

# Succession of Farmlands to Non-Family Successors: Options for the Young Generation of Farmers

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## ABSTRACT

*Faced with the continuing shortage of farm successors in aging farming households in Japan, the farm succession to non-family members draws significant attention as an alternative to the conventional transfer to family heirs. To illuminate the characteristics and challenges in the farm succession to non-family members, this paper employs case studies consisting of a story of a training facility for young prospects wishing to start farming without farm-background, and two narratives of farm-succession arrangement involving non-family successors.*

*Noteworthy lessons were elicited from the cases as to the farm succession to non-family members, including (1) the non-family successor can begin farming with larger assets including lands, (2) the need for additional investment the successor has to make can be lowered, (3) the successor can inherit production skills, management know-hows, and sales channels from the predecessor, and (4) the successor can easily establish trust and credibility in the community based on what the predecessor has established. Meanwhile, a challenge remains to promulgate this new succession arrangement as to the matching between potential successors and farmers seeking non-heir successors for which supports by local government and local communities are essential.*

**KEY WORDS** New entry to farming, Barriers in entry to farming, Farm succession, Support to entrant farmers, Japanese LLC

## INTRODUCTION

Japanese farm households have long suffered from the shortage of young successors. Now that those who have supported the agriculture of post-war Japan have begun retiring, the “successor problem” has become so critical that an alternative arrangement for farm succession is seriously discussed among policymakers and stakeholders in the farm/rural sectors. Today, moreover, the proliferated application of advanced agricultural technologies, including Information and Communication Technologies (ICT), urging farmers to modernize their growing operation, makes the successor problem even more challenging. In the meantime, it is argued, one of the reasons behind the dearth of successors is the traditional inheritance pattern where only direct offspring takes over the family farming.

To tackle the successor problem in the technically advanced farming operation, the “open succession system” in which qualified non-heir persons take over family farms without successors is drawing attention. Fresh “new entrant farmers”<sup>1</sup> into farming, regardless of

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<sup>1</sup> In this paper, the “new entrant farmer” is defined, in accordance with the classification by

whether from farm families, are expected to reinvigorate aging farming communities by letting them manage the areas' essential agricultural resources, such as lands. The Japanese Ministry of Agriculture, Forestry and Fishery (JMAFF), in collaboration with the Japan National Chamber of Agriculture, also has launched a program to support succession of farming by non-family members.

Given the significance of farm succession by non-family members in Japan, this paper provides an overview of its current state and challenges, and future prospects. It can be assumed that the theme revolving around farm-succession by diverse—whether farm or non-farm origin—individuals should resonate with concerns of policymakers and leaders of farming sectors of different countries and areas that are draining populations vis-à-vis multi-faceted struggles including the global market competition or the urban-rural rivalry. Yet, to enable comparisons with the reader's country/area, it is necessary to grasp backdrops of rural sectors especially in terms of workforce and farm succession in Japan. Thus, what follows will delineate conditions surrounding the rural/farming sector with a specific focus on the state of farm labor or workforce in Japan.

### **THE STATE OF WORKFORCE IN JAPANESE AGRICULTURE**

Striking trends in farming populations in Japan are their decline in number and aging. The statistical data on farmers and percentage of those who are 65 years old or older (Table 1), collected by JMAFF, demonstrate clearly these trends. During 25 years from 1985 through 2010, the Japanese farming population plummeted from 5.4 million to 2.6 million with a decrease of 51.9 percent. For the same time period, the number of “senior” farmers (65 years old or older) increased from 1.4 million to 1.6 million. Accordingly, the percentage of the senior farmers also was increasing steadily. In 2000 for the first time, more than the half of the farming population became 65 years old or older; in 2010 furthermore, more than 60 percent of the farming population reached that age or older.

The declining and aging farming population signals shortage of individuals who take over farming, that is, farm successors. In 2010, among commercial farm households<sup>2</sup>, those that lack a successor amounted to 660,000, accounting for 40 percent (Table 2). The dearth of farm successors led the Japanese government to launch different programs to encourage heirs of farm households to take over farming; yet, as indicated by the statistics in Table 2, the policy measures so far seem to have demonstrated little effectiveness.

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the Japanese Ministry of Agriculture, Forestry and Fishery (JMAFF), “a person who has newly begun farming with land and/or fund procured by him/herself and is responsible for the farming operation.”

