Notice of Retraction

After careful and considered review of the content of this paper by a duly constituted expert committee, this paper has been found to be in violation of IEEE’s Publication Principles.

We hereby retract the content of this paper. Reasonable effort should be made to remove all past references to this paper.

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Research of Innovative Reform Model of Forest Industry Enterprise in Heilongjiang Province

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Abstract—The rich resources of forest provide an advantage of resources for forest industrial enterprise in Heilongjiang Province. However because of special of forest area in Heilongjiang province, the forest industry enterprises are mostly state-owned enterprises and have some problems of inseparable system of government and enterprise, non-flexible system and insufficient funds. Also the scale and collectivized firm can not be achieved. In this paper, we draw on experience of test of forest right system reform carried out in Yichun City of Heilongjiang Province to explore the reform model of the forest industry enterprises in Heilongjiang Province, and suggest related measures to reform model innovation of forest industry enterprise such as policy support from the government, to broaden the financing channels, scientific management and industrial development and so on, so as to further deepen the reform of forest industry enterprises and speed up forest industry enterprise development, to promote the sustainable development of forest and economy in Heilongjiang province comprehensively.

Key words—forest industry enterprises; forest right reform; scientific management; model innovation

In Heilongjiang Province, forest industry is an important part of northeast old industry base. The non-flexibility of internal mechanism of forestry industry enterprises slows the growth of economy and ecological benefits in Heilongjiang Province. The settlement of forest industry enterprises’ property rights and the adoption of reform model innovation have a great significance for enterprises to operate independently and make flexible corporate assets, management science and to improve the competitiveness.

I. STATUS AND PROBLEMS OF FOREST INDUSTRY ENTERPRISE DEVELOPMENT IN HEILONGJIANG PROVINCE

A. The Status of forest industry enterprise development in Heilongjiang Province

Heilongjiang is a big province which is full of forest resource with a total area of 20.07 million hectares and 43.6% of forest coverage. Forest industry enterprises have gradually formed a more complete industrial system which is based on forest cultivation, timber production, forest products industry, varieties of management and forest tourism. From Table 1, forestry industry and varieties of business account for the largest proportion of the total out-put value whereas the growth rate is in the latter two which show that there is still great potential of them in forestry development and meanwhile show that forest industry development in our province is not rational.

<table>
<thead>
<tr>
<th>Industry category</th>
<th>Out-put value (Million)</th>
<th>Increased part over the previous year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest cultivation</td>
<td>5.28</td>
<td>64.2</td>
</tr>
<tr>
<td>Forest products industry</td>
<td>1137.07</td>
<td>10.2</td>
</tr>
<tr>
<td>Varieties of business</td>
<td>909.32</td>
<td>13.1</td>
</tr>
<tr>
<td>Timber logging</td>
<td>718.63</td>
<td>23.7</td>
</tr>
<tr>
<td>Tourism</td>
<td>99.03</td>
<td>60.5</td>
</tr>
</tbody>
</table>

Source: calculation from Statistical Information Network of Yichun City

Looking from a wide view of forest industry enterprises in Heilongjiang Province, there are many realities that scale is small, management is chaotic, technology and products can not meet the actual demand, large-scale can not be achieved. Of 1386 groups of wood processing enterprises owned by the two Forest Industry Group, according to the criteria for the enterprise scale classification, more than 99% are small and medium enterprises, with an annual output of only 2.60 million. The economic benefits can not be optimistic, some companies are even insolvent, the development prospects are of dim. Heilongjiang Province’s forest resources are China's natural ecology umbrella. Whether it can be used continually and have a good operation or not will have a direct bearing on China's forestry development. Therefore, the state made a lot of political supports on the development of forest industry enterprises in Heilongjiang Province. In 2005, the State Council set Yichun to be the only one city of test of resource-based economy transformation of national forest. In 2006, the State Council decided to carry out test work of forest right system reform for state-owned forest in Yichun, which is a rare opportunity for Yichun as well as an opportunity for reform and development to other regions of forestry industry enterprises in Heilongjiang province. Nowadays the reform of forestry industry enterprises in Heilongjiang Province has made some progress, but there are still many problems to be solved.
B. Problems of forestry industry enterprises in Heilongjiang Province

1) Reform is impeded because of improper positioning of the government’s function

The State increasingly pay attention to the development of forest areas and make some areas be tested for reform of forest right in order to change the negative effects of inseparable system of government and enterprise as well as enterprise and society. However, due to the special of forests areas in Heilongjiang Province, the Government’s role in forestry enterprises is still so difficult to be changed that some enterprises are still immersed in the idea of “waiting, wanting, relying” that are not self-reliant. In addition, the forestry enterprises would use the profits to support their government and higher authorities according to the functions of departments and positions. Forestry enterprises can not be rationally allocated that obstruct funds to a certain extent [1]. And this will eventually lead to the incomplete of property rights for forestry enterprise.

