

Value Judgment, Dilemma and Action Logic of Small Farmers' Organization: From the Perspective of Collective Action Theory

Haoru Qian¹, Shuangjin Wang²

¹College of Humanities and Social Sciences, Hebei Agricultural University, Baoding 071001, Hebei, China

²College of Economics and Management, Hebei Agricultural University, Baoding 071001, Hebei, China

*Author to whom correspondence should be addressed.

Abstract: *To transform China from a large agricultural country into a strong agricultural country, the agricultural production and management methods still need further improvement. The basic national condition of "large country with small-scale farmers" in China is difficult to fundamentally change for a long time. How to enable "scattered small-scale farmers" to form a joint force through stable interest linkage, realize the organic connection between small-scale farmers and modern agricultural development, and promote the common prosperity of small-scale farmers is an urgent problem to be solved. From the perspective of collective action theory, this paper argues that the organization of small-scale farmers is a typical "collective action". By discussing the value judgment of small-scale farmers' organization and the practical dilemmas of collective action in the process of small-scale farmers' organization, this paper proposes the action logic to break through the dilemma of collective action and enhance the organization of small-scale farmers.*

Keywords: Small-scale farmers; Organization; Collective action; Value co-creation; Common prosperity.

1. Introduction

The report to the 20th National Congress of the Communist Party of China has elevated the construction of "a strong agricultural country" to an unprecedented height. To transform from a large agricultural country to a strong agricultural country, the agricultural production and management methods still need further improvement. There are as many as over 200 million small-scale farmers in China, who constitute the main body of rural revitalization and an important force that cannot be ignored in building a strong agricultural country. Small-scale farmers, with families as the basic unit, have the dual roles of production and consumption, forming the main body of agricultural production and management. However, to some extent, small-scale farmers are still bound by personal dependence and market dependence [1], and the contradiction between the scattered "small-scale production" model and the increasingly changing "large market" demand has become increasingly prominent. How to establish a stable interest linkage mechanism, realize the organic connection between small-scale farmers and modern agricultural development, and promote the common prosperity of small-scale farmers, the organization of small-scale farmers has become an inevitable choice. The organization of small-scale farmers has the advantages of reducing transaction costs, achieving economies of scale, and resisting market risks. However, because small-scale farmers are good at careful calculation, they often choose

the action plan that is most beneficial to themselves, leading to the widespread "free-riding" phenomenon in collective action. How to break through the dilemma of small-scale farmers in collective action and find an effective path to enhance the organization of small-scale farmers has become an important problem to be solved urgently.

2. The Organization of Small-Scale Farmers is a Typical "Collective Action"

Mancur Olson, a renowned American economist, proposed the theory of collective action [2], arguing that collective action is a process in which interdependent individuals form consistent actions through negotiation and other means to achieve common interests (Mancur Olson, 1965). On the one hand, Olson emphasized the importance of group collaboration. Group collaboration can make up for the shortcomings of individual actions, leverage the advantages of collective action, and maximize efficiency. He believed that the common interests of a group are essentially similar to public goods, characterized by non-excludability—those who join can enjoy the benefits, while those who do not cannot. On the other hand, Olson pointed out that collective action is prone to the "free-rider" phenomenon. He argued that "unless the number of people in the group is very small, or there are coercive or other special means to make individuals act in accordance with common interests," otherwise "rational, self-interested individuals will not take action to realize their common or group interests." To reduce "free-rider" behavior, Olson developed a combined strategy of coercion and "selective incentives." The former refers to forcing members to participate in collective action through centralized methods, while the latter refers to the combination of positive rewards and negative punishments. Olson's theory of collective action not only explains the importance of group collaboration but also analyzes the dilemmas and their roots that collective action is prone to, laying a theoretical foundation for the comprehensive study of smallholder organization.

