

The Development of Community Enterprise: A Case Study of Moku Moku Farm in Mie Prefecture

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Abstract

It is generally believed that community solidarity will give way to globalization. This study, however, suggests that community-based development can revitalize community solidarity.

Over the past three decades, many countries in Asia adopted the “One Village One Product” concept in Japan for moving the community economic development. Community-based products have been developed and turned into small and medium community enterprise. Such changes have been introduced in order to connect local products to the global market. There are three major factors contributing to long-lasting community enterprises. Firstly, community products should be locally initiated based on sufficient local resources. Secondly, community products should have a strong local cultural base and unique characteristics of the area. Thirdly, the production, development, and marketing of local products should be carried out through a unified network among farmers, cooperatives, local government, local Chambers of Commerce and Tourism Associations, local tourism associations, universities, and consumers.

The ability of Moku Moku Farm in Mie Prefecture to compete with other big businesses is not limited only in raw agriculture products. The successful Moku Moku Farm has ventured into farm products processing business and creative tourism. Such development gives their business high value-added to their products.

Thus, it is clear, Moku Moku Farm of Mie Prefecture has become a successful model of community enterprise, utilizing the strategies of farm product value-added, community-based, green business, cultural and social capital, local government subsidies, unique location, farm fan club membership, and the uniqueness of their products.

Keywords: *community enterprise, creative tourism, community development*

1. Introduction

Among the big problems in the rural communities of Japan is that the population is both declining and aging. The majority population in the countryside is over 65. Apart from agricultural production, rural communities play various roles aside from agricultural production in local areas. Due to the emergence of various movements, such as OVOP, SMEs policies, and other community enterprises has led to the revitalization of rural communities and its sustainable economic growth.

In the 1960s, Oita Prefecture located in the south of Japan faced many problems, including population decline as the labor force of young people in the local communities and rural areas was pulled towards the larger cities where industrial mass production of inexpensive standardized goods offered employment (Hiromichi Moriyama, 2012). Morihiko Hiramatsu who was the former Governor of Oita Prefecture promoted “Isson Ippin” or One Village One Product (OVOP) in Japan and OVOP was advocated in Oita Prefecture in 1979. He discovered that the income of the citizens was low. He came up with three reasons to initiate the OVOP movement. The first and ultimate goal of the movement was to increase the per capita income of citizens and to revitalize the society in the rural community where all citizens could be proud and feel satisfied with their lifestyles in each of their respective communities. The second goal was to invigorate regions using two approaches: exogenous development and endogenous development. The exogenous development attracting outer investments cannot promote all areas, but endogenous development as a type of revitalization approach in the rural areas can make full use of their potential resources and capital, preserve the environment, and develop the areas by promoting semi-secondary industries. This is the spirit of the OVOP movement. The third goal aimed at a gross national satisfaction (GNS) oriented society for the improvement of the quality of life, the pursuit of a worthwhile life, and the coexistence of nature and humans. The GNS-oriented society was based on the philosophy of the sufficiency economy.

From the 1960s to the present, there are many world-renowned companies such as Canon Inc., Canon Material, Daihatsu Motor Corporation Limited, Toshiba Corporation, and Nippon Steel Corporation in Oita Prefecture. The output of Oita Prefecture amounts 3,029,900 million yen (up 6.2%) and ranks second in the Kyushu region. Many small to medium-sized enterprises have entered Oita Prefecture for supplying parts and assisting the manufacturing process.(Yujiro Okara, 2009) Oita Prefecture has accumulated various social capital, including: OVOP groups, social organizations, farmer networks of the prefecture, cities and agricultural cooperatives, OVOP corporations, expansion of the product associations, and tourism development organizations.

In 1963, Japan enacted the SME Basic Act. The ultimate goal of the small and medium enterprise (SMEs) and the micro and small community enterprise (SMCEs) was to revitalize a society in the rural community and create sustainable economic growth. These concepts are ones that have been adopted in the circle of community development to promote self-reliant economies as well as the principles of community enterprise, community economics, community industry, and self-sufficient economics. The basic principles of policy on SMEs have been revised according to the needs throughout the period, and supporting measures have been implemented and enhanced, e.g. policies on finance, promotion, guidance, and unionization.

At present, the small and Medium Enterprise Agency, Ministry of Economy, Trade and Industry reported on September, 2013 accounting for 99.7 % of all companies, 70 % of all employees, and more than 50% of all added value. SMEs form the very basis of the Japanese economy. Even such large corporations as Toyota, Honda, and Sony started out as small backstreet factories, and the revitalization of SMEs can promote competition in the marketplace, creating new industries and becoming the motivating force behind economic restructure. The majority of the products of large corporations consist of components from SME subcontractors; thus, it is the hidden strength of SMEs that underpins trust in Japanese products. The economies of Japan's provincial areas are supported by the activities of SMEs - mainly in the "industry, retail trade, and the construction industry" – and SMEs play a part in revitalizing local economies and boosting employment opportunities. Supporting SMEs means the creation of jobs for new business development in such areas as agriculture, commerce, and manufacturing. The support provided to new SMEs and Microenterprise, aimed at developing and cultivating markets for advanced new products and services. (METI, 2013)

There are many OVOP projects that have been developed into SMEs or community enterprise. A community enterprise is a social enterprise that serves a geographical community or a community of interest and has representatives from the community on its board of directors. It provides goods and services and has a long-term commitment to create jobs or provide a service for members of the community. It may also contain a significant sub-sector within the wider social enterprise sector, sharing the same definition of social enterprise: an organization trading for social purposes with profits reinvested rather than going to shareholders.

