Analysis of multi-sectoral business development and roles of Japan’s agricultural cooperatives

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ABSTRACT

The Japan Agricultural Cooperatives (JA), is going through a time of massive reforms toward more business-oriented operations in response to changes in food consumption trend. But innovative farmers and the JAs have not always been in collaborative relationship and tended to alienate each other not least because of their different business orientations. Then now, JA can find a way to establish and coordinate sound governance and management embracing diverse actors with varying innovative interests. Recognizing gaps in competence between JAs and innovative farm operators, this paper explores possibilities of constructive and synergetic relationship between the two parties for more effective acquisition and deployment of resources that allow for productive farm business.

More specifically, three ideal-types of innovative farmers and their mode of alliance with JAs for acquisition of resources (especially information) were examined: 1) those who tend to rely on existing local actors, 2) those who tend to be independent and have less reliant on existing local actors, and 3) those who build networks of similar-minded farmers and work together for resource acquisition. The paper concludes with an examination of challenges facing each of the three ideal-type operations.

KEY WORDS Constructive and synergetic relationship, Governance and management, innovative farmers,

INTRODUCTION

In Japan, the trend of food consumption and food culture is changing rapidly and diversifying. The key factor made the most influence on the diversification of Japanese food consumption was "Westernization" that began in the 1960's. Until now, Euro-American foods such as bread, meat, eggs, and dairy products have spread through to Japanese culture, centered on rice, seafood, simmered dishes and miso soup.

In general, the Japanese people have purchased food materials such as fish and shellfishes, meat and vegetables at retail shops and supermarkets, and cooked at home and eaten at home tableware (Kohnosu 2004). However, after the high economic growth, food service industry 1, such as family restaurants and fast food have expanded and greatly grown. In recent years, the home-meal replacement service industry such as convenience stores handling rice balls and bento (boxed lunch) and the groceries at supermarkets and department stores have been growing. In the background of such growth of the industry, various changes such as improvement of income level,

1 In this paper, I define the food service industry as meals in buckwheat restaurants, fast food restaurants, pubs etc.
diversification of food consumption, women's participation in society, and the trends toward the nuclear family are conceivable.

Along with the flow of the times, consumers are requesting more convenience of food consumption by utilizing snacks and eating out including processed foods and cooked foods from the style of cooking at home. To respond to those times, the food service and home-meal replacement industry, such as family restaurants, tavern chains, supermarkets and convenience store has grown rapidly and is now one of Japan's major industries. Processed food dealers and the industries are taking advantage of low price trends, import liberalization and yen appreciation and importing raw materials from overseas (Fujino 2007).

Such a change in the social environment has also caused a major change in the production structure of agriculture. One of them is the expansion of commercial demand for agricultural products. In particular, it has a big influence on the production (supply) structure centered on vegetable production. Currently, the procurement method for vegetables mainly formed in the food service industry, has been widely penetrated into the home-meal replacement industry such as groceries at supermarkets and department stores. Such transformation of the procurement method has a great influence not only on the production and wholesale markets but also on the entities surrounding them. With the conventional supply system, it is impossible to deal with it.

THE STATE OF PRODUCTION IN JAPANESE AGRICULTURE

Focusing on agriculture in our country, the difficulties are increasing year after year. The direction of change in such situation is as follows. Firstly, it is a decline of agricultural producers and a remarkable aging. 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. But this problem is a remarkable situation in agriculture compared to other industries. However, in Japan as a whole, the declining birthrate and the aging of the population are proceeding, and food demand will shrink significantly in the future.

Second, due to technological innovation such as storage and transportation, food globalization has progressed. Along with this situation, inexpensive agricultural products are imported from overseas, and domestic agricultural products prices tend to be sluggish over the long term. Third, it is a deterioration of production environment. The influence of abnormal weather such as guerilla heavy rain and drought for a long time, and the influence of the production environment such as monkey and wild boar and other damage of wildlife damage are also expanding, and the producers are suffering from these influences.
### Trends in food service industry and "externalization of food consumption"

#### Trends in the food service industry

According to the "Family Income and Expenditure Survey" (Figure 1) of the Ministry of Internal Affairs and Communications, the proportion of fresh food in food consumption has decreased from 48.4% in 1965 to 27.5% in 2011. On the other hand, the proportion of cooked food has increased from 3.0% to 11.7%, and the proportion of outdoor food consumption has increased from 7.2% to 17.8% respectively. The food consumption trends have changed significantly during the half century. It is said that dependency on processed foods and food service and home-meal replacement industry has increased, so called "externalization of food consumption" has progressed. Indeed, everyone may have experienced restaurants, fast food restaurants, and meals at department stores, supermarkets, convenience stores. In this section, I will look at the actual situation of the Japanese lifestyle, which has been changing dramatically in recent years, from the viewpoint of the food service industry and "externalization of food consumption".