<sup>2</sup> Commercial farm households refer to the farm households that have farmland larger than 30a or an annual sales over \$5,000.

Table 1. Number of farmers and farmers of 65 years old or older in Japan (Unit: 1000)

Year	1985	1990	1995	2000	2005	2010
Total number of farmers	5,428	4,819	4,140	3,891	3,353	2,606
Farmers of 65 years old or older (%)	1,443 (26.6)	1,597 (33.1)	1,800 (43.5)	2,058 (52.9)	1,951 (58.2)	1,605 (61.6)

Source: JMAFF statistics

Note: The “farmer” in this table refers to an individual who is engaged in mostly farming as an occupation.

Table 2. The number of farm households with/without successor

Year	2000	2005	2010
Commercial farm households	2,336,909	1,963,424	1,631,206
with successor	1,646,345	1,071,331	969,056
without successor (%)	690,564 (29.6)	892,093 (45.4)	662,150 (40.6)

Source: JMAFF statistics

### New Farmers

Despite the grim situation of farm succession in Japan, it is also the case that approximately 50,000 people start farming every year, as shown in Table 3. While the majority of such new farmers are those who return home to get involved in the family farming<sup>3</sup>, in fact the number of the “returning-home-to-start-farming” farmers has been declining. In the meantime, what draws attention are those farmers who become farmers by getting employed in farms and the new entrant farmers who begin their own farm without succeeding a farm from their family. The former, the farmers who got employed in farms, amount to approximately 7,000 to 9,000 in the recent years as shown Table 3. The number of the latter, the new entrant farmers, has recently increased to 3,000 a year from several hundred in the 1990s. These two pathways, though currently constituting only small part of the new farmer population, are potentially to be the mainstream to become farmers.

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<sup>3</sup> The “returning-home” new farmers include individuals who quit or retire from a previous non-farm job and who graduate from schools.

Table 3. How new farmers start farming in Japan

Year	2009	2010	2011	2012	2013
Returning home to start farming	57,400	44,800	47,100	44,980	40,370
Getting employed in farms	7,570	8,040	8,920	8,490	7,540
Establishing a new farm (new entrant farmers)	1,850	1,730	2,100	3,010	2,900
Total	66,820	54,570	58,120	56,480	50,810

Source: JMAFF statistics

The returning-home new farmers, however, tend to be old; as shown in Table 4, more than 60 percent (25,390 out of 40,370) of the returning-home farmers are 60 years or older, indicating that most of them return to farming after their retirement. Meanwhile, among the “employed farmers” and the new entrant farmers, the youngest generation (39 years old or younger) constitutes a half or more than a half of the total numbers in the same categories. These two pathways seem to be more realistic options for those who are from non-farm families yet wish to become farmers.

Table 4. Age structure of new farmers (2013)

	< 39 years old	40-59 years old	> 60 years old	Total
Returning home to start farming	7,410	7,570	25,390	40,370
Getting employed in farms	4,500	2,180	860	7,540
Establishing a new farm (new entrant farmers)	1,450	930	520	2,900
Total	13,370	10,680	26,770	50,820

Source: JMAFF statistics

## NEW ENTRANT FARMERS

### Literature on New Entrant Farmers

As outlined above, the new entrant farmers have become a significant influx among the new farmers. And the farm succession to non-family members, the theme of this paper, is a promising option for entrant farmers. In what follows, to better understand the significance of the farm succession to non-family members, I will review a body of research on “entrant farmers.”

### Characteristics and Challenges of Entering Farming from Non-farm Background

In Japan, new entrant farmers first drew attention among researchers during the late 1980s. The early studies intended to characterize the pathway as such through which non-farm-heirs become farmers and challenges in this pathway for entrants to become farmers. Inamoto (1992) reported that compared with those who succeed family farming, non-farm-heirs face unique challenges, including (i) access to land, (ii) acquisition of skills in agriculture, (iii) time and cost until being able to make stable earnings, (iv) securing the initial financial capital, and (v) being accepted into and building trust with the local community. In the same vein, other studies based on questionnaire surveys (Tabata 1997, Egawa 2000) revealed obstacles for new entrant farmers, such as (i) securing financial capital, (ii) acquisition of land, (iii) mastering farming skills, and (iv) obtaining housing.