At present, Japan's efforts are towards increasing farm income by promoting the "sixth industry". Farmers' income comprises agricultural income, income from agriculture production-related businesses, such as the processing of farm products and restaurant operation, non-agricultural income and other components. Japan's net agricultural production (amounting to Japan's total agricultural income) totaled 3 trillion yen in FY2008, halving from FY1990. Individual farmers' income has slackened. In order to expand farmers' overall income, the government should support promoting the "sixth industry" to increase their income from agriculture production-related businesses in addition to their agricultural income. (MAFF,2010) Efforts to expand agricultural and agricultural production-related incomes include those made mainly by individual farms, producing areas, and other groups. It is important for them to find future challenges and development directions based on past cases for these efforts. Farmers should cooperate with commercial and industrial sector players in making these efforts by integration of production, processing and marketing or combination of agriculture with tourism, expansion of added value, development of regional brands, responses to demand for processing and commercial uses of farm products, expansion of exports, and reduce of shipment and distribution costs. Processing of farm products, direct sales and tourist farm management are frequently cited by farmers as actions that they want to undertake for promoting the "sixth Industry". (MAFF, 2011, p.30-31)

Promoting the “Sixth Industry” means that agriculture, forestry and fisheries as the primary industry, manufacturers as the secondary industry, and retailers as the tertiary industry are promoted comprehensively and integrally to create new added values using regional resources. (MAFF, 2010)

Community-based farm cooperatives: these farm cooperatives consist of farming households in certain regions that have developed a relationship through the local community or other geographical bases. In these cooperatives, farming households conduct agricultural production as a collaborative enterprise. Adopting the three basic tenets of (1) aggregation of diverted paddy fields, (2) communal use of communally purchased equipment, and (3) communalization of the entire farming process from production to marketing with farming leaders playing a central role. These cooperatives take different forms and approaches depending on their geographical location. (MAFF, 2010)

However, the movement that has influenced community enterprise or community products was creative tourism. Iga no Sato Moku Moku Tezukuri Farm is one such enterprise, developing a business by adopting the OVOP concept movement. They approached financial support through the Government, and using the creative tourism concept. All of these concepts call “Cultural Economy” paradigm.

Iga no Sato Moku Moku Tezukuri Farm developed from individual farmers who were trying to survive within the big market. They have since grown into a medium sized community enterprise. There are approximately 1,000 employees with 140 permanent staff, 160 part-time staff with long-term contracts, and 700 part time employees with short-term contracts. Annual profits in 2012 were 5.1 billion yen. Iga no Sato Moku Moku Tezukuri Farm is the best practice of rural community development in Japan.

This study explores the development of a medium-sized community enterprise and tries to find factors contributing to its success. In general, it is not common to develop the community products into the sixth industries. In this manner, the researcher aims to find out how Moku Moku farm can operate to be one of the sixth industry in Japan. The lesson learned from Moku Moku farm is important for the developing countries, especially Thailand. This study has been carried out using qualitative research methodology; employing documentary analysis, in-depth interviews, and participatory observation in the field.

2. Rural Community Development in Japan

2.1 The present state of rural areas

The local or rural communities in Japan have a big problem (Hideharu Uemura, interviews on May 7, 2014). Rural is defined as eighty percent farming. The population of Japan is anticipated to decline for a long time hereafter (MAFF, 2008). Japan’s total population in 2012 was 127.52 million. This ranked tenth in the world and made up 1.8 percent of the world total (Statistic Bureau, 2013, p. 10). Trends of an aging population (age 65 and over) will increase to 29.1 percent in 2020, 31.6 percent in 2030, 36.1 percent in 2040, and reach 38.8 percent in 2050. It is important to note, however, that the elderly population was 30.79 million in 2012, or 24.1 percent of the total population, the highest percentage of the population in the world. The Population Census shows that Japan has 56.3 percent were nuclear-family households, and 32.4 percent were one-person households (Statistic Bureau, 2013, p. 13).