2) The mode of operation and management are backward that cannot suit to market economy requirements

Most of forest industry enterprises in our province are overstaffed and inefficient. The posting is unreasonable. The wage is low and the motivation can not be mobilized. The talent is of absence and products are extensive. The audit supervision and management model are backward that it is difficult to adapt to market economy. All these problems will bring hidden dangers of enterprise development.

3) Single financing channels constrained forest industry development

The forestry enterprises in Heilongjiang Province were almost created before 70th years ago by the state investment. State-owned economy accounts for a great proportion. At present, financing funds in Forest Industry Group of Heilongjiang Province mainly rely on funds within the national budget, society and market channels share little. Because of the diversification of financing channels cannot be achieved and poor economic efficiency of enterprises, many forestry companies have the condition of short of capital, high debt ratio, which seriously constrains the development of forestry enterprises and the extending of production scale.

II. ENLIGHTENMENT FROM REFORM OF TEST WORK OF FORESTRY RIGHT IN YICHUN CITY FOR FOREST INDUSTRY ENTERPRISES IN HEILONGJIANG PROVINCE

A. Reform model of experimental state-owned forest right system in Yichun City

The main content of Yichun’s forest right system reform may be a list 2 as follows:

<table>
<thead>
<tr>
<th>Reform experiment</th>
<th>Shuangfeng, Tieli, Taoshan, Cuiluan, Wumahe</th>
</tr>
</thead>
</table>

| Reform of experimental state-owned forest right system in Yichun City | In Yichun City on December 25, 2006, forest right system reform work in contracting woodland is expected to be fully completed, 8 million hectares of forest have been completed by the contractor. |

Reform content

| Phase of further promotion experiment | These pilot projects are underway: to improve the internal and external of forest contracting industry, the forest management after contracting, forest right certificate issuance, forest asset-backed loans, insurance, and the pilot of the forest resource management and timber harvesting management, forest ownership and use rights of forest land within the transfer of workers. |


We sum up the overall condition of the development of forest right system reform of Yichun City that constitutes a general pattern of Yichun’s test of state-owned forest right system reform: "far close but divide near, three forest circulation, vigorously develop the public forest" [2]. "Far close but divide near" protects the far mountain of forest resources beyond the raw material forest base; "three forest circulation" means to allow part of the forest land management rights, ownership and disposition right of the forest to flow between owners and operators in a period of time. Such to use short to support long resolve bottleneck of funds and mobilize the enthusiasm of the investment managers; " vigorously develop the public forest" means that delegate forestry management right or part of ownership to individual in the three various form of people-owned and people-managed, stock cooperative management, and state-owned people management. This is conducive to revitalizing the operating mechanism and economic benefits increase.

B. Enlightenment from the forest right system reform to the reform of forest industry enterprises in Heilongjiang Province

Forestry enterprises in Heilongjiang Province are divided into two categories: one is to undertake the administrative functions of the Forestry Bureau of which is a combination of government and enterprises; one category is state-owned enterprises which operate independently to involve in forest products processing industry. Forestry enterprise reform should draw on the experience in Yichun’s forest right system reform and use Yichun’s state-owned forest right system reform as a springboard and take modern enterprise system as an angle of view. One is to resolve forest property rights problem, gradually depart government functional department from enterprise. The two is to realize forestry enterprises investors’ diversification, scientific management, and rational capital allocation. Yichun’s forest right system reform has achieved significant results, only use forest right system reform of Uma River Forest Bureaus as an example, we can see: the "three benefits" and the overall effectiveness of the reform before or after Uma River Forest Bureaus’ reform have substantially increased. This forest right system reform has brought a useful inspiration to the forestry enterprise reform.