The basic national and agricultural conditions of China are "a large country with small-scale farmers" and "scattered small-scale farmers." Insufficient per capita resource endowments and fragmented cultivated land have exacerbated the characteristics of "scattered small-scale farmers" in China. Small-scale farmers are numerous, engaging in scattered production and small-scale operations, with relatively weak ability to grasp market information and resist market risks. Through organization, scale efficiency can be improved, costs reduced, and income increased. However, because small-scale farmers are shrewd calculators, they often make choices that are most beneficial to themselves, hoping that others will invest while they can "reap the benefits without effort." To reduce or 抑制 the "free-rider" behavior, it is necessary to implement selective reward and punishment measures for different contributors. Therefore, the organization of small-scale farmers not only reflects the advantages of collective action but also contains the realistic dilemma of "free-riding," which is consistent with the theoretical framework of collective action and is a typical form of collective action.

3. Value Judgment of Collective Action in Smallholder Organization

Small-scale farmers generally have weak ability to resist external risks, and individual farmers are often in a disadvantageous position. Whether to participate in organization is the result of a rational trade-off between individual action costs and action benefits, with the most direct incentive being the hope of gaining benefits through participating in collective action. In the process of accelerating the construction of a strong agricultural country and realizing common prosperity, strengthening the interest linkage mechanism that connects and drives farmers, and promoting the organic connection between small-scale farmers and modern agricultural development [3], the organization of small-scale farmers has the advantage of interest linkage in collective action, which is mainly reflected in the following three aspects.

1) Give play to scale advantages. Scattered small-scale farmers can exert the advantages of collective action through the "horizontal integration" approach to make up for the deficiencies of individual actions, achieve economies of scale, avoid market risks, and maximize the protection of their own interests. When small-scale farmers achieve organization through collective action, changing from scattered purchase and sale to centralized purchase and sale helps improve their negotiating position, strive for favorable transaction conditions. Their market experience, negotiation ability and negotiating position are far better than those of individual small-scale farmers, thus realizing the orderliness and scale of transactions and enjoying the benefits brought by bulk transactions such as quality assurance, door-to-door delivery and after-sales service. When conducting transactions, their negotiating position is greatly enhanced by virtue of their scale advantages.

2) Reduce transaction costs. Scattered small-scale farmers are at the end of the industrial chain. If they adopt the "vertical integration" strategy, they will be able to run through the entire process of production, processing and sales, thereby obtaining the value-added benefits of the entire industrial chain "from the field to the table". For small-scale farmers to successfully conduct transactions in the market, they must understand the market situation and collect and analyze information about the quality, price, variety and quantity of commodities. At the same time, after obtaining certain market information, they must 辨别 its authenticity and evaluate its credibility to prevent losses caused by information distortion. The organization of small-scale farmers will greatly enhance their ability to search, process, transmit and utilize information, which can reduce the number of information searches and improve the efficiency of information search.

3) Resisting market risks. Through organization, smallholder farmers can more easily capture market information, improve decision-making quality, and replace individual management decisions with high-level collective management decisions. On one hand, they can better grasp market conditions, arrange production according to market supply and demand, and reduce the blindness of production; on the other hand, by leveraging the organizational scale advantage of collective action, they can integrate pre-production (supply of production materials such as seedlings, chemical fertilizers, and pesticides), in-production (production links such as irrigation, fertilization, pest control, and harvesting), and post-production (sales links such as processing, transportation, and storage) into the organizational business scope, realize the industrialization of agricultural operations and internalization of external transactions, reduce transaction uncertainty, and enhance the ability to resist market risks.

4. Practical Dilemmas of Collective Action in the Process of Smallholder Farmer Organization

The complexity of collective action in the process of smallholder farmer organization can easily lead to practical dilemmas such as "free-riding" opportunistic behaviors, affecting the process of smallholder farmer organization.