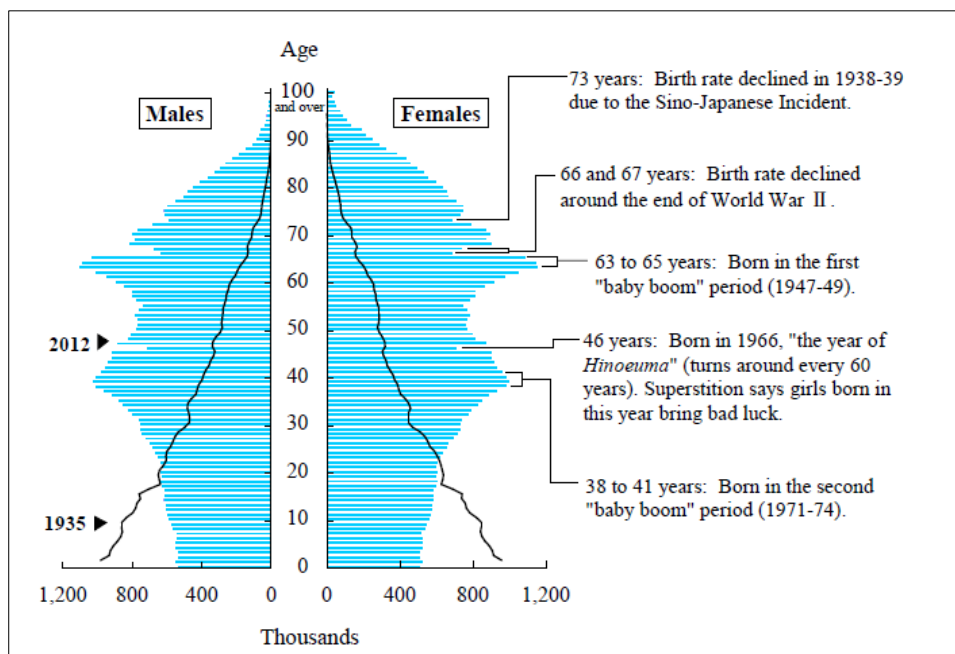


Figure 1 Population Pyramid
Source: Statistical Handbook of Japan 2013

By classifying agricultural areas as a mountainous, urban, hilly, or flatland areas, it is estimated that the population in mountain farming areas in the year 2020 will be approximately 70 percent of the current population. Rural communities play various roles aside from agricultural production in local areas. At present, there are 139,000 rural communities nationwide in Japan as of 2005, of which 110,900 thousand communities have maintained their community functions excluding rural communities in urbanization of promoted areas. In the depopulated areas, the function of community is weakening or is difficult to maintain in communities where fifty percent consist of nine or fewer households or in forty percent of communities in which the rate of aging population is more than fifty percent. When the average household membership is two people or fewer, the above-mentioned percentage becomes higher (MAFF, 2008, p. 38).

2.2 Rural Areas Revitalization

A current problem in the rural areas, prefecture-by-prefecture population changes from 2005 to 2010, indicate population growth in nine urban prefectures, such as Tokyo, Kanagawa, Chiba, Okinawa, Shiga, Aichi, Saitama, Osaka and Fukuoka. All have seen accelerated drops in rural prefectures. Population drops are particularly large in Akita, Aomori, and Kochi. Population in rural regions is estimated to decline to 81 percent of the 2005 level, with the aged population rate rising from 22 percent to 35 percent. As rural population declines and ages, farmers cite such life-related problems as abandoned cultivated land, farmland care, wildlife damage, employment, and emergency medical services, Under this situation, a decline in community functions and depopulation are seen for some rural communities (MAFF, 2008, p. 39-40). The population decrease is causing many shops to close.

Presently, the Japanese government is trying to revitalize rural areas via collaboration among the agricultural, commercial, and industrial sectors.

Many Japanese private sectors would like to combine three sectors of industry: 1) Primary industry including agriculture, forestry, and fisheries, 2) Secondary industry, such as the processing industries, like processing food, processing of tea, mining and quarrying of stone and gravel, construction and manufacturing, and 3) Tertiary industries, such as activity merchants and services such as wholesale and retail trade, transport, and postal activities, information and communications, finance and insurance, accommodations, eating and dining services. In one decade, many Japanese private sectors would like to

promote the “sixth industries” agriculture, forestry and fisheries as the primary industry, manufacturers as the secondary industry, and retailers as the tertiary industry are promoted comprehensively and integrally to create new added values using regional resources such as crops, food and food processing, and sales on products from agriculture production, the processing production and service activity. (Hiroshi Ehara, interviews on 16 May, 2014)

The promotion of product development and market cultivation is a key to revitalize rural areas through the close collaboration between the primary industry and Small and Medium sized Enterprise (SME), including food processing industries and lodging service industries, supported by the Act on Promotion of Business Activities by Collaboration between SME Operators and Operators of Agriculture, Forestry and Fisheries, which came into effect in July 2008. It is expected to realize the revitalization of local areas by employment creation and income improvement by not only utilizing human resources completely and know-how in rural areas, but also through the broadening of multiple initiatives of collaboration among agricultural, commercial, and industrial sectors, which bring out originality and ingenuity. Regarding collaboration between agriculture and related industries, it is indispensable for the agricultural sector to link with various industries including, but not only, the food and restaurant industries and the tourism industry. The initiatives to promote the local consumption of local produce through collaboration with local shopping areas where an increase and continuing state of empty shops are nationwide issues have made progress. For example, a good case study of collaboration among agricultural, commercial, and industrial sectors through revitalization in local areas is Noshiro city, Akita Prefecture, which established the Holding Yu-ichi (evening market) by bringing agricultural products and processed food to an unused shop. A group of farmers holds Yu-ichi at this otherwise vacant shop in the local shopping area. Farmers bring and sell agricultural products and processed food by themselves. It has gained popularity among people on their way home from work and with housewives living nearby. The shop has a long line of customers. Sales have increased two-fold as compared with when they sold directly in front of the post office (MAFF, 2008, p. 42). The collaboration among agricultural, commercial, and industrial sectors is a new concept in Japan.