### **How New Entrant Farmers Address Challenges**

After the early studies, the focus of the research shifted to how new entrant farmers were tackling the challenges mentioned above. Uchiyama (1999), for instance, held that to overcome the key challenges such as acquisition of land and farming skills, new entrants should build credibility among community members; hence they have to make active commitments to be accepted by the community, such as acquiring a resident to settle there. Not only the newcomers, as Okabe (2001) and Sawada (2003) point out, but also coordinators who connect new entrants with the local community can play critical roles to facilitate the process through which the outsiders get accepted in the place. Sawada (2003) also argues that for new entrants to get settled in the locality, they have to stand on their own feet as farmers; hence, helping them find and secure channels to sell their products can be of critical importance.

### **Support to Entrant Farmers**

As mentioned, not only new entrants' commitment but also the support from outside could be essential to overcome the challenges, especially weak financial bases with which most new entrant farmers have to start farming. More recent literature after the 2000s, therefore, oftentimes speaks to the importance of the institutions (e.g., legal frameworks and subsidies) to support new entrant farmers. A variety of organizations, including the public and private sectors, have offered diverse support schemes with varying advantages and disadvantages; thus, coordinating, combining or packaging the different schemes would be needed to better support new entrants (Hara-Fukuyo 2002, Egawa 2005).

To sum up, the past research has elucidated diverse challenges for new entrant farmers from acquisition of resources for farm business to settlement into and trust with the local community. Another lesson from the studies above is that to overcome obstacles in different phases, linking and packaging diverse support schemes offered by different organizations would be essential.

## **THE FARM SUCSSSION TO NON-FAMILY SUCCESSORS**

### **Literature on Farm Succession to Non-family Successors**

The very reason behind the growing attention to the farm succession to non-family members is that this succession arrangement allows the new entrant farmer to acquire, with relatively low costs, resources vital to begin farming from the predecessor who has no heir to take over the family farming and wishes to concede it to someone trustworthy. In the succession process, the entrant farmer is very likely to work together with the predecessor; hence he/she can learn skills directly from the experienced farmer on-site, use—and eventually inherit—the farm equipment and machinery, take advantage of established sales channels, and build easily trust with and credibility among the local community.

The literature (Yamamoto et al 2012, Yanagimura et al 2012) reveals a few advantages of the farm succession to non-family members. First, in this succession arrangement, the successor can start farming with greater “material/tangible” assets, including larger land tracts and abundant equipment, than in the case where the entrant has to acquire resources by him/herself. Second, as implied earlier, the successor can take advantage of “non-material/intangible” assets, such as farming skills and knowledge, sales channels and credibility.

In the meantime, the same authors have pointed out the challenges pertinent specifically to this succession arrangement. For instance, to build trust between the successor and the predecessor, both parties may incur additional costs, such as agreeing on detailed conditions

of succession. To avoid a failure in succession processes, Yanagimura et al (2012) further maintained that supports by public sectors and local communities would be critically important.

### **Policy Measures to Support Farm Succession to Non-family Successors**

The first policy program to support new entrant farmers started in 1987; but the target was on those who start farming as independent farmers from scratch. In 2008, the “Farm on Japan” program was instigated as the first policy package involving a measure to support non-heir farm successors. In 2010 this program changed its title to “Farm Succession Aid Program (FSAP)” and has been effective ever since.

FSAP aims to matches potential successors from non-farm families with family farm owners who have no heir to succeed. The prospect successor and the prospect predecessor both send an application for this program; after signing up, the two parties meet and go through a trial training session in which they make a plan toward succession of the farm; and if both agree on the plan, they proceed to the full-fledged succession training session to transfer technical and management skills up to two years. Upon completion of the full training session, the successor takes over the farming from the predecessor. The cost for the training sessions are subsidized by JMAFF.

During 2008 through 2013, 509 prospect successors and 301 prospect predecessors signed up for FSAP, out of which 89 pairs have proceeded to the full succession training session. In total, 35 pairs have successfully completed transfer of farming; yet 37 pairs have aborted the transfer process.

The failures in succession, according to JMAFF and the Japan National Chamber of Agriculture, could be attributed to lack of trust between prospect successors and prospect predecessors. Thus, a challenge still remains as to certain measures to be taken to nurture trustworthy relationships between the two parties.

