

Empirical Analysis of Chinese Agricultural Listed Companies' Growth

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Abstract: To understand the growth of listed companies is the important basis for future operations of the enterprise and the investment of investors, because it describes the development and changing of the accomplishment in certain period. The paper constructs the index system of Chinese agricultural listed companies to analyze the growth of 34 listed companies from growth situation, growth quality, growth ability, and provide decision-making basis for sustainable development of agricultural listed companies.

Key Words: Listed companies; Growth ability; Growth status; Empirical analysis

1 Introduction

The growth of the listed company describes the development and change of the accomplishment of the listed company in certain period. So, growth is the important basis of the future operations of the enterprise and the investment of investors, and it can also be helpful to stock market regulator, investors and managers of listed companies, even decision-making departments of macroeconomic management. Meanwhile agricultural listed company is one of the important sectors in Chinese stock market. According to statistics from China Securities Regulatory Commission, until April 31, 2010, normal listed company which is the main agriculture or involve agriculture operation of agricultural concept only about 34, the agricultural listed company around in the proportion of the total listed company is less than 1.7%. The total market capitalization of \$1653.90 billion Yuan, current market price amounted to 1276.75 billion Yuan, average net assets yield reaches 1.24%. Compared with mining and financial industry, Chinese agricultural industry development situation is general, whose quantity, scale is small, which not congruent with the reality that agriculture accounts for 17% in GDP of China and the orientation that the foundation position of agriculture should be strengthened.

This article will use the existing research practice results on growth analysis of listed company for reference, with the actual situation of agricultural listed companies, establish a analysis system which is suitable for growth of agricultural listed companies, analyzes the growth of agricultural listed companies, conclude the influence factors of the growth of agricultural listed companies and put forward feasible suggestions of improvement, provide important basis for enterprise management decision and investment of investors.

2 Establish the Growth Analysis Index System of Agricultural Listed Companies of China

2.1 Introduction of basic conditions of Chinese agricultural listed companies

At present, the main business of Chinese agricultural listed company is mainly distributed in five fields: farming, forestry, animal husbandry, fishery, and forestry coo-agriculture services. Among them there are 16 companies engaged in special agricultural, and their production and operation activities each have distinguishing feature, involving agricultural planting, processing, marketing; there are 6 companies engaged in forestry, 6 companies engaged in fishing, 3 companies engaged in animal husbandry, 3 companies engaged in forestry coo-agriculture services, processing industry. Among the agricultural listed companies we studied, the most ones engaged in special agricultural enterprises, the total number of maximum was 47.06%; Forestry and fisheries followed in quick succession, account for 17.65%.

On the whole the regional distribution of our agricultural listed companies is comparatively scattered; relatively concentrated in the small range. There are agricultural listed companies in 21 provinces, municipalities and autonomous regions of the national, including the distribution of Xinjiang, Hunan, Beijing places for most.

This paper makes the 34 agricultural listed companies as the research object, to analyze the growth of agricultural listed companies.

2.2 Establishment of growth analysis index system

Enterprise growth not only relates to its internal development ability, but also determined by external environmental features. The growth of enterprise is a dynamic process, its growth not only express to size, income growth, the more focus on enterprise internal level. Therefore, we should comprehensively consider the external and internal factors, growth speed and quality and the growth space when we investigate the growth of listed company. At present, there are varieties of the evaluation method for enterprise growth. In this paper, based on various evaluation methods ideas, and the enterprise growth points, Using qualitative and quantitative evaluation index, from the growth situation, growing quality, growth ability three levels, we construct a listed company growth index system. As the table below,

Table 1 Growth Analysis Index System Which is Suitable for China Agricultural Listed Companies

index project	index meaning
growth situation	an objective evaluation of the listed company growth condition
growth rate of average total asset of 3 years	reflect the size of the enterprise expansion
growth rate of average sales revenue of 3 years	reflect the enterprise market expansion
growth rate of average net assets yield of 3 years	reflecting the improvement of enterprise profitability
growth quality	evaluate the efficiency of the listed company growth, growing stability, growth of sustainability
turnover of average total asset of 3 years	reflect the using condition of enterprise resource
average asset-liability ratio of 3 years	reflect clarity of capital chain of the enterprise
average of OPE of 3 years	reflect competitiveness of led products of enterprise
growth ability	evaluate the inner level of enterprise in growth process
technology innovation ability	the growth engine of enterprise
management performance	the growth soul of enterprise
level of human resource	growth basement of enterprise
marketing ability	market expansion ability of enterprise
industry development space	growth external environment of enterprise

