

## **Agriculture and Employed Labor Force : the Current Situation and Future Direction**

### **Summary**

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#### **Objective of the Research**

The objective of this research is to examine the state and direction of the utilization of employed labor force in agriculture from the viewpoint of employment issues. As it has not been common in agriculture to utilize employed labor, there is little research done so far in this field. Therefore, in expectation that this will be the first step of the research in this increasingly important field, we made a broad overview of the issues related, in order to prepare for full-fledged policy research, and identified the issues that are necessary to be examined and discussed the future direction of the research. Specifically, we clarified the current state and future outlook of the labor force in agriculture and presented a number of advanced cases that may serve as reference in the future utilization of employed labor.

## **Summary of the research**

### **1. Background and objective of the research**

#### **[Background]**

At the end of the 20<sup>th</sup> century in Japan, the rise of the economy brought about by the so-called bubble economy and its rapid slowdown had impacted various aspects of the society. It is becoming increasingly clear that job awareness of the Japanese citizens as well as the working styles that people are willing to choose is diversifying. Within this context, not a small number of people are quitting jobs to start a full-fledged career in agriculture or working on a farm on trial with a view to finding employment in agriculture in the future.

On the other hand, Japan's agriculture, just like other industries, is subject to the rigors of international competition. With economic globalization, efforts on improvement of the farm management must be made in order for the industry to survive, both at the national level and at individual farms such as farm households. As a result, people are now more keenly aware of the importance of reinforcing the organizational strengths of independent farm households, the significance of corporate farming, and the advantages of incorporation as a means of bolstering the management culture. As the need increases for farms to effectively secure an appropriate labor force and to nurture competent individuals, we believe there is significance in examining the utilization of employed labor force.

### **2. Outline of employed labor in agriculture**

#### **(1) Labor force mobility and employed labor**

Since the beginning of the modern era, Japanese agriculture provided labor force for other industries for more than 100 years. This interindustry mobility of labor was promoted as a government policy, which did not give sole priority on the needs of the urban areas but was necessary to address the agricultural community's issues related to economic gaps and productivity. The agricultural population after the Second World War showed a decline from more than 17 million in 1950 to less than 3.15 million in 2000 (workers aged 15 or older, taken from the "Population Census").

With the aging population and declining birthrate, however, new problems are surfacing with respect to the labor force. On the other hand, there have been changes in agricultural production and greater expectation on the growth and expansion of

corporate farming. Progress made in IT and other advanced science and technology has been introduced in farming, and there have also been changes in the working styles of those engaged in agriculture. As of 2002, corporate farming is carried out by 6,547 incorporated entities. Limited liability companies make up the largest group with 4,920 organizations, followed by agricultural cooperative 1,582, limited and unlimited partnerships 28, and joint-stock companies 17 (the Ministry of Agriculture, Forestry and Fisheries, “White Paper on Food, Agriculture, and Farming Villages 2002”).

## **(2) Current issues related to agricultural labor force**

Agriculture currently is suffering from a lack of human resources for taking on new challenges in the new era. The average size of farm households is on the decline, and it is becoming more difficult to find successors. Labor demand is expanding in agricultural areas as a whole. In fact, today’s agriculture is supported by a wide range of labor, including volunteer workers.

On the other hand, there have been cases where large companies have used their strengths to support farm households and agricultural corporations in practically carrying out stable, large-scale farm management. In one case, a newly established agricultural corporation succeeded in creating jobs in a mountainous region by promoting cooperation with a large firm and the regional government and by introducing IT in farm management. In the latter case, employment is being created in a set of three to four full-time workers and 20 part-time workers for each 1.5 hectares of flattened land on average. In this case, jobs were created in a place where there had been none.

The number of people who show interest in working in agriculture and who actually hope to find employment in agriculture has been increasing recently among workers in other industries and newly graduating students. In 2002, 11,900 people sought to find employment in farming, of which 9,700 were workers from other industries (2,200 were newly graduates). Some hope to become full-fledged farmers, while others seek to make farming their second career after retirement. Motivation to take up farming differs with each individual. There are those who wish to leave urban areas or the industry they work in to engage in agriculture and those who studied agricultural sciences at universities and other higher education institutions.

This labor supply, however, has not smoothly led to meeting demand. One of the reasons may be that in matching supply and demand of agricultural labor, a clearly set out, publicly open market was not necessarily used actively. There are also complex factors related to farm management arrangement and roles played by regional

farming-related organizations. An increase in the number of agricultural corporations, independent farm households adopting the production-to-order method, and collaborative production with large companies will, on the other hand, require employed workers for management of such businesses.

### **3. Agriculture in regional employment development**

From the viewpoint of regional employment development at the prefectural level, the regional community of Ibaraki founded a “study group for regional employment creation” to examine regional employment issues by both the public and private sectors and to explore ways to create new jobs. The study group was established as a voluntary organ for consultation where leaders active in various fields of the regional community could present ideas and set a direction for addressing employment issues, which were becoming a serious social issue under the economic recession. There were three topics of discussion, namely, (1) creating systems for living and working in the regional community, (2) developing a wide range of human resources, and (3) growth of leading industries in the region. To disseminate the contents of the discussions to the citizens of Ibaraki Prefecture, the discussions in progress were posted on the Ibaraki Shimbun newspaper, which has a history of 113 years as a regional paper. The final conclusions of the discussions were compiled in the report, “Creating Jobs from within the Region.”