Now we introduce the inspiration from Yichun’s forest...
right system reform to the forestry enterprise reform. The detailed performances of Yichun’s forest right system reform experiences are the clear forestry property rights and its some mobile nature separate forest management rights, disposition and ownership of forest. The manager who contract of the forest make their own business departed from the government functions departments. They own forest land usufruct, mobilized the enthusiasm of the operators, also make economic efficiency, ecological and social benefits be of overall growth. The inspirations of them are this will attracts social funds to investment. On the other hand it will help to invigorate management mechanisms and improve efficiency and income. All of above is the first one of the whole inspirations that the summary of which can be summed up to clarified property and rights. The other detail performances of Yichun’s forest right system reform experiences are the ownership belongs to the State, person or enterprise has the right to operate and disposal of forest land rights, to clarify operation right of contract workers, to carry out the responsibility of the contract workers, "government function" and "social function" of enterprise were gradually stripped out, in order to reduce the burden on enterprises as well as to increase efficiency. This inspirations are to clarify forestry enterprises investor (owner) and the operator's rights and responsibilities, when corporations are bankruptcy, investors held limited liability of debt, enterprises take full responsibility for own profits and losses which promote forestry enterprises to change the traditional concept of relying on the Government, and also be able to motivate its positive production and operation to increase revenue. Third, the government does not directly intervene in the daily production of forestry enterprises management and forestry enterprises organize production and operation in accordance with market demand will promote efficiency and operation benefits to be improved. This will be summed up to separation of government administration from the enterprise and the clear powers and responsibilities.

III. INNOVATION THINKING OF HEILONGJIANG FOREST INDUSTRY ENTERPRISE REFORM MODEL

According to the status and development trend of forestry enterprises in Heilongjiang Province, drawing on the experience of forest right system reform, we can build the reform innovation model of forestry enterprises in Heilongjiang Province: Non-public economic development and forestry enterprise reform are in close connection; integration of resources, the restructuring and merger enhance the competitiveness of forestry enterprises; to develop eco-industry as the goal, commitment to product deep-processing, and actively develop green food, organic food, pollution-free food, and other key food processing industry, pharmaceutical industry and eco-tourism, completely changed the status of the main industry of harvesting of logs; actively diversifying the financing channels to obtain the improving of overall reform efficiency.

A. Non-public economic development and forestry enterprise reform are in close connection

According to the law through the shareholding system and stock cooperative system, sale, merger, contracting, leasing, bankruptcy and other forms, we should make state-owned forestry enterprises and collective enterprises restructuring, reorganization and transformation. To reduce the amount of capital state-owned capital put into huge potential of leading enterprises and speed up improve corporate governance structure; relaxing other belongings of forestry industry, or various forestry enterprise services; The state-owned capital gradually withdraw from the forest machine, infrastructure, building materials, business, circulation and other types of SMEs and carry out the state-owned and private business or public-owned and private business; follow the principle of market competition, to insolvency, close to bankruptcy, no hope of business losses can be through means such as bankruptcy and closure to be get out of the market as soon as possible.

B. Make integration of resources to enhance the competitiveness of forestry enterprises

We should make integration, restructuring and merger of enterprises who are the lack of competitiveness and upstream and downstream product are easily broken but have the geographical advantage in order to increase production and achieved operations of integration of both the production and marketing, to further enhance the competitiveness of forestry enterprises.

C. Greatly develop ecological industry and commit to product intensive processing

We should take the development of eco-industry as the goal, advocate and practice forestry enterprise transformation, in order to change the status of relying on log harvesting and the extensive product. In "Tenth Five-Year" period, the sales revenue, output, profits and taxes of timber processing enterprises in our province are of an average annual growth of 9.2%, 9.3% and 14.9% respectively, the benefit is obvious. Beyond valuable tree species in the province there are more than 2200 kinds of the cold temperate zone plants, 600 species of medicinal plants, edible fungus and wild vegetable are of more than 300 kinds, more than 20 kinds of oil resources, more than 500 species of wild animals. To rationally develop and use of these resources is committed to products deep processing and will greatly enhance the value-added products. Various measures should be taken to develop food processing industry of green food, organic food, pollution-free food products, pharmaceutical industry and eco-tourism, make economic and ecological benefits are be of the same time development.

