure.
38	Development of local financial systems in mainland China	Liu & Wu	2008	There is a significant uneven development in rural financial systems between coastal and central and western regions of China

39	Experiments of new rural reconstruction in Lankao	He	2007	"new rural reconstruction is about the comprehensive reconstruction of the peasants in economic, cultural, social, political, and other fields, which requires the utilization of existing village resources such as religion, clans, institutions, and so on, so that former expressions of cooperation will bring about new ones....Economics cooperatives may to some extent consider promoting programs such as group purchase and sale as well as mutual pooling of funds."
40	Coping with pressures of modernization by traditional farmers: A strategy for sustainable rural development in Yunnan, China	Shiro, Furtad, Shen & Yan	2007	The modernization of agricultural leads to unsustainable use of natural resources. By setting-up farmer association and organizations from which small farmers could get services cannot be undertaken by themselves, the situation could be improved.
41	Rural cooperatives in China: Policy and practice	Clegg	2006	The reform of cooperatives is slow and uneven. It is believed quite difficult to achieve a sustainable mechanism that can ensure the benefits are evenly distributed to poorer farmers.
42	Reforms of China's rural credit cooperatives and policy options	Xie	2003	During their reform process, the ownership structure as well as governance structure of Rural Credit Cooperatives are changing.
43	Property rights and managerial incentives within a rural Chinese Shareholding Cooperative Enterprise	Zhang	2001	The transformation of TVEs into shareholding cooperatives result in better performance, but also creates conflicts of interests within the organizations.
44	China's monetary reform: The counterrevolution from the countryside	Holz	2001	Although they have been dissolved and merged in to RCCs, Rural Cooperative Funds 'have achieved their purpose of revolutionizing financial intermediation in the countryside'.
45	The analysis of rural regional disparity in China	Chan & Chan	2000	The employment of a shareholding cooperative system has clear effects on the production efficiency of collectively owned enterprises in rural China.
46	Expanding women's co-operatives in China through institutional linkages	Chen	1999	'Chinese women in rural areas have increasingly adopted co-operatives as a form of organization in their efforts to address the problem of their lack of access to resources.'
47	Conflicts of interest: Reform of the rural credit cooperatives in China	Watson	1998	The reform of rural credit cooperatives in China came across interest conflicts between its roles as a coop system and its potential functions as an integrated bank.

48	We're not financial organisations!': Financial innovation without regulation in China's rural cooperative funds	Cheng, Findlay & Watson	1998	'Compared with state banks, individual RCFs are exposed to higher risk…the monitoring and supervision of RCFs by individual investors have not been feasible for a number of reasons.'
49	Chinese Rural Enterprises in Transformation: The End of the Beginning	Lin & Ye	1998	China has been experiencing a huge transformation of rural enterprises, which would lead to dramatic and path-breaking consequences.
50	Recent developments in rural enterprise reform in China: achievements, problems, and prospects	Smyth	1998	Shareholding cooperative type of enterprise emerged during the reform of rural enterprise in China, which brought better economic benefits. But also raised some problems.
51	On the past and future of China's township and village-owned enterprises	Putterman	1997	TVEs have been transforming into cooperative forms. This results in both possible advantages and disadvantages.
52	China's rural shareholding cooperatives as a form of multi-stakeholder cooperation	Clegg	1996	Shareholding Cooperative Systems (which are reformed from TVEs) strengthens enterprise autonomy whilst preserving the predominance of public ownership, and of improving enterprise efficiency by tying performance to profitability whilst maintaining some principles of equity.
53	Bureaucratic learning in the rural co-operatives of China	Tsang	1996	'The monopoly status of SMCs offered their managing cadres numerous corruption and bureaucratic harassment opportunities. The reform of rural co-operatives betters the situation.'
54	Township-village enterprises, local governments and rural communities: The Chinese village as a firm during economic transition	Pei	1996	Collective action can be an alternative to privatize TVEs (into 'the vaguely defined cooperative'), and lead to benefits that cannot be achieved before.
55	Redefining state, plan and market: China's reforms in agricultural commerce	Sicular	1995	Agricultural commercial activity in China by non-designated agents has greatly expanded while the importance of planned trade has substantially declined.
56	Reshaping peasant culture and community: rural industrialization in a Chinese village	Yang	1994	In the 1980s, the introduction of the "family responsibility system" and the abandon of the commune system indicates the reduction of the government's direct control over agricultural production and marketing activities, which then pushed the growth of private and cooperative rural industries.

57	Agricultural cooperation and the family farm in China	Zhu & Selden	1993	As an important complement to the family farm system with its mix of small farms as well as township and village enterprise, cooperatives in China can potentially bring economic benefits and other services to their members. However, the powerful government and officials might restrict the growth of autonomous cooperatives.
58	On the reform of rural supply and marketing cooperatives in China	Wan, Zhou & Dillion	1988	Since its reform in 1982, Rural Supply and Marketing Cooperatives have been playing an important role in distributing commodities and purchasing rural products for Chinese people.
59	Resources management in India and China - an overview	Gustasson	1986	It has been observed that cooperative approach help to improve resources (e.g. land, water) management in China.
60	A 'Paupers' Co-op' twenty-five years on: Capital formation in rural China	Maxwell	1979	The evolution of 'Paupers' Co-op' in recent years indicated the fading-away of Mao's extreme path.
61	Food and agricultural marketing in China	Abbott	1977	The supply and marketing cooperatives of the commune would have a monopoly for its area in the marketing of the produce it handles, and in rural areas a monopoly of retail sales of consumer goods.

Appendix 3 – English Papers Reviewed Sorted by 5-Year Periods

Year	No. Publication
2015 – 2018	47
2010 – 2014	38
2005 – 2009	10
2000 – 2004	4
1995 – 1999	11
1990 – 1994	2
Prior to 1990	4

Appendix 4 – Summary Form of Publications in Chinese Language

No	Title	Author	Year	Summary/Findings
1	《农民专业合作社法》的立法背景、基本特色及实施问题 (Lawmaking Background, Basic Charateristics and Implementary Problems of "The Law of Farmer Professional Co-operative")	杜吟棠 (Y. Du)	2008	This article introduces the law-making background of the 2007 co-operative law in China, and discusses several related issues including coverage, standards, debts problems.
2	《农民专业合作社法》关于政府与合作社关系的立法定位 (Legislative Claim of Relation Between Government and Cooperative in "Farmer Professional Co-operative")	苑鹏 (P. Yuan)	2008	The 2007 co-operative law in China points out that the government is required to provide guidance, support and service to the development of co-operative, but not force farmers to set-up or join co-operatives.
3	当前农民专业合作社发展中应注意的几个问题 (Several problems that should be paid attention to in the development of farmers' professional co-operatives)	罗青平 (Q. Luo)	2007	Several problems that should be paid attention to in the development of farmers' professional cooperatives.
4	福建省农民专业合作社的主要特征与发展对策 (Main Characteristics and Solutions for Farmers' Professional Cooperatives in Fujian Province)	王蒲华 (P. Wang)	2008	Observation shows that co-operatives in Fujian province are growing into a better stage of development.
5	公司领办型合作社发展研究--邛崃市金利猪业专业合作社的案例分析 (A case study of company lead co-operative – Jinli Co-op in Qionglai)	廖祖君，赵璐，凌渝智 (Z. Liao, L. Zhao, & Y. Ling)	2008	The authors believe that company lead co-operatives depend on the leading company.
6	合作社 09 大势辨析--“农民专业合作社发展与中国现代农业组织创新”国际研讨会实录 (Analysis of the trend of cooperative 09)		2008	Proceedings of the symposium about the development of SFC's and innovations in modern Chinese agriculture held on 10 Dec. 2008.
7	加快推进农民专业合作经济组织发展的现实思考--基于对减速生农民专业合作经济组织的调研分析 (Thoughts on Accelerating the Development of Farmers' Professional Co-operative Economic Organizations)	张勤，邓玉娟 (Q. Zhang & Y. Deng)	2009	Study of the development of co-operative economic organizations in Jiangsu province indicates that promoting such organizations is of strategically importance for improving Chinese rural community.