![Figure 1. Changes in consumption expenditure ratio of food consumption](image)

Source: Ministry of Internal Affairs and Communications statistics

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2 Refer to Kobayashi (2006), for the research on 'externalization of food consumption'.
Trends over the food service and home-meal replacement industry

With the rise in income due to high economic growth and robust consumption demand in the mass consumer society, the food service industry has grown dramatically. The driving force was innovation in terms of management and food procurement. On the management side, standardization and manualized process of store management and "chain development" by standard design stores were aimed at. Next, on the food procurement side, they have introduced a stable supply system of mass production and identical quality by unification of menu, "central kitchen system" and "specification order system". These two innovations became both wheels and industrialization was attempted (Oda 2004).

With this systemization, the taste of the cooked goods to be provided at the chain store was made uniform, and the industry resulted in a large growth. During the growth period, sales increased with the expansion of stores and food cost was reduced. However, with the bubble economy coming to an end and economic growth slowing down, the market of food service industry turned to a trend toward a shrinking trend. Consumers tended to refrain from expensive eating out as personal income declined. At the same time, the home-meal replacement industry has emerged as a threat to the food service industry (Figure 2). The meal form is to eat foods cooked outside the home at home, and a representative example is pick-me-up and lunch boxes. With the progress of quality control technology, it has become possible to purchase foods of quality that has never existed, easily at supermarkets, convenience stores and department stores. Moreover, the deliciousness is a certain degree or more, and improvements are repeated year by year. Because the price is affordable, it is getting penetrating to consumers as a handy accessible meal.

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3 Central kitchen system is a facility that has the function of intensively managing ingredients, cooking and delivering it to stores.
4 This is an ordering method that entrusts production to a specialized manufacturer based on the "specification sheet" that specifies the ingredients and the amount of ingredients to be used.
Changes in 'externalization of food consumption'

According to the trends in the externalization rate of food, it increased from 28.4% in 1975 to 45.2% of the peak in 2007. After that, it shows a moderate declining trend, and the externalization rate of food consumption in 2011 is 44.1%. Recent trends are characterized by relatively decreasing the specific gravity of eating out, and increasing the gravity of home-meal replacement (Kobayashi 2006). Looking at the trend of the home-meal replacement, it was only 0.7% in 1975, but it increased to 8.9% in 2011. On the other hand, the rate of food service industry has reached its peak (37.8%) in 1997, after that it has begun to gradually decline. As of 2011, the externalization rate is 35.2%.

Despite the rate of food service industry is on a downward trend in the prolonged recession, the "externalization of food consumption" rate is kept at a high level. The reason for this is that the existence of simplified home-meal replacement is increasing its importance. The use of prepared dishes and lunch boxes, which is started with young people and households with a common income, but now they are spreading in all households including the elderly. Along with changes in people's lifestyles, the form of food consumption has undergone major changes, the dependence has increased, and "externalization of food consumption" has progressed. These Factors include (1) women's advancement in society, (2) increase in single generations, (3) changes in purchasing places / purchase patterns of food items, and (4) progress in food manufacturing industry. Moreover, in addition to these, supply of information on food, and presence of mass communication also have a great influence on consumers in recent years. It can be said that these changes have a great influence not only on the food consumption but also on the manner of agricultural production itself. In particular, the environment surrounding agriculture is changing dramatically, such as the demand for processing and business uses.
Current status of vegetable production and distribution and new movement

Current status of vegetable production

Regarding the production of vegetables, the long-term declining trend of vegetable production in Japan and the increase in import volume from overseas are characterized, and it can be said that the production structure of vegetable production is changing. Several factors can be conceived as a cause of such change. First, domestic consumption of vegetables is decreasing, especially by young people. Secondly, domestic productivity declines due to vegetable producers' aging and a decrease in arable land area. In addition, it can be considered that the price of imported goods is lowered due to the appreciation of the yen and the transportation technology innovation such as aviation and maritime transport.