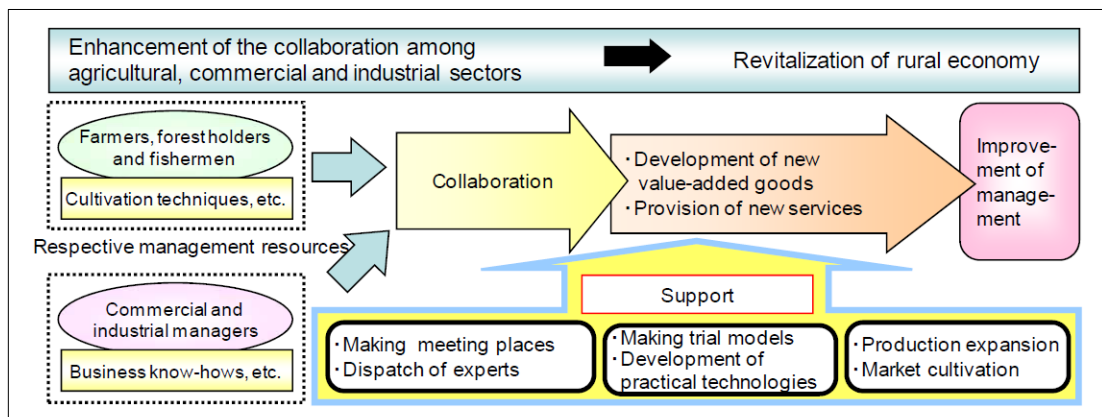


Figure 2 Significance of the collaboration among agricultural, commercial, and industrial sectors
Source: Ministry of Agriculture, Forestry, and Fisheries. Annual Report on Food, Agriculture, and Rural Areas in Japan, FY 2008, Summary (Provisional Translation). Ministry of Agriculture, Forestry, and Fisheries.

Creating employment in rural areas through agricultural employment programs is a way to initiate rural revitalization. Owing to the worldwide financial crisis, Japan’s economy is adversely affected and continuing to decline rapidly and is in a severe condition. Employment conditions are worsening rapidly; there is a decline in the number of job openings as compared to the applicant ratio. Due to the expectation of the labor demand in primary industry, the government is strongly promoting the support of job creation and other employment measures in order to advance employment numbers at a rapid pace.

In December 2008, MAFF established rural employment counseling counters. These consultation services are getting many inquiries. The total number of consultations and inquiries gathered at this

consultation service (and other similar consultation services in prefectural governments) rose by 22,656 from December 24, 2008 to April 15, 2009. The total number of newcomers recruited in agriculture, forestry, and fisheries through the consultation services from December 2008 to April 15, 2009 is 1,370. In the agricultural sector, the government launched the agricultural employment program, which provides support for agricultural corporations to undertake on-the-job training for motivated individuals who have incentive to work. There are 1,226 participants in training courses at 1,057 agricultural corporations under this project. In order to foster individuals who can be leaders contributing to the revitalization of rural areas, the government launched the project of “Inaka-de Hataraki-Tai.” This project provides practical training regarding the revitalization of rural areas to the people living in urban areas interested in resettlements. Local government is subsidizing this project. Agricultural corporations employ job applicants and implement practical training, with training costs approximately 97,000 yen / month, with a training period of 12 months or less.

2.3 The case of Mie Prefecture

Mie Prefecture is part of the Kansai region on the main island of Honshu. There are 7 districts and 29 municipalities. The capital is Tsu. Mie has a coastline that stretches 1,094.9 km (680.3 mi) and a 5,777.22 km² (2,230.30 sq mi) landmass, of which 64.8% is forested, 11.5% agriculture, 6% residential area, 3.8% roads, and 3.6% rivers. The remaining 10.3% remains unclassified. The total population of Mie is 1,820,324 persons (April 1, 2014)

The economy of Mie depends on the manufacturing industries, the seafood industries, and on traditional handicrafts, such as Iga Braid, Yokkaichi Banko Pottery, Suzuka Ink, Iga Pottery, and Ise Katagami. Northern Mie is home to a number of manufacturing industries, mainly transportation machinery manufacturing, such as Mitsubishi, Honda, and Isuzu, and heavy chemical industries and oil refineries. Due to the amount of industry, the GNP in northern Mie is higher than in other areas. In southern Mie (Nansei Area), seafood is the biggest industry, supplying dry fish, tuna, and pike. Southern Mie prefecture is economically poorer than northern Mie. Along with these industries, Mie also produces tea, beef, cultured pearls, and fruit, mainly mandarin oranges. Food production companies include Azuma foods.

The researcher selected Mie Prefecture due to many kinds of agricultural farm emerged in the rural areas and the idea has led to the revitalization of rural communities and its sustainable economic growth.