3 Growth Status of Agricultural Listed Company

3.1 Analysis of grow condition of agricultural listed companies

Agricultural listed companies rhythm volatile. 2 listed in 1993; 1 listed in 1994; 6 in 1996; 8 in 1997; 8 listed in 1998; 4 listed in 1999; 12 listed in 2000; 4 listed in 2001; 4 listed in 2002; 3 listed in 2003; 8 listed in 2004; 1 listed in 2005; 2 listed in 2006; 3 agricultural companies listed in 2009, yet normal listed company amounted to 34.

The total assets and main income of agricultural listed companies show ascendant trend three years. The total assets growth 23.79% three years for average which reflect the size of the enterprise expansion, that showed most of 34 listed companies have expansion but scale is not big. Five companies grow at an average rate of a negative value for 3 years. Although the growth rate was negative, but negative growth rate has slowed. Fujian Zhongfu. (1.4070) grew fastest, which grew most obviously at 445.1% above in 2008. The rest of the listed companies are at 20%. Beijing Shun Xing has reached 32 percent, but cannot be compared with Fujian Zhongfu.

Sales revenue of 34 agricultural listed companies almost has growth for 3 years, which have reached 29.40% on average. Growth was most evident in Yangling Qinfen, the growth rate was above 371%. Due to the influence of financial crisis, Sales revenue growth of 10 companies has a significant reduction in 2008, such as Hefei Fenge, Niuluo mountain shares company, Sichuan Hejia, Xinjiang Tian Ye, Fujian Yonggan, Xinjiang Zhongji, Shandong Oriental Marine, Gansu Yasheng, National investment Zhonglu juice. But all of them have rebounded slightly in 2009. This shows that the prospect of agricultural development is good, expanding main business scale and industry chain can make the enterprise entering benign development track.

Finally, from financial activities efficiency index - sustainable growth rate which reflects enterprise investment, financing and dividend distribution we study the development situation of the listed company. Sustainable growth rate is the largest one that the enterprise existing financial resources can support to, which represents enterprises optimum growth. For 34 agricultural listed companies, the sustainable growth rate was 67.51% for average between 3 years, but most of the growth rate of enterprise was below 10%, which explains the development of agricultural enterprises is slow.

3.2 Analysis of growth quality of agricultural listed companies

Analysis of growth quality from three index respectively. The total asset turnover ratio is the first one, which is reflecting enterprise resource consumption, that is operating efficiency index, and investigation of efficiency in the use of the assets. The general total asset turnover ratio of agricultural listed companies is 0.60 on average, below 1.

Asset-liability ratio reflects if enterprise capital chain is unblocked. Creditors think that Asset-liability ratio is as low as possible, because what creditors care most is that if principal and interest can be recovered timely. Hefei Fengle, Beijing Shunxin, Henan Huaying, Yangling Qinfen, Xinjiang Talimu agriculture comprehensive exploitation, Xingjiang Saili wood, Heilongjiang Beidahuang, Gansu Dunhuang seed industry company, Xinjiang Guannong Fruit zest company, Sichuan Hejia, Xinjiang Tianye, Fujian Zhongfu, Fujian Yongan, Xinjiang Zhongji, Yunnan Jinggu, Tongwei, all of them has liability ratio which is above 50%. But there is also lower, such as Niuluo Mountain Shares Company.

The main business profit is a growth stability index reflecting the competitiveness of leading products of enterprise. The main business profit below 50% in 2009, it is 21.61% for average during three years.

3.3 Growth ability analysis of agricultural listed companies

Use Yangling Qinfeng, Heilongjiang Beidahuang two famous agricultural listed companies as examples. Concrete analysis as follows:

(1) Technology innovation ability. Technology innovation ability is the inner motive power of enterprise development. Agricultural listed companies always committed to technological progress, actively develop the independent innovation, use informatization to upgrade traditional industries.

