

# ARE EMERGING FARMING CORPORATIONS FROM NON-AGRICULTURAL SECTOR SUPERIOR IN MANAGEMENT TO CONVENTIONAL FARMERS IN JAPAN?

Sub theme: Financing the farm business

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## Abstract:

*The conventional features of farm management stand in stark contrast to the nature of modern corporate management, and internationally, this has been seen as a barrier to global competitiveness. Traditional farmers, in the form of the farm-household complex, find it chronically difficult to adapt to changes in external circumstances such as competitor actions, government policy, or consumer preferences. In Japan, the entry of corporations from the non-agricultural sector into the agricultural sector is progressing at a quintuple pace with the deregulation of farm land users since 2009. As of June 2016, these corporations increased in number to 2,222 in Japan. However, management studies analyzing these emerging farming corporations remain limited.*

*Structurally, a farm-household complex and public company differ because the owners of the former are not usually separated from the business in space or in management, whereas those of the latter are. An important question is whether corporatization of farm business is always accompanied by modernization of farm-management techniques. A theoretical and empirical investigation into farm modernization practices will provide a perspective and recommendations to enhance agriculture.*

*The present study investigates farm management styles, including the capabilities of the farm manager, organizational factors such as business strategies and orientations, and operational factors such as marketing and on-farm management practices. More specifically, we examine differences in farm management styles between "emerging farming corporations from the non-agricultural sector" and "conventional farming corporations" using statistical analyses, mainly the chi-square test, of data collected through surveys provided by Japanese crop-farming corporations. In February and March 2016, questionnaires were delivered to 577 farming corporations across Japan, generating 124 usable responses.*

*The emerging farming corporations from non-agricultural sector are generally expected to introduce sophisticated management techniques from their main business (non-farming business, such as construction, wholesale, or retail) and to implement a high level of management practices even in agricultural sector from experiences in their main sector of operation. However, the analysis of the survey data does not prove that the emerging farming corporations from the non-agricultural sector are superior in management to conventional farming. These corporations have less experience of the farming business and are less dependent on the farming business in terms of sales, compared to conventional farming. Therefore, we suggest that emerging farming corporations from the non-agricultural sector should improve their levels of farm management abilities and skills. Common challenges for both conventional farming and the emerging farming corporations from the non-agricultural sector are to secure qualified staff and to develop the capabilities of farm managers. A financial support policy that includes investment in strategic human development may assist in improving the business viability of farming in Japan.*

**Keywords:** *farming corporations; entry of non-agricultural corporations; farm management styles; modernization of management*