1) The "free-riding" phenomenon in collective action during the organization of smallholder farmers. The so-called free-riding refers to the phenomenon where members gain benefits from public goods but refuse to share the costs of collectively supplying public goods, thereby profiting for free in the process of collective action. Free-riding by smallholder farmers is a common phenomenon in their participation in the organization process and a practical dilemma of collective action, mainly manifested in the following aspects.

a) Unwillingness to contribute. Unwillingness to contribute is the most superficial phenomenon of "free-riding" in collective action. Real-world phenomena such as slacking off and "pretending to play the yu

(a wind instrument) in a band" are true reflections of "free-riding". They are unwilling to contribute economically, in terms of time, or energy, and even unwilling to participate in discussions of important decisions, believing that "it's better to have less trouble than more".

b) The psychology of reaping benefits. The psychology of reaping benefits is the deepest manifestation of the "free-riding" phenomenon among smallholder farmers. They hope to enjoy the fruits of others' labor, share the benefits, passively wait for other members to contribute, and enjoy the benefits brought by others. For example, regarding regional agricultural product brands, some smallholder farmers lack motivation to maintain brand reputation but enjoy the benefits brought by the brand effect.

c) Breaking promises. Breaking promises is the most prominent manifestation of the "free-riding" phenomenon among smallholder farmers. Smallholder farmers' participation in collective action means reaching a mutually beneficial agreement, where the organization provides high-quality services to members, and members actively fulfill their obligations to the organization. However, when the market environment changes, smallholder farmers, out of consideration for their own interests, often cannot resist the price temptation from the external market, break their promises, and choose to trade with third parties with more attractive prices.

2) The root causes of collective action dilemmas in the process of organizing smallholder farmers. The "free-rider" phenomenon is unavoidable in the collective actions of organizing smallholder farmers; besides being related to the characteristics of smallholder farmers themselves and the organization, the lack of effective supervision is also an important reason.

a) Profit-driven nature of smallholder farmers. As "rational economic agents," smallholder farmers are shrewd not only in weighing expected benefits but also in calculating potential losses. Maximizing benefits is the motivational orientation of their behavior. On one hand, compared with collective rationality, smallholder farmers exhibit more prominent individual rationality. As rational small-scale farmers, they are more concerned with maximizing their own interests. Whether to participate in collective action depends on whether their own interests can be maximized. On the other hand, compared with long-term interests, smallholder farmers pay more attention to immediate interests. The uncertainty of future long-term returns inevitably leads to a lack of sense of security, while visible immediate interests provide a stronger sense of steadiness. Therefore, when short-term interests conflict with long-term interests, smallholder farmers will naturally and instinctively focus more on immediate interests. This interest orientation of focusing only on the present and ignoring the long term leads to opportunistic behavior and "free-riding" among smallholder farmers.

b) Weak exclusivity of organizations. In China's efforts to accelerate the construction of a strong agricultural country, the active participation of smallholder farmers is indispensable. However, due to the characteristics of "a large country with small-scale farming" and fragmented farmland [4], the large number and scattered distribution of smallholder farmers often result in a lack of organizational collaboration capabilities. There is a need to organize smallholder farmers through stable interest linkage mechanisms such as farmer professional cooperatives and rural collective economies to form large-scale operations and provide members with various services such as price information. Such organizations often have the characteristics of public goods with "weak exclusivity." Individual members in collective actions can share benefits regardless of whether they contribute, and can obtain free services without contributing. Insufficient differential incentives for members, lack of selective incentives, and absence of clear reward and punishment standards and specific measures can easily lead to honest people suffering losses. The weak exclusivity of organizations provides a breeding ground for "free-riding," and without other effective constraints, such behavior is 极易 to emerge and

be encouraged.

c) Lack of effective supervision. Although small farmers are actively guided to participate in farmers' professional cooperatives, rural collective economic organizations, etc., forming a relatively stable interest linkage mechanism, most of the existing organizational structures are currently more in form than in substance. Formally, there are seemingly complete structures within the organizations, such as a council, supervisory board, and member representative assembly, but in reality, the supervisory board cannot play a truly effective supervisory role; moreover, as the number of members increases, supervision costs rise, making supervision relatively more difficult, identifying members' contributions becomes harder, and it is more likely to lead to "free-riding" phenomena such as "passing oneself off as a capable person" and "fishing in troubled waters"; in addition, rural areas are "acquaintance societies" where small farmers are mostly familiar with each other or are neighbors, often reluctant to clearly blame each other due to 人情, and tend to take a silent attitude towards "free-riding" phenomena, allowing such behaviors to occur, which in turn leads to imitation by others.