8	江苏农民专业合作社发展研究 (Research on the Development of Farmers' Professional Co-operatives in Jiangsu Province)	包宗顺，周春芳，金高峰，高珊 (Z. Bao, C. Zhou, G. Jin, & S. Gao)	2008	Pushed by the supportive political environment, co-operatives have experienced a relatively fast growth in Jiangsu province. However, the development of co-operatives in China is still at an early stage, and the China government is expected to better promote them.
9	江西省农民专业合作社的发展现状及对策研究--来自江西九江、抚州、景德镇的调查报告 (Status Quo and Strategic Analysis on the Farmers Co-operatives Development in Jiangxi Province-Investigation Report from Jiujiang, Fuzhou and Jingdezhen Cities)	周水平，涂传清，唐建军 (S. Zhou, C, Tu, & J, Tang)	2007	This paper reviews the recent development of SFCs in Jiangxi province. It points out several issues experienced by co-ops and made recommendations accordingly.
10	论农民专业合作社产生的基础和条件 (On the Foundation and Conditions of the Formation of Farmers' Specialized Co-operative Organization)	朱启甄，王念 (Q. Zhu & N. Wang)	2008	The formation of SFCs is highly relied on community cooperation, and requires other components such as support from government, core members with leadership capacity, and merging of different resources.
11	农民专业合作社的品牌推进及其对策思路 (Brand Promotion and Countermeasures of Farmers' Professional Co-operatives)	吴声怡，刘文生 (S. Wu & W. Liu)	2008	The authors illustrate and analysis the current status and restricting factors of Chinese SFCs' branding promotion.
12	农村改革开放的新成果--山西农民专业合作社的发展与实践 (Development and Practice of Farmers' Professional Co-operatives in Shanxi Province)	王焕有，白西兰，张旭锋 (H. Wang, X, Bai, X, Zhang)	2008	Co-operatives have experienced a period of quick development in Shanxi province in the past over 10 years, and brought many benefits to the community.
13	上海农民专业合作社发展研究 (A Research into the Development of Shanghai Farmers' Specialized Cooperatives)	叶炽瑞 (C. Ye)	2008	Three different modes have appeared during the development of SFCs in Shanghai.
14	中国农民专业合作社研究回顾与展望 (Retrospect and Prospect of Researches on Chinese Farmer Professional Co-operatives)	武岩，何军 (Y, Wu & J. He)	2009	The authors reviewed extant literature about modern Chinese co-operatives with a focus on the form of organization, internal management mechanism and types of co-operatives.
15	中日两国农业合作组织的比较研究 (A Comparative Study of Agricultural Co-operation Organizations between China and Japan)	崔馥娟，田书芹 (F. Cui & S. Tian)	2009	By comparing the similarity and difference between Japanese and Chinese co-operatives, ideas and suggestions are achieved to promote the development of co-operatives in China, which is still at a relatively starting stage.
16	信用联社开展农民专业合作社“抱团”联保贷款的实践初探--以浙江省常山县为例 (A Study on the Practice of the Joint Association of Farmers' Professional Co-operatives)	方建平 (J. Fang)	2007	In 2005, pioneering co-operatives in Zhejiang province started to achieve further finance by accessing jointly guaranteed loans. This paper comments on the performance of this attempt and proposes suggestions.

17	农民专业合作社利润分配机制研究--以浙江省临海市翼龙农产品合作社为案例 (A Case Study of the Yilong Agricultural Products Co-operative in Linhai City, Zhejiang Province)	韩洁，薛桂霞 (J. Han & G. Xue)	2007	Research on the Profit Distribution Mechanism of Farmers' Professional Cooperative.
18	农民专业合作社发展与制度变迁--基于浙江省台州市的实践和调查 (Development of Farmer Professional Co-operatives and System Changes)	黄联红，洪伟栋，李文利，冯炜玲 (L. Huang, W. Hong, W. Li, W. Feng)	2008	Using Taizhou, Zhejiang province as an example, this paper reflects several major changes taken place in co-operatives in recent years.
19	农民专业合作社发展困境的成因分析--以安徽省蒙城县岳东养鸡协会为例 (The Causes Analysis of Development Plight of Farmer Professional Co-operative-Take Yuedong Chicken Association in Mencheng County Anhui Province as an Example)	万江红，李飞 (J. Wan & F, Li)	2008	This paper discusses factors constraining co-operatives from better developing, which includes lack of financial resources, unstable market conditions, and the imperfections in their organizational structure.
20	农民专业合作社融资难问题的形成及原因分析 (Analysis of Farmers' Professional Cooperatives' Financing Difficulties)	王文献，董思杰 (W. Wang & S. Dong)	2008	The Formation and Cause of Farmers' Professional Cooperatives' Financing Difficulties.
21	农民专业合作社运作中的经验与问题--第四届农业政策伦理与实践研讨会（河南会议）综述 (Experiences and problems in the operation of farmers' professional co-operatives)	唐华仓 (H. Tang)	2008	Several challenges have exposed regarding the operation of sfcs in Henan province.
22	十七届三中全会对未来合作社发展的意义 (The significance of the Third Plenary Session of the 17th Central Committee to the development of co-operatives in the future)	李长健 (C. Li)	2009	The author comments on China government's recent series of supportive policy towards "San Nong" issues and co-operatives.
23	完善我国政府与农民专业合作社关系的政策思考 (Political Thinking on Improving the Relationship between the Government and Farmer Co-operative Organization)	黄涓 (J. Huang)	2008	This paper discusses the relationship between China government and co-operatives, and makes recommendations for co-operatives to gain further growth in China.
24	实施品牌战略提升辽宁农民专业合作社市场竞争力 (Improving the brands image of SFCs in Liaoning Province)	徐娟 (J. Xu)	2008	Branding strategies have significantly improved the competitive advantages for SFC in Liaoning province in the agricultural market competition.
25	山东沂蒙山区专业合作社资金互助的创新实践与启示 (A case study of SFCs in Mountainous area in Shandong	苑鹏 (P. Yuan)	2009	Practice and Enlightenment of Mutual Funding for Professional Cooperatives in Yimeng Mountainous Area of Shandong Province

