



and to solve the problem of non-point source pollution caused by excessive fertilizer application and to promote sustainable agricultural development.

**Keywords:** information communication technology, environmental pollution, green production behavior, net income, Holm and Breen method

## Introduction

Fertilizers and pesticides are two important production materials in the modern agricultural production process. As one of the signs of the “Green Revolution”, fertilizers and pesticides are widely used in modern agricultural production. However, farmers have not considered the social costs caused by environmental quality loss, the goal orientation of profit maximization will inevitably lead to excessive application of chemical fertilizers with negative environmental effects [1, 2]. The Green Revolution is an agricultural production technology reform activity carried out by developed countries in third world countries. In order to distinguish it from the “industrial revolution” of the 18th century, it is called the “green revolution”. The main content of this activity is to cultivate and promote high-yield grain varieties, increase the amount of fertilizers, strengthen irrigation and management, use pesticides and agricultural machinery to increase the yield per unit area and increase the total grain output. The negative environmental effects caused by the excessive use of irrigation water, chemical fertilizers, and herbicides brought about by the first green revolution should be taken as a warning. Based on this background, the article emphasizes the implementation of environmentally friendly green technologies and reduces the intensity of fertilizer and pesticide use to promote green and sustainable agricultural development.

In 2016, the intensity of chemical fertilizer used per sown area in China reached  $359.08 \text{ Kg/hm}^2$ <sup>1</sup> (of which nitrogen fertilizer accounts for about 55%), which is far higher than the safety upper limit of  $225 \text{ Kg/hm}^2$  set by developed countries [3]. Long-term excessive use of chemical fertilizers can easily cause soil compactness, acidification and nutrient structure imbalance, which will reduce soil fertility and ultimately lead to a decline in crop yield and quality. The production of chemical fertilizers relies on mineral resources such as coal, oil and apatite, thus causing the consumption of mineral resources and environmental pollution along with rise in raw material prices. Excessive fertilizer use has increased the cost of agricultural activities (production), which has also contributed to the decline in the growth rate of farmers’ income in recent years [4]. Similarly, excessive use of chemical fertilizers also causes serious agricultural non-point source pollution. Taking nitrogen and phosphate fertilizers as an example, the annual

loss of nitrogen fertilizer applied to the land in China is  $124.8 \text{ Kg/hm}^2$ , and the loss of phosphate fertilizer is  $38.8 \text{ Kg/hm}^2$  [5]. Moreover, the high application of nitrogen and phosphorus nutrients enter rivers, lakes and groundwater through surface runoff and infiltration, causing serious water eutrophication, groundwater nitrate and nitrite pollution, etc., and can endanger human health through certain exposure pathways [6]. Pesticides are a major “three-causing” substance, and their carcinogenic and mutagenic incubation period can be as long as decades. After pesticides are used in the field, only 10-30% of the pesticides can be used effectively. The remaining 20%-30% enter the atmosphere and water bodies through diffusion and runoff, while 50-60% remain in the soil [3]. The wide range application of pesticides poses a severe threat to farmers’ health, crop safety, agricultural product quality and safety as well as the ecological environment [7]. Therefore, in response to the pollution due to pesticides and fertilizers, in 2015 the Ministry of Agriculture of China proposed the “Zero Growth Action for the Use of Pesticides and Fertilizers by 2020”, requiring that the utilization rate of pesticides and fertilizers should be increased and the amount of pesticides and fertilizers used should be reduced. The 2018 National Rural Revitalization Strategic Plan (2018-2022) clearly put forward the requirement of “promoting the reduction of pesticide and fertilizer use” in the measures of “promoting cleaner agricultural production”. In the critical period of “adjusting structure and changing mode” of China’s agricultural development, how to closely focus on changes in market demand, reduce agricultural pollution and circulation losses, and achieve green income growth for farmers and green development of agriculture to become China’s “three rural” (farmers, rural areas, and agriculture) important issues facing the business [8].