Figure 3 shows the trend of vegetable cultivated area and its production since 1998. The cultivated area consistently shows a decreasing trend since about 500,000 ha in 1998. It has remained flat in recent years, and the area in 2010 is about 430,000 ha. Production volume of vegetables decreased from 13.9 million tons in 1999 to 11.17 million tons in 2010. It has been declining nearly 20% in the past 10 years.

Figure 4 shows the trends in the import volume of vegetables including processed goods. In 1985, the volume of vegetables imported to Japan from overseas was 280 thousand tons, but it was 950 thousand ton in 1990, 1.85 thousand ton in 1995, and 2.24 thousand ton in 2000. As imports of vegetables are rapidly increasing, they are 2.27 million tons in 2011.

Among imports, weights account for a large portion from China. China was expanding its export volume to Japan steadily, from the end of December 2007 to January 2008, a Chinese frozen incident occurred, shook the domestic affair. As a result of this incident, Japanese consumers will have distrust and doubt on Chinese food. The influence remarkably appeared and the import volume of vegetables from China decreased by 40% compared with the same period last year in February 2008 and 25% in 2008 as a whole.
Current status of vegetable distribution

Figure 3 shows the outline of the main distribution route in vegetable production. Flows of the thickest surplus arrows are the vegetable producers shipping fruits and vegetables to shipping associations such as agricultural cooperatives, trading is done in...
the wholesale market, fruits and vegetables are arranged at shops and supermarkets and fruits and vegetables in stores, and consumers go to buy it, indicating the distribution route. Currently, the flow through these wholesale markets is on a downward trend over the long term. Nonetheless, the wholesale market route rate accounts for about 70% and it can be said that the main body of vegetable distribution still passes through the wholesale market. The reason why the wholesale market is the main body of vegetable circulation is because it has a collection function that gathers various products from all over the country and divides it into customers and a settlement function that surely collects the fee.

As a flow not going through the wholesale market, there are an increasing number of cases where vegetable producers ship directly to processors or middle / eater, and agricultural cooperatives, etc. are shipped to processors, meals, and restaurants. More recently, attention has also been drawn to cases where vegetable producers directly bring in and sell fruits and vegetables to neighboring direct sales departments.

There is an indirect flow by mediating agricultural cooperatives and processing agencies as a flow to vegetable producers directly as a flow to a middle-meal · restaurant. As a meal / bakery supplier, we are seeking producers who would like to supply the foods we want for as long as possible in order to have a system of annual supply. With respect to vegetables whose annual supply system is difficult, we are trying to deal with measures such as inter-production relays that take advantage of our own network. Also, if there are missing items due to various conditions such as natural phenomena, you will depend on purchasing vegetables from the wholesale market and importing from overseas.

![Figure 5. Main distribution path of Vegetable production in japan](image)

Source: JALIC statistics

**Prospects of vegetable farming under cooperation with food service industry**

**Benefits of Contract Cultivation with food service industry**
As a benefit of vegetable producers contracting cultivation with cut vegetable dealers and meals / restaurant staff, it is possible to cultivate without being restricted by standards as it is mainly based on weight-based transactions. From cultivation that emphasizes quality including good appearance etc., it will be transformed into weight-oriented cultivation. Also, until now, it is possible to deal with skins that are not traded on the market (nonstandard items). Transaction prices are usually determined every half year or year, so they are less susceptible to price fluctuations due to unseasonable weather.

On the other hand, the point that contract cultivation is difficult is that lack of items is not allowed. Since the needs of actual customers are "fixed time, fixed amount, fixed price, constant quality", the correspondence becomes important. The producer side is required to pay the ordered quantity at the predetermined price, in accordance with the order quantity, within the delivery date. However, in agriculture production is unstable because it is affected by natural phenomena and climate change as its characteristic. Therefore, producers are trying to cope with the shortage of production by cultivating about 1.5 times as much as usual in order to avoid risks due to missing items. Even so, if a missing item appears, the producer himself must purchase and ship the shortage at the wholesale market or the like.

In recent years, new relationships between processors and meals and food service industry are beginning to appear. Many processors such as cut vegetable dealers are concurrently working with green fruit wholesale and wholesale businesses and in the process of business relationships such as fruit and vegetable supply to restaurant businesses, mainly in the form of sharing work processes such as under treatment etc. We have created a new entity to sell to merchandisers and meals dealers (Oda 2004). In such a relationship, there were many sales by single item cuts such as vegetables according to the needs of the meals and food service providers. However, in recent years, there is a growing need for kit products that anyone can easily cook in supermarkets and other backyards.