	Province)			
26	我国农民专业合作社产生与发展的成本收益分析及其政策建议 (Emergence and development of farmers' professional co-operatives in China)	周斯凡 (S. Zhou)	2008	The researcher applies a marginal revenue/marginal cost model to analyse the performance of sample co-operatives in Jiangxi and Fujian provinces, based on which suggestions have been proposed to policy makers.
27	推行“农民专业合作社+联保基金+银行”信用模式的探讨--以湟中县个案为例 (A case study on Co-ops in Huangzhong County)	汪进，衡淑君 (J. Wang & S. Heng)	2008	The paper discusses the performance of "SFC+Jointly guaranteed funds+banks" credit model for co-operatives to meet their financial requirement.
28	新形势下我国农民专业合作社的制度安排 (Farmer Co-operatives in China under the new situation)	徐旭初 (X. Xu)	2008	This article thoroughly discusses several major issues related to Chinese co-operatives, including their types/modes, internal democratic control, distribution of profits, government support.
29	正确认识农民专业合作社与相关组织的联系与区别 (Farmers' professional cooperatives and related organizations)	郑有贵 (Y. Zheng)	2008	This paper distinguishes the differences between SFC and other agricultural/farming/rural organizations.
30	社会资本理论视野下的农民专业合作组织建设--浙北芦溪村农民青鱼专业合作社的个案研究 (A case study on Qingyu Co-op in North Zhejiang Province)	赵凌云，王永龙 (L, Zhao & Y, Wang)	2008	From a "social capital" perspective, this paper examines a co-operative's roles and functions.
31	转变政府角色 促进合作社发展--基于北京市农民专业合作社发展现状调查 (Researches on SFCs in Beijing)	韩冰，刘现武 (B. Han & X, Liu)	2007	Based on data from co-ops in Beijing, this report points out several issues influencing their growth, including insufficient support from government, lack of economies of scale, loose internal managing mechanism.
32	重视农民专业合作社发展的基础性、主体性、阶段性问题 (Attentions on major problems in the development of farmers' professional co-operatives)	缪建平 (J. Miu)	n.d.	The Third Plenary Session of the Seventeenth Central Committee’s focus on co-ops
33	农民专业合作经济组织发展问题研究--以北京市顺义区为例 (A case study on SFCs in Shunyi District, Beijing)	于法稳 (F. Yu)	2003	Based on Shunyi District, Beijing, this article analyses the performance of Chinese co-ops in the 21st century, with a focus on members’ opinion on co-ops and the challenges faced by the co-ops. It also comes up with suggestions for policy makers.
34	湖北省农村专业合作组织情况调查与发展对策 (Researches on SFCs in Hubei Province)	操尚学，晏成华 (S. Cao & C. Yan)	2004	Statistics and analysis (of types, roles, challenges and related suggestions) of co-ops in Hubei province.
35	关于江苏省农民专业合作经济组织发展情况的调研报告 (Reports on the development of SFCs in Jiangsu Province)	江苏省农林厅经管处	2004	A review of the development of co-ops in Jiangsu province till 2003. This paper also points out main constraints faced by these co-ops, namely lack of legal and political support.

36	农村合作社七问 (Seven questions on SFCs)	汤耀国 (Y. Tang)	2006	This article raises seven major issues faced by Chinese co-ops and need to be considered when making co-op laws.
37	农民专业合作组织发展呈现新特点 (New features of the development of SFCs)	农业部经管总站	2007	The enacting of SFC law in China in 2007 marks the starting point of booming of SFCs in China. By the end of that year, over 150,000 SFCs had been set up across the country.
38	对山东省农村合作经济组织的调查与思考 (Research and reflections on SFCs in Shandong Province)	满广富，武华光 (G. Man & H. Wu)	2003	By reviewing current status of co-operative/co-operating type of economic entities in Shandong province, this article discusses the importance and functions of such organizations for rural China. It also discusses constraining factors of them and makes suggestions for future development.
39	“公司+合作社+农户”下的四种农业产业化经营模式探析--从农户福利改善的视角 (Company and Co-ops and Farmers – from a perspective of improvement on farmers’ benefits)	苑鹏 (P. Yuan)	2012	This paper discusses four types of co-ops in China with a focus on the differentiated relations between farmers and downstream companies in each type. It also examines the different impacts of each type in improving farmers' welfare.
40	公司领办型合作社的形成机理与制度特征--以四川省邛崃市金利猪业合作社为例 (A case study of Jinli Co-op in Qionglai)	郭晓鸣，廖祖君 (X. Guo & Z. Liao)	2010	The authors argue that the company-leading "company+co-operatives+farmers" mode is becoming increasingly important during the transition of Chinese agriculture.
41	龙头企业带动型、中介组织联动型和合作社一体化三种农业产业化模式的比较 (Comparison of three types of co-ops)	郭晓鸣，廖祖君，付娆 (X. Guo, Z. Liao, & R, Fu)	2007	A Comparison of three types of co-ops from economics perspective.
42	论我国农业经营模式的创新与完善 (Debates on the innovations and improvements of farming businesses in China)	刘秀清 (X. Liu)	2011	This paper displays current issues and challenges faced by Chinese agricultural sector, and makes suggestions for its further development and innovation.
43	农村经济组织形态的演变与创新--山东省莱阳市农业产业化调查报告 (Market-oriented Interest Rate and Risk Control of Commercial Banks)	周立群，曹利群 (L. Zhou & L. Cao)	2001	Using the example of Laiyang, this article talks shows the evolution of agricultural industrialization-from co-operative and company+farmers models to company+co-operatives+farmers model.
44	农业经营制度：制度底线、性质辨识与创新空间--基于“农村家庭经营制度研讨会”的思考 (Bottomline, Identification, and innovation for agriculture)	罗必良，李玉勤 (B. Luo & Y. Li)	2014	Thoughts from "Symposium of Rural Family Management System"
45	现代农业经营体系建构与制度创新--兼论以农民合作组织为核心的现代农业经营体系与制度建构 (Modern Agricultural Management System and System Innovation)	黄祖辉 (Z. Huang)	2013	Modern Agricultural Management System and System Construction with Farmers' Cooperation Organization.

46	中新模式：现代农业发展的重要探索--基于四川浦江县猕猴桃产业发展的实证分析 (An important exploration of the development of modern agriculture)	郭晓鸣，任永昌，廖祖君 (X. Guo, Y. Ren, & Z, Liao)	2009	This is a case study about the features of a land share co-operative in Sichuan province.
47	中国农业现代化的合作发展之路 (The development of cooperation in China's agricultural modernization)	孙林，宁启文，程鸿飞，蒋文龙，胡立刚，买天 (Sun et al.)	2012	SFCs in China have experienced a notable booming in the past ten years. Zhejiang province is considered as a pioneering zone of Chinese co-ops.
48	回良玉: 加强政策支持, 提升农民专业合作社水平 (Enhance policy support and improve SFCs)	回良玉 (Y. Hui）	2012	Hui Liangyu reviewed the recent booming of Chinese SFCs and
49	中央一号文件对农民专业合作社发展提出要求 (The No. 1 Document puts requirements on the development of SFCs)	农业部经管总站	2012	China government's "No.1 Document (2012)" announces eight categories of further supports to promote the development of Chinese SFCs.
50	四川首家农民专业合作社调查：合作社的烦恼 (Study on the first SFC in Sichuan Province)	危剑侠 (J. Wei)	2004	Using the case of the first SFC in Sichuan Province, this article discusses the difficulties/worries faced by co-ops in China, namely the lack of legislation support.
51	山西省稷山县小笔尖农民专业合作社的发展历程 (The development of SFC in Xiaoshan County, Sichuan Province)	赵建光 (J. Zhao)	2007	Written by one of the founding members, this article tells the story of Xiaobijian Co-op, which is the first officially registered co-operative in Shanxi Province after the enacting of SFC law.
52	中国农民专业合作社发展--理论与实证研究 (The Development of Farmer Co-operative in China)	郭红东 (H. Guo)	2011	Theoretical and Empirical Research on SFCs in China
53	中办、国办印发《关于引导农村土地经营权有序流转发展农业适度规模经营的意见》The Central Office and the State Council issued the "Opinions on Guiding the Land Transfer of to Develop Moderate Scale Management of Agriculture"	新华网 (XinhuaNet)	2014	Government Policy paper