As the main body of farmers using chemical fertilizers and pesticides, the micro decision-making mechanism of their chemical fertilizer and pesticide use behavior has always been the focus of discussion among scholars [9, 10]. Among them, the dissemination of agricultural information plays an important role in the agricultural production, management and decision-making process of farmers. Farmers have insufficient awareness of environmental pollution, insufficient government guidance and input, insufficient information collection and dissemination methods, and often mismatches between the information requested by farmers and the information released through public channels, and other factors have led to poor dissemination of agricultural information [11].

<sup>1</sup>  $\text{Kg/hm}^2$  = Kilogram per square hectometer. 1 hectometer = 100 meter

Information asymmetry in the agricultural product market and environmental awareness [12] leads to higher information search costs, which affects the sales behavior of economic agents and may lead to inefficient market results [13, 14]. Studies have shown that, information communication technology is an effective tool for overcoming farmers' "information barriers" [15]. Whereas, it reduces the cost of finding agricultural information, speeds up the flow of information and widens the channels of information exchange, thereby alleviating market information asymmetry and unevenness and completeness [16, 17]. The propagation and application of information communication technology has greatly reduced and eliminated barriers to market information in terms of time and space, and improved the access to information and services [18]. On the other hand, the new economic growth theory proposes that technological progress is the main driving force for economic growth, and the development of information communication technology has promoted the progress of agricultural information and has become one of the important driving factor for the progress of agricultural green technology [19]. Therefore, since 2017, the No. 1 document of the Central Committee of China and the report of the 19th National Congress of the Communist Party of China have proposed that "vigorously promote modern agricultural information, apply information technologies such as mobile internet, promote the transformation and upgradation of the entire agricultural industry chain and expand the space for farmers to increase income". At the same time, the "Thirteenth Five-Year" National Agricultural and Rural Information Development Plan, "Agricultural and Rural Information Development Prospects and Policy Guidance", the Digital China Construction Summit and the World Internet Conference and other policy programs and conferences were closely introduced and carried out, and coordinated arrangements. Work on agricultural and rural information, advancing the construction of agricultural information, and strengthening the integration of modern agriculture and information technology [20], so that the farmers can shift from relying on labor and resource input to rely on technological advancement as well as providing them new ideas and guidelines for tackling environmental pollution and increasing income.

So far, there is no consensus in the theoretical community that the use of information communication technology can affect income and can increase it. Some scholars believe that information communication technology has a positive and significant impact on the farmers' income by reducing the cost of information search. Svensson and Yanagizawa [21], through the study of Ugandan farmers' data, pointed out that access to market information services through communication technology has a significant and positive impact on the farmers' agricultural product prices and income. Based on survey data of fishermen in developing countries, Jensen [22] found that the use of mobile phones can help

Indian fishermen to understand the market information and choose high-value markets, expanding market sales, helps in reduction of resource wastage, and increase fishermen's income. Information communication technology can improve agricultural productivity of rural households and increase agricultural income in rural areas of developing countries [23]. Other scholars believe that information communication technologies have certain preconditions for income growth, such as, their income growth is only for high income farmers [24] and having a significant and positive impact on the farmers who are producing high-value perishable agricultural products [25]. Some scholars also believe that information communication technology has little effect on farmers' income, such as, Camacho and Conover [26] based on Colombian farmers' survey data while Mitra, Mookherjee [27] based on Indian farmers' survey data concluded that information technology has no effect on farmers' income. Similarly, the research of Fafchamps and Minten [28] also showed that, overall, information communication technology has no effect on farmers' income growth, and only slightly positive impact on young farmers' income.

Existing literature conducts empirical research on the relationship between the use of information communication technology and farmers' income, and draws inconsistent or even opposite conclusions. This difference may be caused by: first, the current research about the impact of information and communication technology on agricultural income or farmers' behaviors, the selected information and communication technology characterization variables mostly use whether to have information and communication technology or whether to use information and communication technology, and simply owning or using technology does not objectively reflect whether farmers use information tools in agricultural production. Therefore, the article selects whether farmers use information communication tools in agricultural production to more objectively and accurately characterize the main influencing variables [29].