**Sustainable collaboration with food service industry**

Many of the processors such as cut vegetable dealers were concurrently engaged with green fruit wholesale and wholesale industry. However, due to the growing demand for cut vegetables in recent years, companies are increasingly seeking to expand processing facilities and expand processing divisions. On the other hand, companies that cannot respond to such demand, and are going to be out of business, are also steadfast. In the past few years, including the movement of the meal and dining industry, the processing industry centering on cut vegetable industry will show big movements.

The biggest problem for cut vegetable dealers is the quantitative expansion of market needs and response to qualitative diversification and advancement. In order to meet the needs of these markets, it is necessary to level the mass of the company's cut project. To that end, it is absolutely necessary to secure a certain level of vegetables in the anniversary. However, in the situation of excessive demand like present, it is expected that securing vegetables itself will become difficult situation. From now on, in order to stably secure raw materials for cut vegetables, it is important to form diverse networks including peers and other businesses. Agriculture not only depends greatly on natural phenomena such as weather, but also has various unexpected factors such as difficulty
in procuring at the end of the term. Therefore, in order to secure the quantity even at the time of unexpected (shortage), it is essential for operators to strive for risk avoidance in contracts with producers and production sites, and to establish a safety net.

Therefore, it can be said that building a network with vegetable producers and stakeholders (such as production brokers) surrounding cooperation between food and restaurant staff, and related entities such as JA is effective for reducing risks. As a risk avoidance of such anniversary, there are business operators who are dealing with cut vegetable business owners and dealing with multiple items. Also, in addition to recognizing inexpensive vegetables, in view of such risk avoidance, many businesses rely on imported goods from overseas.

As a countermeasure for risk avoidance, there is a production relay using long Japanese land in the north and south, and an information network for that purpose is being constructed. In some cases, processors and middle-meal / dinner companies directly send stakeholders to the locality, or they may combine hands with those who originally brokered themselves locally to obtain information and fruits and vegetables efficiently. In such a case, margin trading accounts for an important position, it is important to build a relationship to build relationships with local stakeholders for long-term relationships of trust, vegetable origin and a partnership with medium- to long-term prospects. In addition, if it is possible to have such creditworthy production areas, it will lead to a reduction in the risk of sudden accidents and disasters in the production area. It is also important for such relationships to build good relationships among vegetable producers, meals and restaurants, brokers, but it is important to build relationships with people beyond industries. It will become increasingly important in the future.

**New roles of Japan’s agricultural cooperatives (JA)**

**Farming entities are emerging**

Recently in Japan, farming entities demonstrating a dramatic breakthrough in their development are emerging. Such entities often extend business activities beyond farming as such to other entrepreneurial endeavors, including distribution (i.e., collecting and marketing) of agricultural products, transportation service, food processing, and mail-order and Internet sales. The emergence of these entrepreneurial endeavors has led to this study to examine how agricultural entrepreneurship can be materialized. More specifically, this paper aims first to propose a theoretical framework to analyze the agricultural entrepreneurship, then using case studies, to elucidate the process of entrepreneurial business development and characterize essential features of agricultural entrepreneurship.

Until recently, research on farm business development in Japan has tended to center on the managerial ability of farm executives (owners or managers), yet paid scant attention to entrepreneurship. While entrepreneurship with innovation as its central element has been considered the primary engine of economic development, it has distinct meanings for a diverse range of researchers, namely, innovation, establishment of a market, and creation and management of a business, hence has resulted in varying approaches to investigate it. In Europe, for instance, researchers have articulated
agricultural entrepreneurship with competence of farm managers, organizational capability, policy measures and institutional frameworks, and government. In Japan where private financing, consulting services, and human resource providers are way less developed than most European countries and some in the Americas, farm managers attempting to embark on entrepreneurial activities are faced with many challenges and need to figure out alternatives, such as networking with partners with similar interests. Despite the dearth in research on entrepreneurship, therefore, researches on farm management should delve into agricultural entrepreneurship to better support rising entrepreneurial farm entities.

**Rokuji-sangyo-ka and Japan’s agricultural cooperatives (JA)**

*Rokuji-sangyo-ka* means, if translated literally, sixth or hexadic industry or industrialization. It also means fusion or synthesis of primary or first, secondary and tertiary industrial sectors. \(1 + 2 + 3\) makes or \(1 \times 2 \times 3\) makes 6. That's why six.