Appendix 5 – Themes of Final Reviewed Papers Published in English Language

No	Author	Theme 1 - Evolution of Agricultural Co-ops in China	Theme 2 - Evolution of RCCs	Theme 3 - Types and Roles	Theme 4 - Antecedents/Factors Affecting the Development of Coops					Theme 5 - Consequences of Establishing or Joining Cooperatives		
					Gover-nment	Core Members	Willingness to Participate Co-ops	Comp-etition	Other	For Members	For the Co-op Organizations	For Wider Stakeholders
1	Lan, Zhu, Ness, Xing & Schneider					Yes						
2	Zheng			Yes								
3	Song, Qiu, Zhang & Vernooy			Yes	Yes					Yes	Yes	
4	Geng									Yes	Yes	
5	Kong, Turvey, Xu & Liu			Yes	Yes							
6	Yang, Klerkx & Leeuwis			Yes								Yes
7	Wang & Huo							Yes		Yes		
8	Yan & Chen	Yes		Yes						Yes		

9	Tian & Zhu			Yes								
10	Zhang & Izumida							Yes				
11	Turvey, Xu, Kong & Cao					Yes						
12	Huang, Fu, Liang, Song & Xu							Yes				
13	Liang & Hendrikse			Yes	Yes	Yes						
14	Hale	Yes		Yes	Yes				Yes			
15	Xu, Shao, Liang, Lu & Huang			Yes							Yes	Yes
16	Ito, Bao & Su						Yes			Yes		

17	Bromwich & Saunders											Yes
18	Xu & Wang											Yes
19	Saunders & Bromwich									Yes	Yes	
20	Jia, Huang & Xu											Yes
21	Yang & Liu										Yes	Yes
22	Zheng, Wang & Awokuse									Yes		
23	Garnevska, Liu & Shadbolt				Yes	Yes						
24	Jia & Huang										Yes	Yes
25	Zheng, Wang & Song						Yes					

26	Li, Gan & Hu			Yes			Yes					
27	Xiong, Tian & Ruan							Yes				
28	Deng, Huang, Xu & Rozelle	Yes			Yes					Yes		
29	Turvey & Kong		Yes					Yes				
30	Oelofse, Hogh-Jensen, Abreu, Sultan & Neergaard			Yes								
31	Zhou & Tekeuchi		Yes	Yes				Yes				
32	Zhang, Qiu & Huang								Yes	Yes	Yes	
33	Li, Yang & Cook			Yes						Yes		
34	He & Turvey				Yes							

35	Ong										Yes	Yes
36	Gale	Yes	Yes		Yes					Yes		
37	Guo, Schmit & Henehan	Yes										
38	Liu & Wu		Yes									
39	He									Yes		
40	Shiro, Furtad, Shen & Yan									Yes	Yes	
41	Clegg	Yes		Yes	Yes							
42	Xie		Yes									
43	Zhang	Yes									Yes	
44	Holz		Yes									
45	Chan & Chan										Yes	

46	Chen									Yes		Yes
47	Watson		Yes									
48	Cheng, Findlay & Watson			Yes				Yes				
49	Lin & Ye	Yes			Yes							
50	Smyth	Yes										
51	Putterman	Yes		Yes	Yes							
52	Clegg	Yes		Yes							Yes	
53	Tsang	Yes			Yes							
54	Pei	Yes			Yes							
55	Sicular	Yes										
56	Yang	Yes										

57	Zhu & Selden			Yes								
58	Wan, Zhou & Dillion	Yes		Yes								
59	Gustasson											Yes
60	Maxwell	Yes										
61	Abbott	Yes										

Appendix 6 – Themes of Final Reviewed Papers Published in Chinese Language

No	Title	Author	Year	Theme 1	Theme 2	Theme 3	Theme 4	Theme 5
1	《农民专业合作社法》的立法背景、基本特色及实施问题 (Lawmaking Background, Basic Charateristics and Implementary Problems of "The Law of Farmer Professional Co-operative")	杜吟棠 (Y. Du)	2008	Yes	Yes			Yes
2	《农民专业合作社法》关于政府与合作社关系的立法定位 (Legislative Claim of Relation Between Government and Cooperative in "Farmer Professional Co-operative")	苑鹏 (P. Yuan)	2008	Yes			Yes	
3	当前农民专业合作社发展中应注意的几个问题 (Several problems that should be paid attention to in the development of farmers' professional co-operatives)	罗青平 (Q. Luo)	2007				Yes	Yes
4	福建省农民专业合作社的主要特征与发展对策 (Main Characteristics and Solutions for Farmers' Professional Cooperatives in Fujian Province)	王蒲华 (P. Wang)	2008	Yes	Yes	Yes		
5	公司领办型合作社发展研究--邛崃市金利猪业专业合作社的案例分析 (A case study of company lead co-operative – Jinli Co-op in Qionglai)	廖祖君，赵璐，凌渝智 (Z. Liao, L. Zhao, & Y. Ling)	2008		Yes			
6	合作社 09 大势辨析--“农民专业合作社发展与中国现代农业组织创新”国际研讨会实录 (Analysis of the trend of cooperative 09)		2008	Yes				Yes
7	加快推进农民专业合作经济组织发展的现实思考--基于对减速生农民专业合作经济组织的调研分析 (Thoughts on Accelerating the Development of Farmers' Professional Co-operative Economic Organizations)	张勤，邓玉娟 (Q. Zhang & Y. Deng)	2009	Yes		Yes		Yes
8	江苏农民专业合作社发展研究 (Research on the Development of Farmers' Professional Co-operatives in Jiangsu Province)	包宗顺，周春芳，金高峰，高珊 (Z. Bao, C. Zhou, G. Jin, & S. Gao)	2008	Yes			Yes	Yes

9	江西省农民专业合作社的发展现状及对策研究--来自江西九江、抚州、景德镇的调查报告 (Status Quo and Strategic Analysis on the Farmers Co-operatives Development in Jiangxi Province-Investigation Report from Jiujiang, Fuzhou and Jingdezhen Cities)	周水平，涂传清，唐建军 (S. Zhou, C, Tu, & J, Tang)	2007	Yes	Yes	Yes	Yes	Yes
10	论农民专业合作社产生的基础和条件 (On the Foundation and Conditions of the Formation of Farmers' Specialized Co-operative Organization)	朱启甄，王念 (Q. Zhu & N. Wang)	2008	Yes				
11	农民专业合作社的品牌推进及其对策思路 (Brand Promotion and Countermeasures of Farmers' Professional Co-operatives)	吴声怡，刘文生 (S. Wu & W. Liu)	2008			Yes		
12	农村改革开放的新成果--山西农民专业合作社的发展与实践 (Development and Practice of Farmers' Professional Co-operatives in Shanxi Province)	王焕有，白西兰，张旭锋 (H. Wang, X, Bai, X, Zhang)	2008	Yes				
13	上海农民专业合作社发展研究 (A Research into the Development of Shanghai Farmers' Specialized Cooperatives)	叶炽瑞 (C. Ye)	2008	Yes	Yes			
14	中国农民专业合作社研究回顾与展望 (Retrospect and Prospect of Researches on Chinese Farmer Professional Co-operatives)	武岩，何军 (Y, Wu & J. He)	2009	Yes	Yes			
15	中日两国农业合作组织的比较研究 (A Comparative Study of Agricultural Co-operation Organizations between China and Japan)	崔馥娟，田书芹 (F. Cui & S. Tian)	2009		Yes			
16	信用联社开展农民专业合作社“抱团”联保贷款的实践初探--以浙江省常山县为例 (A Study on the Practice of the Joint Association of Farmers' Professional Co-operatives)	方建平 (J. Fang)	2007			Yes		
17	农民专业合作社利润分配机制研究--以浙江省临海市翼龙农产品合作社为案例 (A Case Study of the Yilong Agricultural Products Co-operative in Linhai City, Zhejiang Province)	韩洁，薛桂霞 (J. Han & G. Xue)	2007				Yes	Yes