The second is the lack of in-depth analysis and testing of the mechanism of information communication technology impact on increasing revenue. The existing literature has not yet examined the impact of changes in market behavior of farmers on their income through information communication technology and the extent of this impact at the farmer level. Taking into account that Chinese vegetables are the most widely cultivated and economically important crops except food crops, the vegetable industry has become a major pillar industry in the vast rural areas, and the use of chemical fertilizers and pesticides in the vegetable industry is generally high. Based on this, the current study uses the micro-level survey data of typical vegetable production and pesticide and fertilizer use areas in China in order to investigate whether farmers are increasing their use of information communication technology and whether it enhanced the farmers' income and further











costs have become the primary factor hindering farmers from entering a competitive market [1-2]. Information is an important factor affecting transaction costs. Market information can help farmers reduce transaction costs, increase market participation, and improve market performance [3]. Information communication technology by reducing transaction costs and expanding market choices for farmers, increased the welfare of small farmers and has become an effective tool for overcoming farmers' "information barriers" [4]. Therefore, transaction costs play an important role in the process of information and communication technology affecting agricultural production, so this article emphasizes it. In addition, existing studies have different methods for measuring transaction costs, and most of them directly use variables to represent them. The measurement methods of this study are different from previous studies, so the main text is added.

In this paper, by applying the Likert 5-point scale, combined with the actual situation of the transaction costs of farmers in the sales process. SPSS 22.0 software is used to conduct exploratory factor analysis on the variables of farmers' transaction costs (see the attachment for the selection of specific variables) to avoid multicollinearity among variables [32]. First, standardize the transaction cost index data to eliminate the impact caused by the difference in the observational dimension, and then perform the KMO test on the standardized data, with a statistical value of 0.687. Bartlett's spherical test approximates the chi-square value and the corresponding p-value that are 3055.187 and 0.00 respectively, indicating that the indicators are suitable for factor analysis.

Secondly, in order to give a better reasonable explanatory connotations to the extracted common factors, the maximum variance method is used to rotate the factor loading coefficients, and the cumulative variance contribution rate of the extracted four common factors is 75.613%. The variance contribution rate of common factor 1 is 26.625%, including three variables; price understanding, price accuracy, and information difficulty. These variables are all related to the cost of farmers searching for information before the transaction, so they are defined as the information search cost factor (F1). The variance contribution rate of common factor 2 is 16.181%, including price difference and price fairness variables. These two types of situations are usually generated while negotiation with the buyer during the transaction process, so they are defined as the negotiation cost factor (F2). The variance contribution rate of common factor 3 is 19.477%, which includes two indicators of price fairness and trust level, indicating the cost incurred by farmers in executing transactions, which is defined as the supervision execution cost factor (F3). The variance contribution rate of the common factor 4 is 13.331%, which only includes the transportation difficulty variable that reflects the cost incurred in the transportation process, which is defined as the transportation cost factor (F4).

Finally, according to the variance contribution rate, the weighted sum of the scores of each factor is performed, and the individual transaction cost index of each farmer can be obtained.

$$\text{Transaction cost} = (26.625 \times F1 + 16.181 \times F2 + 19.477 \times F3 + 13.331 \times F4) / 75.613$$

#### *Karlson, Holm and Breen Model*

The Karlson, Holm and Breen model was created and developed by Karlson, Holm and Breen [41]. This model is used to verify the mediating effect of information communication technology use that affects the net income of farmers in agriculture and to measure the total effect, direct effect and indirect effect.

Assuming a linear regression model:

$$Y = \alpha_F + \beta_F X + \gamma_F Z + \delta_F C + \epsilon \quad (1)$$

Among them, X is the core explanatory variable to be decomposed; Z is the vector of intermediate variables, and X can indirectly act on the dependent variable Y through the influence of Z. Under this assumption, it is the direct effect of variable X on Y, and the total effect of X on Y can be obtained by the following simplified model (Reduced Model):

$$Y = \alpha_R + \beta_R X + \delta_R C + \epsilon \quad (2)$$

Then, the indirect influence of X through the influence of Z on Y is:

$$\beta_I = \beta_R - \beta_F \quad (3)$$

#### *Test of Indirect Effects of Karlson, Holm and Breen Model*

In order to verify the intermediary effect in the above model, only the hypothesis  $H_0: \beta_R = \beta_F$  is needed to be tested: that is, to test whether and is equal to each other. Using Sobel's delta theory, the following test for indirect effects can be obtained:

$$Z = \frac{\sqrt{N}(\beta_R - \beta_F)}{\sqrt{\alpha' \Sigma \alpha}} \sim N(0,1) \quad (4)$$