5. Breaking the Dilemma of Collective Action and Enhancing the Action Logic of Small Farmers' Organization

To 破解 the dilemma of "free-riding" in collective action and improve the level of small farmers' organization, it is necessary to continuously understand the internal needs of small farmers, enhance their willingness for "value co-creation", and mobilize their enthusiasm for participation; at the same time, by strengthening external "interest attraction", make them truly feel the benefits brought by organization; and also "improve supervision", restrict their behaviors through institutional rules, reduce or avoid "free-riding" phenomena, promote the process of small farmers' organization, and achieve effective connection between small farmers and modern agriculture.

1) Value Co-creation. Value co-creation is the ideological guarantee for smallholders to participate in collective action. "Rational smallholders" are shrewd calculators; as long as their own interests are not harmed, they will not only act in "self-interest" but also "altruistically". Therefore, it is necessary to continuously strengthen communication and enhance smallholders' awareness of value co-creation and collaborative cooperation. First, strengthen the awareness of cooperation. Individual smallholders face numerous difficulties in survival and development; cooperation can make up for the shortcomings of individual actions, strengthen the concept of mutual benefit among smallholders, and sometimes it is necessary to give up immediate interests for win-win cooperation to reduce the motivation for smallholders' opportunistic behavior. Second, reduce decision-making risks. Faced with a complex market environment, incomplete and asymmetric information is inevitable; individual smallholders can avoid decision-making errors caused by their own narrow cognition and thinking inertia through collective action. By participating in collective decision-making, they gain more opportunities to participate in benefit distribution, making their interest demands receive more attention and ensuring that collective interests and smallholders' interests are both considered. Third, leverage scale advantages. Through collaborative cooperation and participation in collective action, smallholders can not only make up for the original deficiencies in individual production and operation but also conduct unified procurement and unified sales, reduce transaction costs, resist market risks, and achieve economies of scale and maximum benefits.

2) Interest Attraction. Interest attraction is the source of motivation for smallholders to participate in collective action. Smallholders' behavior often depends on interest games and contains the wisdom of interest trade-offs. On the one hand, strengthen interest linkages to meet the internal needs of smallholders. The direct incentive for smallholders to participate in cooperation is not collective

interests, but "the satisfaction of certain needs" as private interests, which stems from farmers' economic interest demands. Smallholders are small and scattered, with different planting scales and product types, and their service demands vary greatly. It is necessary to continuously improve the degree of organization of smallholders in accessing agricultural productive services according to different specific situations, and ensure services in all links such as pre-production agricultural material procurement, in-production technical guidance, and post-production sales for different smallholders, so that they can truly benefit from all links, thereby stimulating the internal motivation of smallholders to participate in organization, helping individual farmers break away from the limitations of private interests and turn to the pursuit of collective common interests [5], and attracting more smallholders to actively participate. On the other hand, use selective incentives to attract smallholders. When organizations are insufficient in meeting the differentiated internal motivations of smallholders, "selective incentives" with external stimulating effects become necessary. Through interest attraction, stimulate and induce their behavior. The key to achieving Pareto optimal interests in collective action lies in the implementation of selective incentives, that is, according to the differences in members' contributions to collective activities, reflect the different levels assigned to smallholders, and finally the benefits obtained are different. Members with high contribution rates can not only obtain price benefits through agricultural product purchase and production material procurement, but also receive material or spiritual rewards such as bonuses, dividends, and honors. To a certain extent, this is equivalent to implicitly punishing members who are unwilling to actively participate and have low contribution rates, so that "free-riding" members cannot receive rewards, and even face criticism, fines, or even expulsion once they violate the contract.