18	农民专业合作社发展与制度变迁--基于浙江省台州市的实践和调查 (Development of Farmer Professional Co-operatives and System Changes)	黄联红，洪伟栋，李文利，冯炜玲 (L. Huang, W. Hong, W. Li, W. Feng)	2008	Yes				
19	农民专业合作社发展困境的成因分析--以安徽省蒙城县岳东养鸡协会为例 (The Causes Analysis of Development Plight of Farmer Professional Co-operative-Take Yuedong Chicken Association in Mencheng County Anhui Province as an Example)	万江红，李飞 (J. Wan & F, Li)	2008					Yes
20	农民专业合作社融资难问题的形成及原因分析 (Analysis of Farmers' Professional Cooperatives' Financing Difficulties)	王文献，董思杰 (W. Wang & S. Dong)	2008					Yes
21	农民专业合作社运作中的经验与问题--第四届农业政策伦理与实践研讨会（河南会议）综述 (Experiences and problems in the operation of farmers' professional co-operatives)	唐华仓 (H. Tang)	2008					Yes
22	十七届三中全会对未来合作社发展的意义 (The significance of the Third Plenary Session of the 17th Central Committee to the development of co-operatives in the future)	李长健 (C. Li)	2009	Yes			Yes	
23	完善我国政府与农民专业合作社关系的政策思考 (Political Thinking on Improving the Relationship between the Government and Farmer Co-operative Organization)	黄涓 (J. Huang)	2008	Yes			Yes	
24	实施品牌战略提升辽宁农民专业合作社市场竞争力 (Improving the brands image of SFCs in Liaoning Province)	徐娟 (J. Xu)	2008	Yes				
25	山东沂蒙山区专业合作社资金互助的创新实践与启示 (A case study of SFCs in Mountainous area in Shandong Province)	苑鹏 (P. Yuan)	2009			Yes		
26	我国农民专业合作社产生与发展的成本收益分析及其政策建议 (Emergence and development of farmers' professional co-operatives in China)	周斯凡 (S. Zhou)	2008				Yes	
27	推行“农民专业合作社+联保基金+银行”信用模式的探讨--以湟中县个案为例 (A case study on Co-ops in Huangzhong County)	汪进，衡淑君 (J. Wang & S. Heng)	2008	Yes				Yes
28	新形势下我国农民专业合作社的制度安排 (Farmer Co-operatives in China under the new situation)	徐旭初 (X. Xu)	2008		Yes	Yes	Yes	Yes
29	正确认识农民专业合作社与相关组织的联系与区别 (Farmers' professional cooperatives and related organizations)	郑有贵 (Y. Zheng)	2008					Yes

30	社会资本理论视野下的农民专业合作组织建设--浙北芦溪村农民青鱼专业合作社的个案研究 (A case study on Qingyu Co-op in North Zhejiang Province)	赵凌云，王永龙 (L, Zhao & Y, Wang)	2008			Yes		
31	转变政府角色 促进合作社发展--基于北京市农民专业合作社发展现状调查 (Researches on SFCs in Beijing)	韩冰，刘现武 (B. Han & X, Liu)	2007	Yes		Yes		
32	重视农民专业合作社发展的基础性、主体性、阶段性问题 (Attentions on major problems in the development of farmers' professional co-operatives)	缪建平 (J. Miu)			Yes	Yes	Yes	
33	农民专业合作经济组织发展问题研究--以北京市顺义区为例 (A case study on SFCs in Shunyi District, Beijing)	于法稳 (F. Yu)	2003		Yes	Yes		
34	湖北省农村专业合作组织情况调查与发展对策 (Researches on SFCs in Hubei Province)	操尚学，晏成华 (S. Cao & C. Yan)	2004	Yes	Yes			
35	关于江苏省农民专业合作经济组织发展情况的调研报告 (Reports on the development of SFCs in Jiangsu Province)	江苏省农林厅经管处	2004	Yes				
36	农村合作社七问 (Seven questions on SFCs)	汤耀国 (Y. Tang)	2006	Yes				
37	农民专业合作组织发展呈现新特点 (New features of the development of SFCs)	农业部经管总站	2007	Yes			Yes	
38	对山东省农村合作经济组织的调查与思考 (Research and reflections on SFCs in Shandong Province)	满广富，武华光 (G. Man & H. Wu)	2003		Yes	Yes		Yes
39	“公司+合作社+农户”下的四种农业产业化经营模式探析--从农户福利改善的视角 (Company and Co-ops and Farmers – from a perspective of improvement on farmers’ benefits)	苑鹏 (P. Yuan)	2012		Yes			
40	公司领办型合作社的形成机理与制度特征--以四川省邛崃市金利猪业合作社为例 (A case study of Jinli Co-op in Qionglai)	郭晓鸣，廖祖君 (X. Guo & Z. Liao)	2010		Yes			
41	龙头企业带动型、中介组织联动型和合作社一体化三种农业产业化模式的比较 (Comparison of three types of co-ops)	郭晓鸣，廖祖君，付娆 (X. Guo, Z. Liao, & R, Fu)	2007		Yes			
42	论我国农业经营模式的创新与完善 (Debates on the innovations and improvements of farming businesses in China)	刘秀清 (X. Liu)	2011				Yes	
43	农村经济组织形态的演变与创新--山东省莱阳市农业产业化调查报告 (Market-oriented Interest Rate and Risk Control of Commercial Banks)	周立群，曹利群 (L. Zhou & L. Cao)	2001				Yes	Yes

44	农业经营制度：制度底线、性质辨识与创新空间--基于“农村家庭经营制度研讨会”的思考 (Bottomline, Identification, and innovation for agriculture)	罗必良，李玉勤 (B. Luo & Y. Li)	2014				Yes	Yes
45	现代农业经营体系建构与制度创新--兼论以农民合作组织为核心的现代农业经营体系与制度建构 (Modern Agricultural Management System and System Innovation)	黄祖辉 (Z. Huang)	2013			Yes	Yes	
46	中新模式：现代农业发展的重要探索--基于四川浦江县猕猴桃产业发展的实证分析 (An important exploration of the development of modern agriculture)	郭晓鸣，任永昌，廖祖君 (X. Guo, Y. Ren, & Z, Liao)	2009		Yes			
47	中国农业现代化的合作发展之路 (The development of cooperation in China's agricultural modernization)	孙林，宁启文，程鸿飞，蒋文龙，胡立刚，买天 (Sun et al.)	2012	Yes				
48	回良玉：加强政策支持，提升农民专业合作社水平 (Enhance policy support and improve SFCs)	回良玉 (Y. Hui)	2012	Yes		Yes		
49	中央一号文件对农民专业合作社发展提出要求 (The No. 1 Document puts requirements on the development of SFCs)	农业部经管总站	2012				Yes	
50	四川首家农民专业合作社调查：合作社的烦恼 (Study on the first SFC in Sichuan Province)	危剑侠 (J. Wei)	2004	Yes		Yes		
51	山西省稷山县小笔尖农民专业合作社的发展历程 (The development of SFC in Xiaoshan County, Sichuan Province)	赵建光 (J. Zhao)	2007	Yes			Yes	Yes
52	中国农民专业合作社发展--理论与实证研究 (The Development of Farmer Co-operative in China)	郭红东 (H. Guo)	2011		Yes	Yes		Yes
53	中办、国办印发《关于引导农村土地经营权有序流转发展农业适度规模经营的意见》The Central Office and the State Council issued the "Opinions on Guiding the Land Transfer of to Develop Moderate Scale Management of Agriculture"	新华网 (XinhuaNet)	2014				Yes	

Appendix 7 – Ethics Form

University of Exeter Business School
Ethics Form: PGR Research Projects

Please use the 'Guidance for completing Business School ethics form' to help you complete this form

This form is to be completed by PGR student and signed by the primary project supervisor. Only students with a lead supervisor in the Business School can apply for ethics clearance to the Business School ethics panel. Those with a lead supervisor in another school or institution should seek advise from their relevant ethics panels.
When completing the form be mindful that the purpose of the document is to clearly explain the **ethical considerations** of the research being undertaken. Please include relevant and adequate detail for the ethics review panel to make their decisions about the ethical considerations you have made for your project. Please note that it is the responsibility of the student and supervisors to identify where their research may raise ethical issues, familiarise themselves with the ethics procedures and submit their work for review well in advance of starting their project. **Retrospective ethics applications will not be considered.**

Once completed, please submit the form electronically to and post a hard copy to Business School Research Office, Forms will only be forwarded for approval once the hard-copy has been received.