## **METHODOLOGY**

To illuminate how new entrant farmers with no farm-background overcame obstacles to successfully take over family farming, this paper employs case studies, involving a case of a training facility for those who wish to be farmers from non-farm families, and two specific cases where transfer was carried out through establishing Limited Liabe Companies. The data collection relied on primarily interviews with the key informants involved in each case. In the analysis, specific foci were put on the processes through which the entrant farmers (1) acquire material/tangible assets, such as farming machinery and other equipment, (2) acquire non-material/intangible assets, such as farming skills and sales channels, and (3) establish credibility and trust among the local communities. Also special analytical attention was paid to the support by and cooperation with the local government and other organizations for entrant farmer prospects.

The chosen cases were rice farmers and the choices were deliberate—while rice is the staple crop in Asia including Japan and its production constitutes the core of agriculture of the region, succeeding a rice farm is highly challenging due to the difficulty for non-family members to acquire lands in rural communities where the traditional family farming predominates. The examination of how family-run rice farms are transferred to non-family members can elicit useful insights about the farm succession in Asia where small-scale family farms are faced different challenges to continue agriculture, including the lack of successors.

## FINDINGS

### Overview of *Kaminaka Nougakusya*

*Kaminaka Nougakusya* is located in Wakasa Town, Fukui Prefecture. Wakasa Town was founded in 2005 after the merger of two towns, Kaminaka Town and Mikata Town. Even before the merger, Kaminaka Town had been known for its rice production; yet the agriculture in the area was noticeably declining as the farm population with no pool of sufficient successors was shrinking. In struggling to revive the agriculture, the Kaminaka town office made public in 2000 a plan to construct a facility in which potential successors are trained to become farmers who serve to conserve and revive the area's farming. The training facility, *Kaminaka Nougakusya*, thus took off in October 2001 and began its full-fledged activities in the following April.

*Kaminaka Nougakusya* is engaged in five major activities as follows: (1) training for potential farm successors, (2) internship for college students, (3) hands-on farming study program for general adults, families and pupils, (4) commercial production on the area's farmlands, and (5) commercial processing and sales of agricultural products.

The main pillar of *Kaminaka Nougakusya's* activities is the training program for potential farm successors. Trainees, after the two-year training program at *Kaminaka Nougakusya*, are expected to start farming in Wakasa Town. Every year *Kaminaka Nougakusya* accepts one to five trainees most of whom are in twenties. They are provided with a scholarship to support living and individual dormitory rooms at the facility. The scholarship, with no obligation to repay, can be used not only as living expenses but also as the base funding to start farming.

For the first year at *Kaminaka Nougakusya*, the trainees get involved in diverse activities to learn techniques and skills needed to start farming, including use of machinery and tools, application of fertilizers and pesticides, and financial and business management. These training experiences entail *Nougakusya's* actual business activities, including production on farms, direct sales to customers and study programs for families, and thus are genuinely hands-on money-making experiences. In addition to the technical and business programs mentioned above, trainees have opportunities to connect and interact with the local people; they oftentimes participate in historical community festivals and other events at local farmers organizations. To provide the trainees with knowledge about not only agriculture but also the history and geography of the town, regular (a few times a month) lectures are held at *Kaminaka Nougakusya*. Also visits to farmers in the area are scheduled to learn about their machinery and facilities, farming skills and techniques. These programs help trainees build trusted relationships with the local government and communities, which are crucial when they start farming in the area after completion of the program.

For the second year at *Kaminaka Nougakusya*, trainees have more practical experiences; they are asked to manage by themselves—from planning, production to sales of products—rice paddies of 2 hectares and a tract of 0.3 hectares for vegetable production. With the assistance by the town office and *Nougakusya*, they also begin to prepare themselves for the life and farming in the area; arrangements are made to find farmlands, housing, and *Oyakata*, who serves as a trainee's supervisor, mentor, and mediator with the local community and is often chosen from farmers of influence in the area.