Yangling Qinfeng is recognized by the technology department of Shanxi province as a high-tech enterprise. The company increase the new product development efforts, Take self-administration and scientific research, cooperation breeding and breed buyout and other forms to accelerate agricultural varieties, new results, new technology development speed in seed industrialization.

Heilongjiang Beidahuang agricultural high technology has been widely used, Since the 1970s, such as tissue culture, gene, cells, enzyme, fermentation, biological chemical engineering and other biological technology, electronic computers, remote sensing, atomic radiation, hybrid rice breeding and cultivation, modern biological technology and so on, which is gradually used widely and steered industrialization.

(2) Management performance. The samples listed companies which mostly strengthen budget management, reduce the cost and have obvious effectiveness.

Yangling Qinfeng makes strengthening financial budget management, improving economic operation quality, strengthening technical reformation, fully excavating potential as the main line, to actively respond to the challenge which is caused by cost factors, meanwhile emphasis cash flow, cost engineering budget proof-reader, and strict capital program management.

Heilongjiang Beidahuang tried innovation development of management mechanism and management patterns, actively implemented comprehensive budget management that see financial management as center, promoted internal marketing operation, further improved the cost control corridor, effectively solved the cost spending problem, initially formed internal marketing operation system that the whole members participate, consciously supervision, efficient of electrons, well promoted their basic management and business performance.

(3) The level of human resource. 14 agricultural listed company fully implemented the strategy of human resource thriving enterprise, strengthened overall continue education project, and realizing employee and enterprise develop together. Through innovative the mechanism of talent training and using and enhance funds of the talent training. The implementation of talents strategy gained great achievements, which greatly promoted the human resource level and laid a strong foundation for better development of the whole agriculture.

Heilongjiang Beidahuang adhere to the scientific development view as their princes in talents reserves, the company implemented talent reserve “ten hundred thousand project” and “selection cultivation plan of 100 mothball cadre”, become personal to the first resource and the first motive force of the company development.

(4) Marketing ability. Marketing ability quality is the performance of enterprise growth, it is the impetus of enterprise market. The marketing ability of sample listed companies improved generally.

Heilongjiang Beidahuang can product more than 1,000 tons of green food in one year, and its market scope reach Jilin, Liaoning, Inner Mongolia and Russia, Japan, South Korea and other regions, has broad international.

(5) Industry development space. Around the processing agricultural resources, transformed a lot of associated industry, formed a huge industry clusters. Seeing from agricultural industry chain, link which has remarkable economic benefit and great development space is subsequent link in the processing and supporting system around processing link, transforming link.

4 Conclusions

With the support of government policies and the focus of the society, the agriculture listed corporations increase year by year, and their growth situation is good, especially the listed companies of agriculture which have a certain comparative advantage maintain a faster growth situation. Moreover, agricultural listed companies not only expand the scale, but also pay attention to the internal level. But, it should be strengthened in earnings and brand construction.

According to the analysis on agricultural listed companies' growth, we put forward the following suggestions on enhancing growth of agricultural listed companies:

(1) Insist on scientific development outlook, implement the comprehensive strategic management and realize the sustainable development of company. By integrating resources and capital expansion, expand comparative advantage of the enterprise in resource, technology, capital and management.

(2) Pay attention to management innovation and technological innovation, constantly expand and promote core competitive advantages of the listed company. Strengthening technical renovation of main products, improving technical content, going deep processing path to reuse effective assets reorganization, achieving growth of income, improving profit target, which based on the resource advantage.

(3) Seriously research enterprise talent selection and professional technical personnel training mechanism, strengthen the vitality of the enterprise by innovation the system and mechanism all-round.

(4) Further implement market-based mechanism, vigorously promote the management level, create new business performance. Facing the costs rising of domestic production, in order to successfully realize various operation indexes.

(5) Insist on the idea of characteristic agriculture, ecological agriculture, circulating agricultural, implement agricultural industrialization, and extend the industrial chain.

(6) Increase the investment to the fine chemical industry and the high-tech project, and improve value-added of the product.

(7) Walk on the pluralistic development path, promote the competitiveness of the enterprise.

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