University of Exeter's Ethics policy relating to research

The University of Exeter is research intensive and dedicated to furthering knowledge in a responsible and exacting manner. In the conduct of research by academic staff and students the University strives to protect the safety, rights, dignity, confidentiality and anonymity (except where covered by an appropriate protocol) of research subjects, the welfare of animals and the sustainability of the environment. The University also endeavours to safeguard the wellbeing, rights and academic freedom of researchers and the reputation of the University as a centre for properly conducted, high quality research. The University maintains a separate Code of Good Practice in the Conduct of Research which it requires all researchers to follow[64].

Ethical issues are manifest in a wide variety of research activities and arise especially when the conduct of research involves the interests and rights of others. The adoption of an ethical position in respect of such research requires that the researcher observes and protects the rights of would-be participants and systematically acts to permit the participants to exercise those rights in full accordance with UK law. Ethical practice in such cases requires that participants and/or legal guardians, at a minimum, be fully informed, free to volunteer, free to opt out at any time without redress, and be fully protected in regard to safety according to the limits of best practice. The Business School follows the policy set by the University of Exeter.

The University also upholds principles of **integrity** and the need for researchers to be honest in respect of their own actions in research and their responses to the actions of other researchers. Researchers will be required to comply with requests to the University under the Freedom of Information Act 2000 and practice **openness** in their research endeavours wherever possible.

[64] http://www.exeter.ac.uk/research/toolkit/throughout/goodpractice/

Part A: Background of the research project

Title of project	**The Social Impact of Agricultural Co-operatives: A Case Study of Tea Co-operatives and Supply Chains in China**
Name of lead researcher / Primary investigator for this project and affiliation	**Hao Dong**
Name(s) of other researchers and affiliation (s)	**Adrian Bailey, Jeff Jia**
Start and estimated end date of project	**03/Nov/2014** **31/Oct/2017**
Source of funding for the project	Business school tuition fee waiver. Zhejiang University provides travel funds for fieldtrips in China
Is this application being made prior to a grant application? Which funder?	No
Aims and objectives of the project	The overall aim of this research is to investigate the role and position of tea co-operatives in food supply chains, and the impacts of co-operatives on the community and the stakeholders through food supply chains in China. The objectives of this thesis are to: 1. Investigate how different tea co-operatives, in the specific context of China, are embedded within supply chains; 2. To provide a typology of Chinese tea co-operatives, based upon a literature review of the Chinese literature and primary data collection in case study co-operatives; 3. Analyse the relationships existing among members of tea co-operatives in China; 4. Explore how the co-operative impacts upon its supply chain partners.
Is the main applicant employed by the UEBS for the duration of this project? **Note: only researchers employed by the Business School can apply for ethics clearance by the UEBS ethics panel.**	No

Part B: Ethical Assessment

Please complete the following questions in relation to your research project. If you answer Yes to any of the sections, please elaborate

	Yes	**No**
Research that may need to be reviewed by NHS NRES Committee or an external Ethics committee (If yes please provide details as an annex)		X
Will the study involve recruitment of patients or staff through the NHS or the use of NHS data or premises and/ or equipment?		X
Does the study involve participants age 16 or over are unable to give informed consent? (e.g.people with learning disabilities: see mental Capacity Act 2005. All research that falls under the auspices MCA must be reviewed by NHS NRES)		X
Research that may need a full review		X
Does the research involve other vulnerable groups: children, those with cognitive impairment, or those unequal relationships ?(e.g. your own students) Have you read the appropriate Act; ethical practices governing research with the group you aim to study?		X
Will the study require the co-operation of a gatekeeper for initial access to the groups or individuals to be recruited? (e.g. students at school, members of self-help group, residents of a nursing home?)	X	
Will it be necessary for participants to take part in the study without their knowledge and consent at the time? (e.g. covert observation of people in non-public places?)		X
Will the study involve discussion of sensitive topics? (e.g. sexual activity, drug use)		X
Are drugs, placebos or other substances (e.g. food substances, vitamins) to be administered to the study participants, or will the study involve invasive, intrusive or potentially harmful procedures of any kind?		X
Will tissue samples (including blood) be obtained from participants?		X
Is pain or more than mild discomfort likely to result from the study?		X
Could the study induce psychological stress or anxiety or cause harm or negative consequences beyond the risks encountered in normal life?		X

Will the study involve prolonged or repetitive testing?		X
Will the research involve administrative or secure data that requires permission from the appropriate authorities before use?		X
Is there a possibility that the safety of the researcher may be in question? (e.g. in international research: locally employed research assistants)	X	
Does the research involve members of the public in a research capacity?		X
Will the research take place outside the UK?	X	
Will the research involve respondents to the internet or other visual/ vocal methods where respondents may be identified? (i.e. through the findings)		X
Will research involve the sharing of data or confidential information beyond the initial consent given?		X
Will financial or other inducements (other than reasonable expenses and compensation for time) be offered to the participants?		X

[ESRC ethics initial checklist[65]]

Part C: Further and brief details for any sections answered 'Yes'. If you answered 'yes' to any of the above sections, please elaborate with detail here. Each in turn.

The researcher may need to access selected co-operatives via gatekeepers initially (e.g. members or managers of the studied co-operatives whom the researcher had visited during last field trip), after which the research could be able to snowball. As a Chinese national, the researcher is familiar with Chinese culture and society and the risks are regarded as minimal. The research will take place in China.

Part D: Project Summary (Ethical Considerations)

Provide an overall summary of the Research that will be employed in the study and methods that will be used **(no more than 250 words)**

This Ph.D. project adopts a case-study approach. 3-4 case studies will be conducted from sample tea co-operatives. Primary data will be mainly collected through face to-to-face semi-structured interviews. The interviewees are members from selected tea co-operatives in mainland China and other stakeholders in the tea supply chains. Observation and document analysis will also be applied to form triangulation. The sample co-operatives are selected from the list of exemplar co-operatives published by the China government in 2011. The initial access will be made through email/phone calls, started with whom the researcher will snowball. This research will be conducted with the collaboration of Zhejiang University in China, which will also provide access to not only co-operatives, but also secondary data.

Part E: Ethical Considerations for method(s).

List each of the methods you aim to use to recruit participants and describe the methods you will use to gain their 'informed consent' (If written consent will not be obtained for any of your methods, this must be justified). At the least the following should be considered for each method.

- Confidential and anonymity for all participants and organisations

- Storing of data according to the UK Data Protection Act and also any additional provisions you have to make for the data in other countries where your study is based. [Note: If the project involves obtaining or processing personal data relating to living individuals, (e.g. by recording interviews with subjects even if the findings will subsequently be made anonymous), you will need to ensure that the provisions of the Data Protection Act are complied with. In particular you will need to seek advice to ensure that the subjects provide sufficient consent and that the personal data will be properly stored, for an appropriate period of time.]