After the two-year program at *Kaminaka Nougakusya*, the trainees leave the facility to become independent farmers with the help of their *Oyakata*. The roles of the *Oyakata* include helping his/her trainee (i.e. new farmer) find farmlands as a liaison or mediator with the community, giving guidance and advices in agricultural production, commercial management

and his/her living in the community, requesting the local people to provide supports (e.g., discounted land rent and invitation to local events) to the entrant farmer. The new entrant farmers in Wakasa Town also can take advantages of different aids and subsidies provided by the local governments, *Kaminaka Nougakusya*, and *Oyakatas* to overcome a variety of obstacles, as summarized in Table 5.

Table 5. Supports to trainees at *Kaminaka Nougakusya* and its graduates (entrant farmers)

Status		Trainee		New farmer		
Year		1 <sup>st</sup> year	2 <sup>nd</sup> year	1 <sup>st</sup> year	2 <sup>nd</sup> year	3 <sup>rd</sup> year
Contents of supports	Access to farmland	-	Paddies 2 ha and vegetable tracts 20 a for training	3 ha of rice paddy		
	Technical guidance	For rice production	For rice production and sales	Trained by <i>Oyakata</i>		
	Stipend	US\$500/month	US\$700/month	US\$15,000/year for 5 year		
	House	Living in Kaminaka Nogakusha		Assistance to find a house Subsidy to cover the half of rent (Up to US\$400/month for 3 years)		
	Building trust with local community	Participating in local festivals and visiting local farmers as training programs		Supported by <i>Oyakata</i>		

Source: the author's interviews;

### Case 1: Sanshin Farm

Sanshin Farm was founded as a *godo gaisya*<sup>4</sup> in July 2006 by Mr. H who was a large-scale farmer in the area and Mr. A who was *Kaminaka Nougakusya*'s graduate. Production and sales of rice and contract production of other crops constitute Sanshin Farm's business activities. Currently Sanshin Farm manages almost all the farmlands in the local community in which the company is located and thus expected to be the leading farmer of the area.

Though worked as an employee after graduation from college, Mr. A always had a dream to be a business owner. Having reasoned that farming would make his dream come true, he decided to attend the training at *Kaminaka Nougakusya* to become a farmer. In the training days, he was introduced to Mr. H. After graduation, initially, Mr. A started farming by his own with rented lands under Mr. H's guidance; his plan was, while continuing farming on his rented lands, to eventually take over Mr. H's farmlands. With a suggestion by the prefectural extension service, however, Mr. A decided to establish a *godo gaisya* together with Mr. H

<sup>4</sup> A class of business organization similar to the Limited Liability Company or LLC in the US. The 2006 Corporate Law amendment recognized this class of corporation in which each member regardless of amount of shares possess the equal right in decision-making, and distribution of profit can more flexibly determined than in the joint-stock company, thus new entrants with limited financial capital can participate in management.



three months after the graduation.

In founding Sanshin Farm as a *godo gaisya* in July 2006, Mr. A and Mr. H technically (i.e. in legal terms) returned to the owners the lands they had already personally rented, then, as the company, re-rented them. The farm equipment the company uses is technically “leased” from Mr. H. The initial funds were US\$30,000 including Mr. H’s US\$15,000 and Mr. A’s US\$15,000, along with the rest from Mr. H’s four relatives, who serve as the executive officer and three employees of Sanshin Farm. To demonstrate who the successor is, Mr. A contributed the second largest investment following Mr. H’s.

At the beginning of the company, Mr. H took the responsibility in production planning while both Mr. H and Mr. A performed physical tasks on the farm. But eventually Mr. H let Mr. A, with guidance, manage some of the tracts; Mr. A gradually gained skills and knowledge in the production process and was allowed to discuss more in detail with Mr. H in the production planning. Meanwhile, Mr. A with the experience at *Kaminaka Nougakusya* takes the responsibility in bookkeeping. Mr. H had Mr. A get actively participate in local community meetings and took him to sales visits to the customers so that community members and business partners would recognize Mr. A as the successor.

In June 2012, after about 6 years since the company’s establishment, Mr. H determined that Mr. A was ready to take the management; the successor took over the president of Sanshin Farm whereas his predecessor became one of its employees and Mr. H’s two children became its executive officers. Sanshin Farm, which succeeded tracts and other assets of Mr. H who was an influential figure in the area, is expected steward the local agriculture. Since its foundation, thus, the company has been engaged in the contract operation of farmlands in the community members and currently manages 30 hectares.