First, I introduce some of backgrounds against which *rokuji-sangyo-ka* has emerged in Japan's farm and food sectors. One of many dire problems facing Japanese farm and rural sector is decline in income and rural economy. As consumers demands have diversified, retail sectors are eager to respond to them by developing new products, and as a result, increase influence and control over upstream side of the value change, that is, primary sector, resulting in lowered prices of products. While the downstream sector may gain more added values, the most critical problem is that primary sector producers, such as farmers, tend to be left out from such benefits. Global competition can exaggerate the pressure to lower product prices. Aging and depopulated rural communities just lose economic vitality.

In response to the situation, *Rokuji-sangyo-ka* movement intends to help primary sector producers, or farmers, increase their income by integrating pluri-sectorial business activities. By doing so, farmers are expected to be able to market their products, control prices, gain profits from added values that would belong to downstream players, increase income and contribute to revive local economy. *Rokuji-sangyo-ka* business can be instigated in different ways. But one of the most straightforward examples is an initiative of a farmer who wishes to do processing of his or her products by his/her own and market and sell it directly to consumers. With this business model, the farmer could gain more from added values. Or another pattern is an initiative to start up a joint venture with players of other sectors such as processing and retail.

From my past research, there are diverse patterns of *Rokuji-sangyo-ka* business development. This one, showing an ideal typical pattern of some farmers, demonstrates that *Rokuji-sangyo-ka* can be done by outsourcing processing. The next one is a more comprehensive pattern in which a farmer incorporates processing and direct sales to retailers of consumers. As the business goes well and sales increase, oftentimes more ingredients are needed. So, some farmers doing processing and marketing would build a network of collaborating growers who supply ingredients. The last pattern demonstrates a more complex business endeavor that incorporates more service-sector oriented business combining vineyard with restaurant, café, or wedding service.

In the agri-food value chain in Japan, Japan Agricultural Cooperatives, JA for short, have been playing vital roles in connecting products of predominantly small-scale
farmers to the downstream sectors; but JA is now faced with the same problem of lowered product prices.

METHODOLOGY

To illuminate how JAs overcame obstacles to successfully coordinate between farmers and food service industry, this paper employs case studies, and two specific. 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. Also special analytical attention was paid to the support by and cooperation with the local government and other organizations for JAs.

The chosen cases were traditional JAs who were established by vegetables farmers and the choices were deliberate—while its production constitutes the core of agriculture of the region. Let's theoretically organize the role of JA to coordinate the actions of each business entity involved in business collaboration. In organizational theory represented by Kagono (1980), the role of JA, which coordinates between business entities accompanying business collaboration, in order to facilitate business smoothly while participating by each entity, It will be adjusted in various processes from project planning stage to project implementation. When considering the schedule of adjustment that arises in the process of promoting business collaboration at the decision-making level, A. A preliminary examination stage (planning stage), which plays an important role in deciding adoption / rejection of the proposed business introduction, B The stage of concrete examination of business direction and business contents (concrete examination stage), the final decision such as specific concrete management method and finalization of members etc. to implement C project Three stages are considered: (final stage).

FINDINGS

Overview of Japan’s Agricultural cooperatives

In the food service industry, we are struggling to secure stable raw material vegetables, so it has been an issue to form diverse networks including peers and other businesses. However, neither advanced agricultural management, nor catering industry has management resources to form such a network, and cases using JA are increasing. JA aiming to collaborate with agricultural management bodies and meals and restaurant staff has actively developed countermeasures such as establishing a safety net to reduce the risk so that the quantity can be secured in recent years. Specifically, JA creates personal relationships with many agricultural management bodies with technologies that provide stable agricultural production, thereby reducing the risk of sudden accidents and disasters through relocation of production areas.

Case: JA Shimabara-Unzen and JA Kinosato

A. At the planning stage, the sense of time required for product development is generally long, the agricultural management side who tends to forget the necessity to change the developed product for each season, and the season of agricultural products giving priority to the sense of speed of product development and social prevalence And
frequent exchanges of opinions with the agricultural commerce and industry side that
often tends to forget the harvesting period (four or five times so far). In addition to
exchanging opinions at the conference, by setting up places for on-site training at farms
by commerce and industry, on-site training at agencies for agricultural management to
grasp consumer needs, and so on, It aims to foster sense of solidarity. "It is important for
fostering a sense of solidarity to eliminate differences in expectations and targets among
business entities," JA says. JA uses the "expertise" and "information" on agriculture,
commerce, industry, and logistics cultivated in his / her career so far as power resources,
and is appropriate for the meeting to lead agreement for product development Provide
advice.