- Voluntary participation following informed consent

[65] ESRC ethics initial checklist, Framework for Research Ethics (FRE), (2010).

- **Please attach a copy of every Information Statement and Consent Form that will be used, including translation if research is to be conducted with non-English speakers. Document in verbatim to be provided in cases where consent is to be obtained verbally.**

Semi-structured interviews	Verbal consent
Informal meetings	Verbal Consent

Will there be any possible harm that your project may cause to participants (e.g. psychological distress or repercussions of a legal, political or economic nature)? What precautions will be taken to minimise the risk of harm to participants?

The main concern is that if any co-operative members, who are normally in a weaker position in the supply chain, provide any negative comments towards other parties, they may in turn bear economical loss if their confidential information was leaked.

Another concern is that this research may involve gathering data that may be considered to be sensitive intellectual property by participants.

These risks will be mitigated by not sharing data between research participants, maintaining anonymity and confidentiality throughout the course of the research, and ensuring that data is stored securely on password protected computers. These precautions and the purpose of the research (i.e. not for commercial profit) will be made clear to the participants. The verbal consent will be recorded wherever possible and wherever participants agree for the interview to be recorded on a digital recording device.

Part F: Data protection

How will you ensure the security of the data collected? What will happen to the data at the end of the project, (if retained, where and how long for). Please follow guidelines provided by the University of Exeter on Data protection to complete this section http://www.exeter.ac.uk/recordsmanagement/.

All data collection, storage and processing will comply with the principles of the Data Protection Act 1998 and the EU Directive 95/46 on Data Protection. Under no circumstances will identifiable responses be provided to any other third party.

All information will be stored anonymously on a secure server at the University of Exeter.

Audio recording devices will be employed to clearly and accurately record interviews (with the interviewees' verbal consent recorded).

All data collected will be kept indefinitely after the end of project, whilst the data is being used for academic research and publications. After the data become redundant for academic research purposes, it will be destroyed. The participants have the right to withdraw their data at any point from the study. The researcher will leave his contact details with the participants should they wish to withdraw from the project.

Part G: Notes and Additional Information: Please provide any additional information which may be used to assess your application in the space below.

This review updates the previous review that accompanied the pilot research in the scoping study.

Part G: Checklist: Please ensure that all sections are ticked before submission. The form will be rejected without review if any sections are incomplete.

All sections A, B, C (if relevant), D,E,F and G (if relevant) in this form have been completed	X	The study has not started yet	X
Number of methods to be used (note each below and place in tick in the box for consent forms attached to application form)	X	The form has been signed and dated by the principle investigator/ lead researcher/supervisor	X
Any other relevant documents have been attached (e.g. copies of CRB certificates)	X	Other attachments:	NA
Where an ethics application has also been submitted to an external ethics panel (NRES) copies of approval letters have been attached			

Signatures:

I have considered all ethical implications for this project and declared all the relevant aspects for consideration of the University of Exeter Business School ethics panel.
Name: Hao Dong (Ph.D. candidate)

Signature:
Date: 2nd Oct.2015

Part D: Supervisor's Declaration

As the supervisor for this research I can confirm that I believe that all research ethics issues have been considered in accordance with the University Ethics Policy and relevant research ethics guidelines.

Name: Jeff Jia (Primary Supervisor)

Signature:
Date: October 14, 2015

For administration use only: Ethical Approval

Comments of Research Ethics Officer and Research Strategy Group. [Note: Have potential risks have been adequately considered and minimised in the research? Does the significance of the study warrant these risks being taken? Are there any other precautions you would recommend?]	I am satisfied that the researcher has reviewed the risks and has proposed satisfactory safeguards to protect the participants in this low risk study.

This project has been reviewed according to School procedures and has now been approved.

Name: Adrian R. Bailey (Research Ethics Officer)

Signature:
Date: 14/10/2015

Appendix 8 – Initial Interview Protocol

Interview protocol for the project 'Tea cooperatives in China'

1. Objectives and Research Questions

The objectives of this thesis are to:

1. Investigate how different tea co-operatives, in the specific context of China, are embedded within supply chains;
2. To provide a typology of Chinese Tea Co-operatives, based upon a literature review of the Chinese literature and primary data collection in case study co-operatives;
3. Analyse the relationships existing among members of tea co-operatives in China;
4. Explore how the co-operative impacts upon its supply chain partners.

These objectives are translated into the following research questions:

RQ1. How is the current state and characters of typical tea co-operatives in China?

RQ2. What are the different types of Chinese tea co-operatives in terms of the supply chain operations carried out and in terms of ownership-control rights? For the latter, how ownership rights are assigned to the economic agents?

RQ3. How do cooperative measure their performance?

RQ4. How do internal antecedents (e.g. member heterogeneity, ownership-control rights structure, size, decision making process, etc.) affect tea co-operatives' performance or outcomes in China (e.g. growth/scaling up, member satisfaction, competitiveness, social impact, etc.)?

2. Interview questions

Related to RQ1:

1. Please introduce the history of your co-op (initiating motives, purpose for set-up).
2. What bond the members of your coops together (coop value)?
3. What are the key factors that caused the contemporary booming wave of agricultural co-operatives in China (e.g., entrepreneurship, government, NGO, company, etc.)? Please illustrate using your own coop as an example.
4. What is your coop's internal governance structure? (prompts: decision making process, governance structure, profits sharing, member selection requirements)
5. What's the composition of members (heterogeneity issue: share, size of each member, different resource, power dynamic between members, etc.) and how does the heterogeneity influence the performance of your tea co-operatives?
6. Is there a federation of cooperatives? How do you co-operate with other tea co-operatives within the federation?

Related to RQ2:

7. Please describe the supply chain operations carried out or services provided by the co-op (purchasing, production, processing, marketing, logistic, R&D and services)
8. Please describe the ownership structure of your co-op (initiating finance, capital structure, member economic involvement).

Related to RQ3:

9. How do you assess the performance of your co-operative? (Ask co-operative members with different power dynamic about profitability, long term expectation, opportunities and challenges, difference from competitors)
10. Are member farmers able to receive satisfying services provided by their co-operatives (through purchasing, production, processing, marketing, logistic, R&D)?
11. What have been done by the co-operative to achieve economic success and long-term sustainable development? (business model: long term plan, R&D, etc.)
12. What have your co-operative done (if any) to better local community apart from brining economic growth (e.g. environment protection, education service, job creation, etc.)?
13. How do you balance the economic gain and environmental and social performance? (trade-offs to be made)

Related to RQ4

14. How do the different ownership-control structures lead to different level of bargaining positions of co-operatives when dealing with up- and downstream players in the supply chain? (What are the advantages/disadvantages of your co-operative in this issue, of different ownership-control structure e.g., large company-led/core member-led/or more 'democratic' owned and controlled.) in terms of bargaining power in the supply chain?)

Appendix 9 – Final Interview Protocol

Interview Protocol for the Project 'Tea Co-operatives in China'

1. Objectives and Research Questions[66]

The objectives of this thesis are to:

1. Investigate how different tea co-operatives, in the specific context of China, are embedded within supply chains;
2. To provide a typology of Chinese tea co-operatives, based upon a literature review of the Chinese literature and primary data collection in case study co-operatives;
3. Analyse the relationships existing among members of tea co-operatives in China;
4. Explore how the co-operative impacts upon its supply chain partners.

These objectives are translated into the following research questions:

RQ1. What are the different types of Chinese tea co-operatives in terms of their supply chain operations and characteristics (i.e. how ownership and control rights organised, functions, roles in supply chain)?

RQ2. How do the tea co-operatives in China measure their performance?