### **Case 2: Kamiya Nouen**

Kamiya Nouen (Kamiya Farm), also a *godo gaisya*, was founded in April 2007 by Mr. I as the president and Mr. B as the executive officer who is a graduate of *Kaminaka Nougakusya*. Production, sales and contract production of rice are the farm’s principal business activities.

With his long-time interest in agriculture since his elementary school years, Mr. B learned about *Kaminaka Nougakusya* through his mother’s friend who was among its founding members. After admitted to *Kaminaka Nougakusya*, he had various opportunities to visit the farm of Mr. I, who suggested that the trainee start farming under his guidance and mentorship. After graduation from *Kaminaka Nougakusya*, Mr. B decided to join Mr. I to start Kamiya Nouen.

In fact, before accepting Mr. B as the successor, Mr. I had failed to bring up an entrant farmer to be successor, who also graduated from *Kaminaka Nougakusya*. At that time, Mr. I fixed up 2 hectares of farmlands for the entrant, had the entrant help his farming, and meant to let him gradually and eventually take over the farm. The entrant, however, was engaged in a non-farm employment to support the living, and this act was against Mr. I’s will. The entrant, with no clear agreements or contracts made with Mr. I as *Oyakata* as to wage, time, and other labor conditions while working at *Oyakata*’s farm, could not earn enough from farming to support the living and thus had to find a job outside the farm. The entrant also wanted to produce other crops than what Mr. I was actually growing. Such incongruent desires or misunderstandings between *Oyakata* and the entrant-to-be-successor corroded the trust between them. Mr. I, giving up the initial intention to have the entrant succeed his farm, introduced the entrant to another farmer in a different community as a new mentor. This experience, along with a suggestion by the prefectural extension service office and the story

of Sanshin Farm, pushed Mr. I to establish the Kamiya Farm as a *godo gaisya* where he and Mr. B could work together.

Kamiya Nouen started its farming business with 9 hectares including 2 hectares of Mr. I's own tracts and 7 hectares of rented lands. The farm machinery and facilities the company uses are technically "leased" from Mr. I. The initial funds were US\$20,000, consisting of US\$10,000 subscribed by Mr. I, US\$5,000 subscribed by Mr. B, and the rest invested by Mr. I's relatives (who also serve as members of Kamiya Nouen). Until he started Kamiya Nouen Mr. I was hesitant to expand production due to his age. Nonetheless, since the company's founding, Kamiya Nouen's lands (including the rented ones) has grown to 14 hectares.

With Mr. I's past experiences, Kamiya Nouen was launched to grow mainly rice, although now Mr. I allows Mr. B to grow vegetables. For the first year of the company, Mr. I took the initiative in planning the production; yet after the second year Mr. I had Mr. B participate in the planning and eventually take the lead in the decision-making with Mr. I's advices. Both Mr. I and Mr. B are engaged in on-farm physical tasks. With the experience at *Kaminaka Nougakusya*, from the beginning at Kamiya Nouen Mr. B has been in charge of bookkeeping, which helped him learn details of the farm's commercial management. To acquire advanced knowledge and skills in production and sales, Mr. B actively still takes part in technical workshops by the extension service and meetings with peer young farmers in the area.

At the beginning of Kamiya Nouen's third year (April 2009), Mr. I in his advanced age had Mr. B take over the president, although Mr. I continued to work as the executive officer of the company to give his successor advices and manage part of the production (e.g., taking care of rice seedling nursery and the machinery). Mr. B also still thinks he needs technical advices from Mr. I, although he as the successor eventually should be able to handle all the production at Kamiya Nouen.

### **Summaries**

From the case studies above a few noteworthy lessons can be elicited. First, the public sector's involvement, more specifically the subsidies to the training process, played a critical role in helping the entrant farmer prospects overcome the challenges, acquisition of farming skills in particular. Second, the training prior to starting farming with their predecessor was vital—the programs at *Kaminaka Nougakusya* armed the entrant farmer prospects with fundamental skills necessary to work as farmers. Third, roles played by individuals who serve as mentors for entrant farmers, and liaisons and coordinators with the local community, such as *Oyakata* presented, were genuinely essential to the farm succession to non-family members.

Moreover, the case studies illuminated the significance of the advantages of the *godo gaisya* (Japanese LLC) for both successors and the predecessor to smoothly transfer the farming, as summarized in Table 6.