On the third discussion topic of “growth of leading industries in the region,” in-depth discussions were held from different angles on the ideas, methods, and frameworks for the promotion of leading industries that would play a pivotal role in driving the entire regional industry in light of the unique features of the prefecture. As a result of the discussions, the study group made proposals on (1) a bold change in existing measures for attracting companies to locate in Ibaraki, (2) development of venture businesses and regional strategy, (3) the future of agriculture, and (4) serious efforts to promote the tourism industry; and came up with concrete measures for achieving the proposals. There are considerable expectations on agriculture and tourism for creation of jobs. The study group concluded that efforts should be made urgently on looking at the possibility for employment in these industrial fields, and called for all-inclusive research on (1) the possibility for employment in the primary industry and (2) the possibility for industrialization of tourism, to set a direction for future undertaking.

### **4. Trade union’s efforts in agriculture— issues and future vision**

The Japanese Electrical Electronic and Information Union (JEIU) is promoting a project called the “JEIU Paddy Field.” The project was initiated as part of the union’s measures for employees retiring at the mandatory retirement age and in conjunction with an agricultural cooperative corporation in Chiba Prefecture, which was trying to introduce cooperative farming modeled after Germany’s “*kleingarten*.” Through this project, the union aims to provide an option for employment to fill the gap created between an employee’s mandatory retirement age and the pensionable age. It had to overcome many difficulties in implementing the project. Originally, the project’s objective was to introduce settled farming, but as the hurdles for carrying on full-fledged farming were too high, they are starting with “play agriculture.”

The key points and issues related to this project are: (1) employment of 60 and above as the pensionable age will be raised; (2) revival of agriculture, forestry, and fisheries as regional communities are depopulated with concentration of population in urban areas and as fallow fields become conspicuous with difficulties in finding successors and reduction in acreage under cultivation; and (3) proposal of undertakings that match union members’ preference for diverse lifestyles.

## **5. Employment management of workers in agriculture**

As a result of changes in the environment surrounding agricultural production, such as aging of the population, difficulties in finding successors, national land use policies, and incorporation of agricultural management entities, it can be understood from individual cases in towns and villages and in agricultural business organisations that independent farm households are now ready to accept employed labor through commissioning of work and placement services. This trend is expected to further develop in the future. The problem is that although employment management techniques and expertise have been accumulated for many years in the secondary and tertiary industries, such techniques and expertise are not accumulated in the field of agriculture. Still, some of the employment management expertise of other industries can be applied to agriculture. Moreover, even if the kind of work performed in agriculture is specialized, as long as employers are going to employ workers, they should prepare the environment for employment as part of the efforts to improve their management practices. This, though obviously will need detailed examination after thoroughly analyzing the current situation, some of the issues require immediate attention, including (1) clarification of management strategies, (2) reinforcement of the management structure, (3) strengthening of QCD and marketing, and (4) introduction

of the concept of human resource development.

In light of the current situation and issues of agricultural production described above, one proposal for today's agriculture is to review organizations that support individual agricultural management entities. In this connection, regional communities could develop companies that specialize in the education and supply of workers to meet the essential needs for temporary seasonal workers and short-time workers in farming. They could also try projects for the comparatively new concept of workers' collectives (commercialization of goods and services required in a regional community as a civic project undertaken by the citizens of the community). Forecasting a brighter future for farming as a conclusion to such undertakings may be a task not only for Japan's agriculture, but also for the Japanese citizens as a whole.

## 6. Conclusion

Today's agriculture is based on advanced science and technology, and because of the rational relation between work and workers engaged in that work, demand for competent individuals is increasing. One way to efficiently meet that demand is by securing new workers in agriculture, who can be employed through the publicly open labor market. They include newly graduating students who majored in agriculture-related subjects at universities and other higher education institutions, workers with experience in other industries, and newly graduating high school students who will be living with their parents as a result of the declining birthrate. Key points in facilitating their employment in agriculture range widely as shown below. It is hoped that these points would be examined in various circles in the future.

- (1) A thorough review to identify the types of occupations and jobs there are in agriculture

Scientific study on vocational behavior and psychology of workers engaged in farming and a thorough review to identify the types of occupations and jobs there are in agriculture. Based on the results, the need for an ability-based grade system should be considered. While certified farmers have the general abilities related to agricultural production, ability-based grades focus on individual work.

- (2) Introduction of subsidies for employers who start farming as a new business and employ workers at the establishment of the business
- (3) Establishment of working conditions that suit the actual situation (ex. discretionary working hours system). Enactment or revision of laws where necessary.
- (4) Preparation of an environment for the use of services provided by public

employment security offices, private job placement agencies, dispatching agencies, subcontractors, etc. to appropriately meet the needs for short-time workers, temporary workers, seasonal workers, etc.

- (5) Preparation of a system for providing readily accessible and quick services for effective use and maintenance of agricultural machines and implements. For example, services for providing information on specialists who can provide expertise on operation, storage, and management of machinery, allowing the use of public educational and training facilities, and providing a round of skills instructions by experts at such facilities.
- (6) Implementation of a periodic municipal project for providing management skills and technical information for managers and family employees of independent farm households
- (7) Provision of special assistance by municipalities for those who are starting farming in nonnative regions
- (8) Advancement of understanding on agriculture by actively promoting tourism-related projects for allowing people to experience farming
- (9) Revision of regulations that inhibit new entry into agriculture in a wide range of arrangements including settled farming and weekend farming

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