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DIVERSIFICATION OF AGRICULTURAL BUSINESS MANAGEMENT: TRIGGERS AND ISSUES FOR JAPANESE DAIRY FARMERS

Abstract:

Japan is facing a significant decline in the dairy farming industry, for example, a decrease in the number of cows and dairy farmers, and a shortage of successors. Sixth industrialization, a unique notion of business diversification in Japan, is considered as a critical solution by the government. The sixth industry is the multiplication of the primary, secondary (food processing) and tertiary (distribution and sales) industries, i.e., a diversified business management style. Several studies can be found in the literature, yet, limited to case studies of specific farmers or the comprehensive categorization of the sixth industrialized farmers without distinction between agricultural products, especially types of livestock animals (e.g., milk cow, meat cow, pork, chicken). The sixth industrialization of dairy farmers has problems unique to handled raw milk, considered to have different characteristics from other livestock farmers. There should be salient features in the dairy farms, which may lead us to establish a guideline to enhance this industry. Therefore, this study aims to clarify the triggers of dairy farmer's sixth industrialization and the issues lying there. The semi-structured interviews were conducted with eight dairy farmers who had been engaged in the sixth industry in Japan. The results were analyzed by the grounded theory approach (GTA) as one of the qualitative methods, and the results were visualized by the Entity-relationship Model. As a result of visualizing each process of the sixth industrialization, we found that the various motives and visions affected their business diversification. On the other hand, many issues of internal (farmers) and external (other actors) factors on the sixth industrialization were also identified, for example, lack of additional workers for their business expansion, no standardized regulation for the handling of milk in public health centers, and insufficient functioning of the existing sixth industrialization support system. Under these circumstances, our results cast doubt on that the simple transition to the sixth industrialization promoted by the government would lead to the revival of this industry. We anticipate our findings to be a starting point of discussion for establishing sustainable dairy farming.

Keywords:

Dairy farmer, Agricultural diversification, Six industrialization, Management style, Sustainable development

JEL Classification: Q01, Q13, Q19