## **CONCLUSION**

The above case studies on the succession by non-family members elucidated its advantages in the succession to non-family members, compared to cases where general entrant farmers start farming by establishing their own farms, as follows: (1) starting farming operation with relatively large land tracts facilitating to become an independent farmer, (2) counting on the predecessor's farm machinery and other equipment at the beginning thus having no need for further investment, (3) gaining skills and knowledge in production and sales with ease because he/she can learn from the predecessor, and (4) tapping into the trust and credibility

that the predecessor has built with the local people and other relevant organizations, which allow the successor to be recognized and admitted faster and more smoothly by the community.

Moreover, especially when the successor and the predecessor jointly establish a *godo gaisya* (Japanese LLC) for succession, the succession as a legal process can be made very simply as the succession of the company's president without any other financial investment or legal commitments. The establishment of such a company intended for smooth transfer would enable the entrant to earn from farming readily and become an independent full-time farmer faster. Also, the predecessor if necessary can remain as the mentor in the company and continue giving guidance to the successor to boost the company's growth.

Table 6. Advantages of establishing the *godo gaisya* (Japanese LLC) for farm succession in comparison with the establishment of a new farm by an entrant farmer

		Succession through <i>godo gaisya</i>	Establishing a new farm
Initial stage in farming	Farm size	Larger	Smaller
	Time period needed to be able to earn stably	Shorter	Longer
Material assets	Farmlands	Properties accumulated by predecessor s <sup>a</sup>	Successors have to expand by themselves
	Machinery and equipment	Properties accumulated by predecessor <sup>a</sup>	Successors have to procure by themselves
	Additional investment	Not needed	Occasionally needed
Non-material assets	Skills and knowledge for management	Can be learned directly from predecessors	Successors have to learn by themselves
	Sales channels	Established by predecessors and	Successors have to develop by themselves
Trust and credibility among local communities		Successors can tap into what predecessors have built	Successors have to build by themselves

<sup>a</sup> In case a farm succession by non-family members takes place without establishing a *godo gaisya*, the successor has to purchase from the predecessor.

Source: Cases of *godo gaisya* from the author's interviews; Cases of new farm establishment from Inamoto (1986) and Uchiyama (1999)

Despite the advantages, however, there are drawbacks and challenges in the succession by non-family members. First, the matching between the successor and the predecessor is critically important. Elaborate agreements as to a variety of conditions between the two parties, such as crop selection, production planning and labor conditions, are indispensable for the successor and the predecessor to build the trusted relationship. Then, to assist the matching, interventions by third-party organizations or individuals (e.g., personnel of local governments or farmers groups as mediators) would be needed; in particular, mediators' capacity to listen to voices and wills of the entrant as a potential successor and match them with the predecessor is particularly crucial.

In that term, the personnel of *Kaminaka Nougakusya* plays essential roles. Nougakusya's staff members, who are also its graduates, can give effective and timely advices based on their own experiences to the trainees seeking an *Oyakata*. As the staff members have long resided

in Wakasa Town, they have maintained trusted relationships with local stakeholders, such as the town government officers and leading farmers. With that trust, *Kaminaka Nougakusya's* staff can without trouble request the local community members to assist entrant farmers in a variety of ways, including participating in sensitive discussions such as arrangement to lease lands. *Kaminaka Nougakusya's* employees thus function as effective mediation and liaison with the local community in the “match-making” between entrants and local farmers in need for successors.

Second, that the process to inherit non-material intangible assets to the successor after the matching is totally under the predecessor's discretion without systematic intervention from outside could be problematic. Such processes, crucial for the successor to take over the farming, are currently done mostly as “trial-and-error” by the predecessor, and could be a substantial burden on him/her. To assist the inheritance of non-material intangible assets, insights from the knowledge management and practices using ICT could be highly valuable and desirable. Techniques from these domains can help standardize and visualize complex know-hows the predecessor possess, and communicate them effectively to the successor.

While the farm succession to non-family members is a promising way to assist both the entrant seeking to start farming and the farmer with no successor, there are still substantial challenges as demonstrated above; accordingly, in fact, there have been few successful cases in Japan. By assessing the successful cases to elucidate possible assistances and helpful institutions by important actors, such as local governments and farmers associations, we can fully expand the potential of this novel succession scheme.

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