3. Iga no Sato Moku Moku Tezukuri Farm

Iga no Sato Moku Moku Tezukuri Farm is an agricultural theme park nicknamed “*Moku-Moku*.” Moku means wood in Japanese. Moku-Moku farm is situated in a rural area in Iga city, Mie Prefecture. Moku-Moku farm produces many varieties of food, but it is most well-known for its pork and beer. It is one of the largest farms in Mie and draws a decent number of tourists to its main farm in northern Iga. It also runs a number of buffet-style restaurants and shops.



Figure 3 Iga no Sato Moku Moku Tezukuri Farm

The location of Iga city is in the mountains of western Mie, close to Kyoto and Shiga prefectures. As of September 2012, the city had an estimated population of 95,137 and a population density of 170 persons per km². The total area is 558.15 km². Iga developed in the Edo period under the Tokugawa Shogunate as the castle town of Iga Ueno Castle. Iga is known as the birthplace of the haiku poet Matsuo Basho and the home of the ninja Hattori Hanzo.

3.1 Development

Moku Moku Farm was established in 1983 by five pig farmers who raised “Iga-butā” (Iga pig). The company was not well known at the time. However, the farm change from just five pig farmers to what is now an agricultural producers’ cooperative. At first the thought was that having resources and good tasting food would make additional farmers can raise pigs and other animals for sale. Their profit margin is not large so that we can sell the animals at a low price. As time passed, they looked for a consortium to provide the meat and the processing for the business.

In 1987, the company established “the Moku Moku Ham Factory”, run by pig farmers in the Iga city community. In 1989, they started teaching the process of making hand-made sausages. In 1995, they opened “Moku Moku Tesukuri Farm” and start making local beer. In 2002, they saw the opening of their first restaurant branch in Yotsukaichi City, Mie Prefecture. In 2011, they opened Hahatoko restaurant and by 2013 they had opened their 7th branch restaurant, in Abeno, Osaka Prefecture. They now have seven restaurants (two branches in Nagoya, two branches in Osaka, and three branches in Mie), four gift shop branches in Mie, and one branch in Tokyo.

The total area of the farm is 30 hectares (185 rai). On the site, there are four restaurants, cottages for overnight accommodation, a hot springs spa, educational classes to learn about farming, cooking, baking, and brewing beer, a petting zoo and pony rides, and gift shops selling products from the farm. One of the restaurants, the Tomato Café, has a tomato theme, with most if not all of the products being tomato based. They serve pasta, cake, ice cream, and other dishes, all using tomatoes.

Nowadays, the number of members (fan club members) of Moku Moku Farm is about 45,000 members, primarily Japanese who have made purchases from the farm and who give the farm information. Advertising is for website sales, the farm, the restaurants, and the park, all under the concept “food and farming”, “natural food”, “agriculture”, and “handmade”. 30% of the farm’s income comes from the park, with another 30% coming from website sales, and 40% from the restaurants. Income in 2012 was 5.1 billion yen.

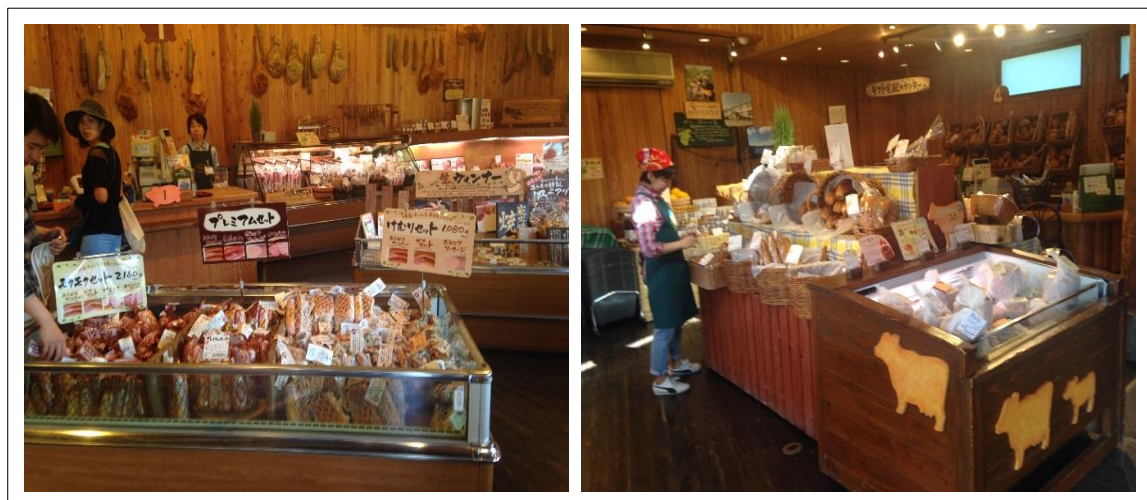


Figure 4 Products of Farm

3.2 Management

Business management of the farm consists of seven areas: (1) Management of the farm (rice, vegetables, fruit, and Shiitake mushrooms), (2) Management of the agricultural and livestock processing plants (ham, sausages, local beer, bread, sweets, and bean curd), (3) Operation of the Shokuno learning center (*shokuno = food & agriculture), (4) Mail order & gift shop, (5) Direct sales shops, (6) Restaurants, and (7) Rent farms, which operate under five organizations, as follows;

- 1) Moku Moku Tezukuri Farm. Managing the farm in a self-sufficient manner, providing agricultural guidance to local farmers, overseeing the production of processing foods, beer, bread, sweets, and bean curd, leading professional workshops, and running the agricultural park (farming and Shokuno learning).
- 2) Agricultural Cooperation. “Moku Moku” manages mail orders, the online shop, and gift shops (four branches in Mie and one branch in Tokyo).
- 3) Iga no Sato Company Limited manages the restaurants (two branches in Nagoya, two Branches in Osaka, three branches in Mie).
- 4) Local Industrial Laboratory is the local industry consultant.
- 5) Hahatoko Company Limited administrates the restaurants’ funding and investments by its staff.