RQ3. How do internal factors (e.g. member heterogeneity, ownership-control rights structure, size, decision making process) affect tea co-operatives' performance or outcomes in China (e.g. growth/scaling up, member satisfaction, competitiveness, social impacts)?

2. Interview Questions

Greetings, Consent, & Background Questions:

15. Please introduce the history of your tea co-operative (initiating motives, purpose for set-up).
16. In your opinion, what are the key factors that have led to the successful start-up of your co-operative in China (e.g., entrepreneurship, assistance from government legislation, government policy, NGOs and companies)?
17. Could you describe the development of co-operatives in China during the last ten years and explain what factors have been important to this development?

Related to RQ1:

18. What's the composition of members of your co-operative (heterogeneity issue: share, size of each member, different resource; Are there differences between the farmer members who are tenant farmers and those who own land & and different geographic location (say remote area)? Who and how to decide who can (or cannot) be a member?)
19. What bonds the members of your co-operative together (geographically/emotionally close, economic reasons, co-operative values, difference from investor owned-companies)?
20. Please describe the ownership structure of your co-operative (initiating finance, capital structure, member economic involvement).
21. What is your co-operative's internal governance structure? (Decision making process- Who makes decisions on day-to-day operations/future strategy? Who are the most powerful decision makers? Who supervise? Tensions between managers and farmers, and among farmers themselves. And profits sharing, member selection requirements)
22. Please describe the supply chain operations carried out or services provided by your co-operative (purchasing, production, processing, marketing, logistic, R&D and services)
23. Is there a federation of co-operatives? If so, how do you co-operate with other tea co-operatives within the federation?

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[66] The phrasing of the research questions and objectives have been refined the phrasing of the in the final draft of the thesis.

Related to RQ2:

24. How do you assess the performance of your co-operative? What do you think is the key aspects to be called a successful co-operative? (How you balance pursuing for profits and creating social benefits? E.g. Economic-profitability, long term expectation, opportunities and challenges; Environmental-difference from competitors; Social-any other good impact on local community apart from economic growth)
25. How does the heterogeneity influence the performance of your co-operative? (Who contributes the most to the co-operative? Who (if any) negatively impacts on the co-operative?)
26. How satisfied are the member farmers (in terms of receiving services they need from the co-operative through purchasing, production, processing, marketing, logistic, R&D; profit distribution; decision-making/control over co-operative)?
27. What have been done by the co-operative to achieve economic success and long-term sustainable development (business model: long term plan, investing into facilities, process improvements, R&D, customer engagement)?
28. What have your co-operative done (if any) to better local community apart from bringing economic growth (e.g. environment protection, education service, job creation)?

Related to RQ3:

29. Could you describe the power dynamics between your co-operative and other players in the supply chain? (To what extent can the co-operative have a say when making production plans, bargaining over prices, require supports and/or co-operation；
30. Does there exist any close relations between your co-operative and other players in the supply chain? (Do you work closely with any particular up-/downstream supplier/customer and how? What's the advantages/downsides of such co-operation if any? What internal factor do you credit the most for making such co-operation possible? What are the restraints?
31. Do the different ownership-control structures lead to different level of bargaining positions of co-operatives when dealing with up- and downstream players in the supply chain and why? (What are the advantages/disadvantages of your co-operative in this issue, of different ownership-control structure e.g., large company-led/core member-led/or more 'democratic' owned and controlled in terms of bargaining power in the supply chain?)

(Chinese version from next page - They are the same 31 questions simplified into 17 groups and adopted simpler wording for the interviews with participants.)

Appendix 10 – Final Interview Protocol (Chinese Ver.)

2015 年 10-11 月，开化、乐清、溧阳、安溪“中国茶业合作社”调研访谈

1. 研究目标及研究问题

研究目标：

1. 调查在中国的特定环境下，不同的茶叶合作社是怎样融入其供应链的；
2. 基于对中文文献的回顾及从案例研究中收集到的实地信息，提供关于中国茶业合作社的类型学研究；
3. 分析中国茶业合作社社员之间存在的关系；
4. 探索合作社对其所在供应链的伙伴有怎样的影响。

研究问题：

问题 1. 从供应链运作和其特质划分（对合作社的所有权的组织形势、合作社功能、在供应链中的角色），中国的茶叶合作社有哪些类型？

问题 2. 中国茶叶合作社如何评价其绩效？

问题 3. 合作社的内部因素（成员异质性、所有权 / 管理权结构、大小、决策机制）如何影响茶业合作社的绩效或其他成果（成长扩大、成员满意度、竞争力、社会影响）？

2. 调研问题

背景问题：

1. 能否请您介绍一下您所在合作社的历史（成立动机及目的）。
2. 您认为您合作社获得成功的关键因素是什么（企业家精神、政府法律法规政策支持、非政府组织、茶叶公司）？
3. 您认为近些年中国农业合作社发展的关键刺激因素是什么？

<u>研究问题 1 相关：</u>

4. 合作社的成员组成是怎样的？
   - 成为合作社成员的条件是什么（谁来决定）？
   - 成员占股比例，是否拥有土地，成员土地、种茶面积大小、所拥有的不同资源。
   - 合作社是否区别对待拥有土地的成员？土地偏远的成员？
5. 是什么原因使合作社的成员联系、聚集在一起呢？
   - 地理位置、感情因素，经济原因；
   - 合作社价值 / 与普通公司的区别是否起到了作用？
6. 请描述合作社的所有权结构
   （起始资本、资产结构、成员的经济参与（投资））
7. 请描述合作社的监管治理结构
   - 决策制定过程－谁来做日常运营中的决策？谁来制定合作社未来的发展战略？谁是最具决定性的决策者？
   - 谁来监管、评估？
   - 社员与经理之间、社员之间是否存在什么紧张情绪？
   - 利润分享
   - 成员选择 / 筛选决策
8. 请描述合作社在供应链中的运营，及提供的服务
   （采购、生产、加工、销售、仓储物流、研究开发各环节的服务）
9. 是否存在合作社联社？如有，您的合作社是怎样和其他合作社合作的？

<u>研究问题 2 相关：</u>

10. 您的合作社怎样评估绩效？您认为一个成功的合作社最重要的因素是什么？
    - 如何平衡盈利与创造社会效益？
    - 经济方面－赢利水平、长期目标、机遇与挑战
    - 社会方面－环境保护（是否有与普通公司的不同），对当地社区除经济指标外的其他发展

方面的推动）

11. 您认为拥有不同种类的成员，对合作社的绩效有什么影响？
    - 谁的贡献比较大？
    - 有没有哪些成员对合作社的发展起到了阻碍？
12. 成员对合作社的满意度如何？
    - 是否获得了生产各阶段中所需的服务
    - 利润分配
    - 决策制定的参与度
13. 合作社对于实现长期的、可持续的发展做了哪些工作？（运营模式的调整、制定长期计划、投资设施、改进加工技术能力、技术研究与开发、客户关系）
14. 除去经济增长，合作社对当地社区由哪些贡献？（环境保护、教育、提供工作岗位）

研究问题 3 相关：

15. 您的合作社在与供应链的其他环节（供应商 / 消费者）上谈判的影响力如何？（在制定生产计划、协商价格、寻求供货商支持等方面）
16. 您的合作社是否和供应链的其他环节有紧密的联系？
    - 合作社是否与某一个环节有紧密合作？（如有）是怎样的合作？这样的合作对合作社有什么好处/不良影响？
    - 您认为是什么原因使这样的合作成为可能？
17. 您认为，在与供应商 / 消费者协商的过程中，合作社的协商能力是否受到不同的所有 / 管理结构的影响？
    - 您的合作社在这方面有什么优势或劣势
    - 您认为决策过程对协商能力有何影响

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