Among them, the  $\alpha$  is the representative vector  $(\frac{Y_F}{\sigma_F}, \beta)$  in the above formula, while  $\Sigma$  represents the covariance matrix variance  $\gamma_F$  and  $\beta$ .







indicating that the older the farmer the weaker the labor ability, the higher the education the farmer, higher the net income. It is necessary to strengthen the education and training of farmers [47]. It also limits its own development, and the net income is relatively small. Political outlook and if there are village cadres at home, have a positive impact on net income. Party members and government officials have a wider social network and understand more comprehensive agricultural information; therefore, more efficient production and sales will be selected in the production and sales process that will ultimately increase net income. In addition, by participating in professional cooperatives, farmers can have a fixed sales channel and obtain relatively more production and sales information through this channel, which promotes more stable and efficient production and sales behavior, and thus higher net income [48]. The negative significant surface of the distance variable is that higher the planting distance from the market, the sales difficulties are just as high, the risk is higher, the production and sales cost increase and the net income decreases. Finally, at the village level, the village market infrastructure is significantly positively correlated with net income at the 5% level. Cornia [49] developed a farmers' income production function that included the rural information resource index, and analyzed the impact of the rural information resource index on farmers' income. They believed that every 1% increase in the input of rural information resources would lead to an increase of 0.378% in farmers' income. That is, the more complete the market infrastructure in the area where farmers are located, the more information resources they provide, and the more convenient it is for farmers to conduct production and sales activities, and therefore net income will be higher.

### Endogenous Problems

Using the OLS model to estimate the above equations may have endogenous problems. First, some unobservable production and sales problems may affect both the degree of farmers' use of information communication technology and net income, and there is a problem of missing variables; the second is whether to adopt information communication technology is the self-selection of farmers as "rational people", so there is selective bias. This article first tries to use the instrumental variable method to alleviate the endogenous problem. Specifically, the degree of village agricultural information service provision is used as an instrument variable for farmers to use information communication technology. The adoption of this instrumental variable is based on the following three considerations: One is to satisfy the "relevance" condition of instrumental variables. Basic village-level agricultural information services, such as broadband access, have much to do with whether farmers use the Internet. The second is to meet the requirements of

the "exogeneity" assumption of instrumental variables. Because the level of agricultural service provision at the village level has no direct effect on the net income of each individual farmer. The third is based on the availability of data. The level of agricultural information service provision at the village level was obtained during the 2017 fund project survey.

What needs to be explained is that, in the case of "exactly identification", it is difficult to statistically verify whether the exogeneity assumption of instrumental variables is satisfied. This paper draws on the ideas of [50], and returns the net income of farmers to both the degree of farmers' use of information communication technology and the tool variables. If the instrumental variable only indirectly affects the net income of the farmer using information communication technology by the farmer, then in the above regression equation, the instrumental variable should have no significant impact on the net income of the farmer while controlling the degree of the farmer's use of information communication technology. Verifying the regression results of the instrumental variable "exogeneity", the results show that the degree of village-level agricultural information service provision of the instrumental variable in this study is not significant, and the variable of the degree of farmers using information communication technology is significantly positive. At the same time, when net income of the farmers and the degree of farmers' use of information communication technology and the degree of village-level agricultural information service provision are regressed respectively, and both are significant. This shows that the instrumental variables in this study do not directly affect the net income of farmers, but only affect the net income of farmers using information communication technology.