Figure 5 Products of Farm

These products are separated into three types: (1) Agricultural products, (2) Preserve or processing products, and (3) Primary production sections. The company wants to distribute these products to branches of the company or sales shops such as restaurants in Mie, Nagoya, Osaka, Shiga, and Tokyo, and through their web service.

Sales and processing production includes sausage, ham, beer, Japanese rice, Shitake mushrooms, strawberries, dairy cows, sweet for the production of mochi, bread, and Tofu. All of these products are produced primarily from the agriculture of this area.

In the early days, when the business began, there was not much money available for advertising and promotion, so the way they let people know about their business was primarily through word of mouth. The director said:

“When the business started, we didn’t have money for advertising, so we just used story telling from customers to their friends. Usually middle age women, they like to relate some interesting experiences to their friends, you know, “word of mouth”.”

3.3 Agriculture Farm and Creative Tourism

UNESCO explained the definition of ‘Creative Tourism’ as one that emphasizes and includes greater access to culture or history (“fewer museums, more squares”), and involves doing something experientially, an authentic engagement in the real cultural life of the city.

“Creative Tourism” is considered to be a new generation of tourism. One participant described his perspective that the first generation was “beach tourism,” in which people come to a place for relaxation and leisure; the second was “cultural tourism,” oriented toward museums and cultural tours. “Creative Tourism” involves more interaction, in which the visitor has an educational, emotional, social, and participative interaction with the place, its living culture, and the people who live there. They feel like a citizen. This third generation requires that managers also evolve, recognizing the creativity within their city as a resource, and providing new opportunities to meet the evolving interests of tourists. (Unesdoc, 2002)

While creative tourism must be linked to culture, the particular cultural expressions will be unique to each place. For example, the group discussed low-rider cars as being a cultural expression of northern New Mexico, and tango dancing as being particular to Buenos Aires. (Unesdoc, 2002)

After significant conversation, the group adopted Santa Fe’s working definition of creative tourism: “Creative tourism is travel directed toward an engaged and authentic experience, with participative learning in the arts, heritage, or special character of a place, and it provides a connection with those who reside in this place and create this living culture.” (UNESCO, 2006)

From this meaning, Moku Moku Farm created various activities toward engagement in authentic experiences, with participative learning in art and culture, involvement in the processing and production of food, beer, bread, sweets, and bean curd, as instructed in professional workshops. In the Agricultural Park, customer can enjoy a variety of activities such as farming, Shokuno learning, a brewery tour for watching the process of making their local beer, strawberry picking (January - April), mushroom picking, a mini pig show, as well as the workshops for making sausages, bread, and pasta. There is also a hot spring facility at the farm. Additionally, there are approximately 100 special events in a year. Examples include: (1) Thong Thong Festival (Golden Week Festival), (2) Pig Festival: Attendance is around 10,000 customers, (3) Piglet activities, (4) Bonsai Festival: A private party for students and alumni of Waseda University, (5) Christmas Festival, and (6) Summer Camp: A weeklong festival for Moku Moku Farm fan club members.

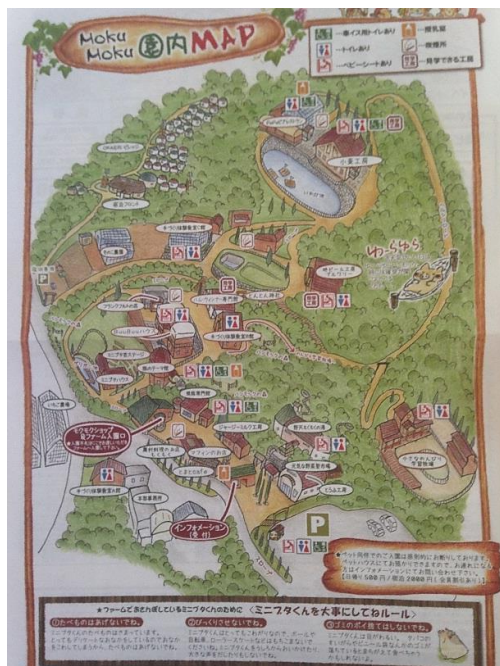


Figure 6 Moku Moku Map

Customers pay 500 yen to participate in activities and educational workshops. Activities can include early morning farm work (milking cows, feeding animals), harvesting fruits and vegetables, and classes on making different foods (bread, sausage, beer, seasonal items). All of these activities involve educational instruction related to life on the farm and the production of the food there, along with the enjoyment of the experience. The director said:

“The ordinary way is to have customers can harvest strawberries in 1:30 hours by themselves and that’s it, but here, we do it a different way. Our customers are educated in how to grow strawberries and the different kinds of strawberries. Our customers get a lot of knowledge, and then the customers can harvest by themselves. They learn how to use the machinery for beer production. Another example of the experience, it is an interesting story. When children see a brown cow, they ask, “If the cow is brown, why isn’t the milk brown? Why is the milk white?” This kind of education is important. This farm has idea to educate people, especially children. This is important. Another example of the importance of education: When we ask senior engineers, “Do you know how many udders a cow has?” Some of them answer 6, some answer 4. Senior engineers don’t know how many udders a cow has. This should be basic knowledge.”