Next, when the collaboration of the project is decided and the stage of concretely
examining the direction and contents (B. concrete examination stage), JA said, "We will
give priority to withdrawing energy for development of both business entities It is said.
For that reason, we will conduct tutoring sessions of prototypes and create concrete sites
for net sales, present to the extent to which concrete power fee "remuneration" is
achieved by product development, and collaboration between both parties we are
striving to maintain and improve motivation towards. Also, at the time of further
improvement of the prototype, it is necessary to reorganize the management resources
owned by both the agricultural management side and the commercial and trading side,
and to keep in mind whether further proposals for improvement can be made, The
conference is proceeding so that both sides think something about the strength of this
collaborative project and present it.

Finally, in the final stage (C. final stage) where specific management is carried out,
using JA's personal relationships and business relationships built up so far, it is possible
to promote commercialization and sale by agricultural, commercial and industrial
collaboration As a service, we are also implementing measures to provide environment
friendly to agricultural commerce and industry collaborative projects as a package, such
as introducing labels making companies and sales partners that would be short of
business entities. Again, it can be said that JA's "expert knowledge / information" is
useful as a power resource.

Summaries

From the case studies above a few noteworthy lessons can be elicited. JA puts
emphasis on the adjustment function among the business entities, especially at the
planning stage, in the three stages of planning stage, concrete examination stage, and
final stage, which are the three stages of business promotion shown above. As a reason
for that, JA said, "From the experience as JA so far, rather than persuading business
participants who have some dissatisfaction or resistance to the plan of business
promoted by agricultural commerce and industry collaboration, agreement of project
participants It is easier for the later stages to work out if you are patiently trying to find
a solution until you can form it.

In order for JA that we saw in this article to play its role, as essential qualities, we can
point out the following two points. The first point is to notice and appreciate the points
that each entity can evaluate. For example, the processor will develop products closely
tailored to individual management, such as processing using high quality of agricultural
products, consignment with small lot, pursuit of new taste. In this process, the strengths
and advantages of agricultural management bodies are emerging as commodities of
products such as taste, texture and label design. In addition, although the scale of
agricultural management bodies cooperating with commercial and industrial companies varies from family management to corporate management, each philosophy and management's creation adds its own "story property" to the product. These can be said to lead to the attractiveness of consumers.

The second point is to provide various information resources of JA as a package. It is of course indispensable to have a high consulting ability to respond to the detailed attention from the agricultural management side and commercial and industrial side and to prepare a sufficient human network. However, it is requested not only to provide it, but also to provide the know-how and networks that we have acquired so far as a package that can accommodate all scenes ranging from production, processing, and sales, to arrange it so that it fits the field of agriculture. In addition, when necessary, it is also necessary to provide an environment that is easy for the agricultural commerce and industry collaboration project, such as introducing labels making companies and sales outlets as a service to facilitate commercialization and sales.

**Figure 6. JA’s role for Sustainable relationship between farmers and industries**

**CONCLUSION**

Generally, agricultural management bodies are considered to cooperate with commerce and industry in order to add some sort of strength to management. For example, it is possible to develop new products with reduced investment by building collaborations with vendors with expertise when trying to annihilate sales or brand agricultural products. In addition, there is no need to acquire new skills and secure human resources, and there is also the merit that stable product production and development are possible. Thus, the results obtained by cooperation with commercial and industrial agricultural business entities have great potential, not only in the
framework where farmers expect to enjoy.

In the price competition surrounding the current food industry, products developed by agricultural commerce and industry collaboration for general products that can be mass produced often cannot demonstrate superiority. That is why the characteristics and thoughts of each agricultural management entity and how commitment can be reflected in products are important factors in sales. Under such circumstances, in agricultural commerce and industry collaboration tackled by agricultural management bodies, it is important to "commercialize their thoughts and commitment" while pulling out "individuality" of farm management.

Based on the above points, when conducting agricultural commerce and industry collaboration, agricultural management and industry companies need to pay attention to the following points. On the agricultural management side, in order to have a certain "thought" to become the personality of the product, the management philosophy should be clarified. On the other hand, it is important for commercial and trading companies to reconfirm that they possess a large number of technology capital that can be utilized in collaboration with agricultural management bodies by rearranging the processing techniques owned by their company and the know-how of branding. Up to now, efforts to maximize the utilization of technology capital and information resources cultivated in the secondary and tertiary industries and to promote attractive product development for farmers are indispensable.

REFERENCES


