

Relationship between Farm Diversification Process and Farm Development of Peri-Urban Farms

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Summary

In a drastically changing external environment, farm diversification serves several purposes, including additional income generation, risk reduction, and efficient resource utilization. In peri-urban agriculture, where structural diversification is widespread, the mechanism of farm development through diversification deserves attention. This study aims to demonstrate the interaction between farm development and each type of theoretically defined diversification using data from 18 farms located in urban areas in the Kanto region, Japan. The internal farm environment factors like entrepreneurship and management resources affect farm diversification. Consequently, farm structural diversification can be classified into four categories: highly diversified type, complementary enterprise type, search and selection type, and non-diversified type. The study identifies that farms of each category whose management exhibit factors like entrepreneurship, management skills, and active social networks, achieve farm development. Furthermore, in farms that were of the highly diversified type, and the search & selection type had an interaction between diversification and internal farm environment, the diversification of farms of the complementary enterprise type had little impact on its management. These findings have significant implications on policies supporting diversified farms. Research is required to identify the types of farm diversification and associated challenges for further growth.

Keyword: structural diversification, farm development, peri-urban agriculture, entrepreneurship, management resource