The farm tries to practice the keys to creative tourism. However, there are many activities for managing the farm because at the beginning, the business was an association. Five farmers made up the group, with each member proposing a different activity for the farm. In this way, as customers visited the farm, there were different activities for them to take part in, allowing customers to return multiple times without doing the same thing over and over and thus getting bored (and therefore no longer coming to visit). With a variety of activities, customers can return and try new things each time, if they so choose.



Figure 7 Learning Activities for their Customers

4. Success Factors

4.1 Farm products value-added

Moku Moku Farm was considering what could be added or what the value of their product was and would they be able to sell it. They agreed to put the emphasis on their “knowledge”, “reasoning”, and “making” as the theme of their farm. Their concept of putting new values on farming and agriculture was the key factor in their success. One item they chose was a novelty item produced for the birth of a grandchild. Rice is sealed into a small pillow as a keepsake for grandparents. On the front of the pillowcase is a photo of the newborn grandson or granddaughter for the grandparents as a gift.

Story telling is another way value can be added. The farm explains that when we look at an ordinary pig, it is a bit funny, but there is an explanation behind the status of a pig. It is believed that when

you rub a pig, it brings good luck in work and love. Of course, there are also souvenir shops and stores where products are sold directly.



Figure 8 Pillowcase seal newborn picture



Figure 9 Pig in Souvenir Shop

4.2 Community-based use

Moku Moku Farm makes good use of its community charm and characteristics in order to flourish as a community. Harmony between the producers and consumers coexist since both sides understand that learning and becoming aware of the importance of agriculture as a way of life and through giving and receiving new values of agriculture makes everyone happy and satisfied. The whole community works side by side. The employers themselves are also the owners of the farm, while the consumers get the experiences of the farming community through food and agriculture education (classes).

Moku Moku Farm has had two strategies since it opened: (1) The strategy in the big cities - Tokyo, Nagoya, and Osaka - is to inform the activities in the cities. The restaurants not only serve delicious food to their customers, they also act as advertising for the farm and the shops, where customers can go to purchase the farm's products, and (2) The strategy in the rural areas, such as Iga city, is to address the situation of an aging population. Senior citizens prefer to eat fresh foods and traditional Japanese dishes, but supermarkets sell their products in big packages that are too much in quantity for the elderly, who often live alone. At Moku Moku Farm's restaurants and shops, fresh food can be purchased in small amounts that are better suited to those people with smaller appetites or who live alone.

4.3 Green business

Moku Moku Farm does not just do business but also greatly contributes to protecting the environment, and at the same time makes good use of their resources for the growth of the whole community (cooperative). The farm makes efforts to be a green, environmentally sound business as follows:

- 1) Their shops sell their drinks in paper cups.
- 2) Customers also have the option of buying reusable cups to keep throughout the day and take home with them.
- 3) Their products are packaged very simply, in packaging that is useful.
- 4) The farm makes its own chopsticks to use with its products.
- 5) "Kuru Kuru Juice" is a juice they sell that customers make themselves at the shop, with the electricity needed to make juice coming from a human powered wheel.
- 6) Guest bungalows for accommodation include electricity meters for guests to keep track of how much electricity they are using, the idea being that if people can easily see how much electricity they use, they are likely to reduce their consumption.
- 7) Customers are encouraged to bring their own shopping bags. With each bag a customer brings, the farm gives the customer a token, for 10 yen, which the customer may put into a donation box. At the end of the year, the company collects the tokens and donates 10 yen to charity for each token.

The average year-end total is 1.5 million yen, which the farm donates to environmental organizations. Customers can also contribute money, which the farm will add to its donations. Customers are surveyed as to which organizations they would like the money donated to.

4.4 Cultural and Social Capital



Figure 10 Ninja Show

Source: <http://www.centrair.jp/en/tourist-info/ninja.html>

Iga developed in the Edo period and is culturally significant as the birthplace of the haiku poet Matsuo Basho and the home of the ninja Hattori Hanzo. Local products from this area include Iga ceramics, or *Igaware*, wheat cookies, and the Ninja Castle – a museum housing Samurai, Tofu, and Higu artifacts. The farm uses this culture capital as an activity in order for customers to learn about the region. They have a traditional shop in front of Ueno Castle in the Japanese housing style, which they use to sell Bento boxes. The farm’s director has said:

“The company asks to buy traditional housing from the farmer to sell in traditional Bento boxes. In this shop, the customer can eat the product in this housing, this very traditional housing. The customer may ask, “How can I buy smaller amounts of salad?” If you go to the supermarket, there is only the standard packaging that the supermarket provides, but in our shop, customers can purchase products in amounts that suit their needs.”