D. Actively enlarge diversifying of the financing channels

To actively develop various financing sources other than bank loan to get the financial support to resolve the problem of serious shortage of funding that hinder development of forestry companies.
IV. COUNTERMEASURES TO HEILONGJIANG FOREST INDUSTRY ENTERPRISE REFORM MODEL INNOVATION

Promoting development through reform is the ultimate goal of reform. Forestry enterprise reform is not a short-term enterprise restructuring, but is to take forestry business improvement, staff having secure, enterprises having the scale, capital guaranteed, ecology having effective as a long-term target. For this, we suggest the following measures.

A. The Government should issued a strong policy to ensure the smooth progress of the reform of forestry enterprises

Government should transform the functions to change ownerships and benefits man to be rule-making man and to develop the appropriate timber trading rules and policies to regulate forest contractor operators transactions. In addition, the Government should seize when the state-owned capital exit, and introduce the relevant policies to guide the reform of forestry enterprises. Strengthen the social security efforts to Enterprise workers. We should improve the basic old-age insurance system and take mix job workers of collective enterprises included in the basic old-age insurance to have a coordinated management.

B. To broaden the financing channels to solve the shortage of forestry enterprise funds

In addition to bank loans, we can raise capital by selling bonds or stock. The period of Bonds can be made of 50 years or much longer. The interest rates are relatively high floating interest rates. We also can try some of the leading forestry companies be listed on the market. For forestry enterprises of import and export business, we can also use trade financing to capital turnover. We should absorb a wide range of private capital to invest enterprises. To raise more money will promote forestry and contract managers’ economic development at the same time.

C. Give full play to the important role of the scientific management of enterprise

1) Reasonably set forestry enterprise management department to improve efficiency and revenue

Now the Forest Industry Group, the forestry bureau, the forestry sector, tree farm are more inefficient and their relations are complex. Production or operation characteristic and needs of market competition should be based. According to clarified function, reasonable structure, capable staff, streamlining performance, rights and responsibilities are of reciprocity, the decision should be made by enterprises themselves.[3]

2) Establish audit supervision mechanisms of forestry enterprises to enhance the operational efficiency of capital

One of the main sources of funding of forestry enterprises in Heilongjiang Province is the national budget funds, however due to the appearance of misuse, misappropriation and other phenomena, this part of the funds do not fully reach the corporate hands that make it impossible to achieve stated objectives. Internal Audit has been widely interpreted as audit control, that is, the accounting control and re-monitoring. We should establish an internal financial audit and internal control audits to strengthen supervision and management, both to urge enterprises to follow generally accepted guidelines, procedures and required standards, also to ensure the operation of funds and resources are rational and effective. Accounting information arising from financial audit can improve the decision efficiency, to achieve business goals.

3) Strengthen talent resources management to create talent value

Transformation of enterprises operating mechanism should continue to deepen the labor, personnel and income distribution system reform, to improve staff quality and mobilize their enthusiasm. Firstly, we should establish a fair and reasonable employment system to absorb compound talents of owning forestry, management expertise and innovation. Secondly, to establish incentives mechanism and improve social security, the income of employees of the forestry enterprises is generally low, and laid-off people are more. This is necessary to improve old-age insurance, basic medical insurance and unemployment insurance system. Finally, it should strengthen the building of enterprise workers and staff, to train staff to enhance enterprise competitiveness. Enterprises should take universities, research institutes as support forces of training mechanism, planned to carry out staff training, carrying out scientific research and innovation in order to achieve human of capital for greater value.

D. Cultivate leading enterprises to form industrial clusters

We should take science and technology as the support, take market as a orientation, expand the enterprise scale, cultivate a market product, efficiency, and develop the great potential of the leading enterprises, and have gradually integration and restructuring to form Forest Industry Business Group with the technology, market, capital, brand fully integrated for business, to form scale advantages and improve overall competitiveness. At the same time, we should create the good synergistic corporation to be industry groups who have advantages, such as the Heilongjiang Forest Industry Forest Harvesting Industry Group, the provincial Forest Industry Wood Group, the provincial Forest Industry of Forest Products Industry Group, etc.

In the period of "15", as the reform developing to the depth and changing into forest management strategies, economic efficiency of enterprises in Heilongjiang has increased. Economic structure has also been an effective adjustment. A diversified industrial system begins to take shape. The model of forest right system reform has taken the forestry enterprises to the process of the reform speeding.

REFERENCES

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