3) Improve the supervision mechanism. Improving the supervision mechanism is a guarantee for the sustainable operation of small farmers' organization. To prevent the organization of small farmers from becoming a hotbed for "egalitarianism" and reduce the occurrence of "free-riding" behavior, in addition to using interest-driven and reward-punishment mechanisms to mobilize the enthusiasm of small farmers, there must be a clear supervision mechanism as a guarantee. Due to inadequate supervision, individual members in collective actions take "free-riding" for granted, which ultimately harms the interests of every member. Therefore, all supervision and constraints are aimed at preventing members from breaking the rules. To improve supervision, it is necessary to continuously improve rules and related systems. Constraints should be imposed through rules and regulations to ensure that members act in accordance with the rules. Before production, sign agreements with small farmers, formulate strict planting standards and product testing standards to make their products more commercialized and market-oriented, and prevent them from failing to produce according to standards; during production, timely supervise the production process to ensure it meets the standards; after production, restrict the sales behavior of small farmers, and impose corresponding penalties once a member is found to have violated the agreement by trading with third parties; establish an open voting and election system and financial system to ensure transparency in members' inputs and benefits, and ensure fairness and openness.

6. Issues for Further Discussion

It is also important to emphasize that supervision not only has positive effects but may also have negative ones. Depending on the intensity of supervision, it can be divided into strong supervision and weak supervision, with strong supervision potentially leading to the following issues. On one hand, strong supervision increases organizational transaction costs. The higher the intensity of supervision, the lower the probability of free-riding behavior. However, supervision also incurs costs. To reduce "free-riding" behavior, organizations need to employ certain supervision methods and governance tools, which inevitably result in increasingly complex organizational and governance structures, as well as higher supervision and transaction costs. Therefore, increasing supervision intensity should be

controlled within a certain range. On the other hand, strong supervision reduces the willingness of organizational members to contribute. In the process of smallholder farmers' organization, when organizers supervise them in the name of "authority", it is easy to make them feel distrusted, arouse resentment, generate resistance, and lead to reduced willingness to contribute and the occurrence of non-cooperative behaviors. Only through standardized, reasonable, fair, and legal institutional regulations to ensure fairness and justice can the negative effects be minimized. Therefore, in the exploration of improving the degree of smallholder farmers' organization, strengthening supervision, and reducing free-riding behavior, when the "benefits" of supervision are greater than the "costs", the process of smallholder farmers' organization will continue to advance; when the "benefits" of supervision are equal to the "costs", the efforts of supervision reach a critical point; when the "benefits" of supervision are less than the "costs", continuing to govern "free-riding" behavior will not be worth the cost. Therefore, to a certain extent, "free-riding" behavior is difficult to completely avoid.

Funding

Supported by the Soft Science Research Special Project of Hebei Provincial Department of Science and Technology under the Hebei Provincial Science and Technology Plan "Path Selection and Policy Support for the Reconstruction of Hebei Agricultural Industry Chain from the Perspective of Value Co-creation" (No.: 21557630D).

References

- [1] Ostrom, E. (2010). Analyzing collective action. *Agricultural economics*, 41, 155-166.
- [2] Staatz, J. M. (1987). Farmers' incentives to take collective action via cooperatives: a transaction cost approach. *Cooperative theory: New approaches*, 18, 87-107.
- [3] Heckathorn, D. D. (1996). The dynamics and dilemmas of collective action. *American sociological review*, 250-277.
- [4] Bijman, J. (2016). The changing nature of farmer collective action: introduction to the book. *Cooperatives, economic democratization and rural development*, 1-22.
- [5] Zhou, L. (2024). *Beyond the Traditional: Voluntary Collective Action Initiatives in China's Rural Land Development* (Doctoral dissertation, Technische Universität München).
- [6] Jia, R., & Lu, Q. (2020). Land transfer, collective action and the adoption of soil and water conservation measures in the Loess Plateau of China. *Natural Hazards*, 102(3), 1279-1304.
- [7] Zang, L., Wang, Y., & Su, Y. (2021). Does farmland scale management promote rural collective action? An empirical study of canal irrigation systems in China. *Land*, 10(11), 1263.
- [8] Xiong, Z. (2025). Tradition and Transmutation: A Diachronic Analysis on the Logic of Competitive Collective Action in the Tibetan Borderlands of Gan-Qing-Chuan, China. *Conflict Resolution Quarterly*, 42(3), 401-412.