Moku Moku Farm has developed networking between farmers and the prefecture, the city, agricultural cooperatives, NGOs, resident associations, the Chamber of Commerce and Tourism Association, the Japan Agriculture association, and Mie University as social capital for supporting their business.

4.5 Local Government subsidies

The Japanese Ministry of Agriculture gives subsidies to build facilities for food processing. If the business meets the application criteria, they can receive subsidies for certain projects. Moku Moku Farm has employed former Ministry of Agriculture government staff and therefore has good connections and a good relationship with the Ministry of Agriculture. Total costs for company activities at the farm are six billion yen, of which two billion yen came from central and local government subsidies. The central government puts subsidies into the budget of the local government, which can then be given to local businesses that apply for the money. The subsidies can only be used for buildings and processing of food products and may not be used for accommodation facilities.

4.6 Unique Location

The farm is located close to Shiga prefecture, not far from Mie prefecture and easily accessible to the bigger cities of Osaka and Nagoya. These products are separated into three types: (1) Agricultural

products, (2) Preserve or processing products, and (3) Primary production sections. The company wants to distribute these products to branches of the company or sales shops, and through their web service. There are seven shops and restaurants. Three shops are in the cities - Tokyo, Nagoya, and Osaka - and there are four shops in Mie prefecture (Front of a Castle, Matsusaka city, Iga city and a department store along the motorway), where the farm is located. The farm's idea is to build the relationships between the farm and its customers, so they have opened shops and restaurants in areas close enough to the farm that customers can visit the farm if they like. For this reason, they have not opened shops and restaurants in locations considered too far from the farm for their customers to be able to visit. Expanding to more distant areas is not currently in the plans for the future.

4.7 Farm Fan Club Membership

The number of members (fan club members) of Moku Moku Farm is about 45,000 members, primarily Japanese who have made purchases from the farm and who give the farm information. Advertising is for website sales, the farm, the restaurants, and the park. Fan club members help for advertising, so the way they let people know about their business was primarily by word of mouth.



Figure 11 Activities in Farm

4.8 Uniqueness of their products

Moku Moku Farm wants to differentiate their products from other, larger brands. Realizing that they could not compete with the large brands on existing products, Moku Moku Farm decided to find their own niche in the food and beverage market. Beer was one area where they could set themselves apart from the large corporations by brewing craft beers unique to their business that would not try to compete with the large breweries. They still brew beer in similar varieties as the large corporations, but with a different taste and signature style. The director quoted:

'We set up a point of the variation from the major brands. We will have weaknesses. Therefore, we don't set up the same goals with the major products. We have to think about how to compete in beer. We know Asahi is a famous brand in Japan. We produce beer, so our taste goals must be different from Asahi. We try to produce a light beer, and of course the taste will be, of course, different from Asahi. We cannot win against Asahi. So, we produce a completely different beer. We try to find our own niche. The targets are also different from Asahi. For us, word of mouth is most important. We will not fight against Asahi.'



Figure 12 Beer Products

5. Conclusion

As a whole, Moku Moku Farm is far more than a farm; it is an experience and a very good place for learning, both for the younger and older generations. They do not just do business; they greatly contribute to the protection of the environment and at the same time make good use of their resources for the growth of the whole community (cooperative). The business itself is noteworthy in its efforts to revitalize the community through their new values in farming and agricultural practices while producing delicious and safe food. They see the importance of “knowledge” and “thinking” together with their customers. They understand the importance of employees and farmers engaging together for business, and they give high priority to the “spirit of cooperation,” which makes this farm both unique and sustainable. (Go Ma.Karen Quilloy: 2012) The motto of Iga no Sato Moku Moku Tezukuri Farm is as follows:

- Agriculture to promote local economy
- Leading to maintain the agricultural culture
- Efforts to protect the natural environment
- Production of quality and safe foods
- Business to share the knowledge and experiences with the customers
- Work environment to cherish the richness of human minds
- Top priority of the cooperative spirit and business based on laws and democratic rules

The development of Moku Moku farm has become the new trend for community development to increase the per capita income and to revitalize a society in the rural community. All citizens can be proud and feel satisfied with their lifestyles in each of their respective communities. This case study confirms the hypothesis that globalization and local community can co-exist.

In my personal opinion, I feel the success of Moku Moku farm lies in its creative and innovative idea. The mixing of the innovation and methodology is one of a kind small business that can do well in a big market are not something to see very often. Thus, in order to increase rural development goals that are the revitalization and per capita income, we must both promote local products and invite manufacturing companies to set up in rural areas as the case of Mie Prefecture in Japan, which is relevant to Thailand in cultural-based form. In consequence, the system can be simultaneously implemented to serve Thailand or the other developing country in ASEAN.

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Interviewers

1. Professor Dr. Hideharu Uemura, Japan College of Social Work, Tokyo, on May 7, 2014.
2. Professor Dr. Hiroshi Ehara, Mie University, on May 16, 2014.
3. Director of Moku Moku Farm, on May 29, 2014.