This paper uses the two-stage least square method to estimate the model. The results are reported in Table 5. The one-stage regression results in column (1) show that the selected instrumental variables in this paper are significantly positively correlated with endogenous variables, and the assumption of correlation is fulfilled. The two-stage regression results in column (2) show that the coefficient signs of the variable of the degree of farmers using information communication technology is positive and significant at the 1% level, which is consistent with the benchmark regression result, and hence research hypothesis 1 is confirmed again. Controlling other conditions unchanged, every time a standard deviation (1.382) that a farmer uses information communication technology doubles, the net income of a farmer will significantly increase by a standard deviation of 0.517 times<sup>3</sup>. In short, the regression results of this article mean that the integration of information and

<sup>3</sup> The calculation method is  $(\sigma_{ict}/\sigma_y)/\beta_{p, \sigma_{ict}}$  and  $\sigma_y$  are the standard deviation of the core explanatory variable and the explained variable. (Fuchs 2008).

Table 4. Robustness test results of replacing core explanatory variables.

	(1)	(2)
	One-stage regression	Two-stage regression
Whether to actively use ICT		0.661 <sup>***</sup> (0.351)
IV	0.105 <sup>***</sup> (0.023)	
CV	Control	Control
N	1189	1189
Adj-R <sup>2</sup>		0.253

Note: ICT denotes information communication technology and CV denotes control variables and IV denotes independent variables.

Table 5. Robustness test results of regional variables.

	(1)	(2)	(3)
Province	Hebei	Shandong	Shaanxi
ICT	0.504 <sup>***</sup> (0.202)	0.630 <sup>***</sup> (0.188)	0.457 <sup>**</sup> (0.175)
CV	Control	Control	Control
N	602	798	589
Adj-R <sup>2</sup>	0.249	0.283	0.251

Note: ICT denotes information communication technology and CV denotes control variables

agricultural modernization into agricultural activities will have a certain income-increasing effect, which will help the development of agricultural information to realize the improvement of farmers’ income.

benefits. This is consistent with the research results of Xiang, Wei-Ping [51] that found that farmers who inquired about agricultural information through various channels had 45.8% higher agricultural operating income than those who did not.

### Robustness Test

#### *Replace the Core Explanatory Variables*

Mtega and Msungu [17] studied that the value of information services can only be realized when they are accessed, understood, and used in a timely manner. The most important thing is how to use information communication technology, not own them [33]. In the questionnaire of “Does the farmer take the initiative to use information communication technology to obtain agricultural related information”, if the farmer answered “yes” to the question, the value is 1; otherwise, the value is 0. Take it as a core explanatory variable, and then regress the model. The results are reported in Table 4, the results showed that the coefficient of whether farmers actively use information communication technology to obtain agricultural information is significantly positive. The benchmark regression results in Table 1 are again confirmed. This also shows that farmers who actively use information communication technology to obtain relevant agricultural information in production and sales will play a role in different links of production and sales, and ultimately realize their net

#### *Consider the Impact of Regional Differences*

Although the three provinces of Hebei, Shandong, and Shaanxi are the main provinces for vegetable cultivation and sales, the three provinces are located in different locations. They are located in the Northwest and North China regions, and there are also certain differences in the level of agricultural economic development. Therefore, there must be certain differences in the patterns of planting and selling vegetables. In different provinces, there should be differences in the degree and net income of farmers using information communication technology. In this end, this article conducts the following regional differences analysis. The results in Table 5 show that the positive effect of the use of information communication technology on the net income of farmers still hold in different regions. At the same time, it can be seen that there are certain differences in the application of information communication technology by farmers in the process of agricultural production and sales in these three provinces and the possible influencing factors are also research directions that can be consider in the future.







while farmers can actively and effectively use technology, they can learn more about environmental pollution hazards, making the agricultural sound field greener and more sustainable.

The limitations of the current study include, on the one hand, the current research targets only include farmers in the main vegetable growing areas in China, and fail to reflect the overall situation; on the other hand, green production technology includes many aspects, and the article currently only uses two variables to characterize it, which is not comprehensive enough. This is the direction for the next preparation to continue research.

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### Conflict of Interest

The authors declare no conflict of interest

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