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INTERNATIONAL EXPERIENCE IN DEVELOPING FAMILY ENTREPRENEURSHIP IN AGRICULTURE

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Abstract: Family entrepreneurship in agriculture is an important component of rural economic development, food security, employment generation, and sustainable use of natural resources. Although family farms differ considerably in size, specialization, ownership structure, and level of commercialization, they remain a dominant organizational form of agricultural production in many countries. This article examines international approaches to the development of family entrepreneurship in agriculture and identifies policy instruments that have contributed to the economic sustainability of family farms. The study applies comparative analysis, institutional analysis, generalization, and synthesis of international policy practices. Particular attention is given to the experiences of the European Union, the United States, Japan, South Korea, and Brazil. The analysis demonstrates that effective support systems for family farmers generally combine preferential financing, income support, investment assistance, access to technology, agricultural extension services, producer cooperation, market integration, and measures aimed at attracting young people to agriculture. The European Union experience demonstrates the importance of combining direct income support with environmental requirements and targeted assistance for small and young farmers. The United States provides an example of credit-guarantee and targeted lending mechanisms for family and beginning farmers. Japan emphasizes direct payments, environmental sustainability, and preservation of rural communities, while South Korea increasingly integrates family farming with smart agriculture, digital technologies, and innovation. Brazil's experience demonstrates the importance of dedicated financial and institutional mechanisms for family farming. The study concludes that there is no universal model of family entrepreneurship support; however, international experience indicates that a multidimensional policy framework combining finance, knowledge, technology, cooperation, and market access is more sustainable than isolated financial assistance.

Keywords: family entrepreneurship, family farming, agriculture, rural development, agricultural policy, small farms, agricultural finance, subsidies, cooperatives, smart farming, innovation, food security, rural employment, international experience.

Introduction

Agriculture remains one of the fundamental sectors of the global economy, particularly in terms of food security, rural employment, natural resource management, and regional development. Within this sector, family farming represents one of the most widespread forms of agricultural organization. According to the Food and Agriculture Organization of the United Nations (FAO), more than 90 percent of the world's farms are managed by individuals or families and rely primarily on family labour. Family farms account for a substantial share of global food production and therefore have a direct relationship with food security and rural livelihoods. The economic role of family farming, however, cannot be evaluated solely through the volume of agricultural output. Family farms simultaneously perform economic, social, demographic, and environmental functions. They create employment within rural communities, preserve local knowledge, maintain agricultural landscapes, contribute to local food systems, and provide income opportunities for households. For this reason,

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international agricultural policy increasingly considers family farming as an integral element of sustainable rural development rather than simply as a traditional form of small-scale production At the same time, family farmers face a number of structural constraints. These include limited access to affordable credit, insufficient collateral, fragmented landholdings, limited access to modern technologies, weak bargaining power in agricultural markets, inadequate storage and processing facilities, climate-related risks, and difficulties in transferring farms between generations. FAO emphasizes that access to finance, markets, technical assistance, and secure access to productive resources are among the persistent challenges facing family farming These challenges explain why many countries have established specialized public policies for family farms. However, the mechanisms used by governments differ according to the institutional structure, level of economic development, agricultural specialization, land tenure system, and rural demographic conditions of each country. The European Union applies a comprehensive agricultural policy framework in which direct payments, environmental schemes, rural development measures, support for young farmers, and targeted assistance for small farms are combined within the Common Agricultural Policy (CAP). Under the 2023–2027 CAP framework, Member States are required to allocate at least 3 percent of their direct-payment budget to young farmers through income support, investment assistance, or start-up support The United States provides another institutional model. Family-owned farms accounted for 95 percent of U.S. farms according to the 2022 Census of Agriculture. The U.S. Farm Service Agency provides direct and guaranteed loans to family farmers and targeted financial instruments for beginning farmers. These mechanisms are intended to improve access to land, working capital, equipment, and agricultural production finance Japan provides a different model in which agricultural policy is closely connected with environmental conservation and the maintenance of rural communities. Direct-payment programs have been used to support agricultural activities in disadvantaged mountainous and hilly areas and to encourage environmentally friendly agricultural practices South Korea has increasingly focused on technological modernization. Its 2025–2029 Smart Farming Industry Promotion Master Plan seeks to expand smart-farming technologies, strengthen agricultural research and development, establish smart-farming clusters, and facilitate access to lower-cost financing for farmers investing in smart agricultural equipment Brazil provides an important example from a developing-country context. Its policies have included dedicated mechanisms for strengthening family farming, improving access to finance, markets, technical assistance, and institutional purchasing arrangements. International comparative research identifies Brazil's National Program for Strengthening Family Farming (PRONAF) as one of the established policy experiences for supporting family farmers Therefore, the purpose of this study is to examine the principal international approaches to developing family entrepreneurship in agriculture, compare the major policy instruments applied in selected countries, and identify general lessons that may be relevant for agricultural economies seeking to strengthen family-based production.

The study is based primarily on comparative and institutional analysis of international agricultural policies and official statistical and policy documents. The research materials include publications and policy resources of the Food and Agriculture Organization of the United Nations, the European Commission, the United States Department of Agriculture, the Japanese Ministry of Agriculture, Forestry and Fisheries, and the Ministry of Agriculture, Food and Rural Affairs of the Republic of

Korea. Comparative analysis was used to identify similarities and differences among national approaches to family farming. Institutional analysis was applied to examine the mechanisms through which governments provide financial, technological, organizational, and market support to family farmers. The method of synthesis was used to identify common policy principles across different national contexts.

The countries were selected because they represent different agricultural and institutional models: the

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European Union represents a supranational agricultural policy framework; the United States represents a market-oriented system with extensive credit-guarantee instruments; Japan represents a system emphasizing rural territorial sustainability and environmental functions; South Korea represents a technology-oriented agricultural modernization model; and Brazil represents a major developing-country experience with dedicated family-farming policies.
The analysis does not assume that one country's model can be directly transferred to another. Instead, it focuses on identifying transferable policy principles while recognizing differences in institutional capacity, farm structure, land markets, financial systems, and rural demographics.

The global economic significance of family farming Family farming is not synonymous with subsistence agriculture or very small farms. International evidence shows considerable diversity among family farms in terms of land size, income, specialization, commercialization, and access to technology. FAO estimates that more than 90 percent of farms worldwide are family farms and that family farmers produce a very substantial proportion of global food. At the same time, the global distribution of farms and farmland is highly unequal. Research based on agricultural census and survey data indicates that more than 600 million farms exist globally, while more than 90 percent can be classified as family farms under the relevant definition
This distinction is important for agricultural policy. A family farm may be a small household plot producing mainly for local consumption, but it may also be a highly commercialized enterprise using advanced machinery, digital technologies, hired labour, and formal financial services. Consequently, effective government policy should avoid applying a single support mechanism to all family farms.

A differentiated approach is more appropriate. Low-income household farms may require access to basic productive assets, small loans, extension services, and market opportunities. Commercial family farms may need investment finance, insurance, digital technologies, processing facilities, export assistance, and innovation support.
The European Union: combining income support, sustainability, and generational renewal The European Union's Common Agricultural Policy provides one of the most comprehensive examples of agricultural support. Under the CAP 2023–2027 framework, direct payments are combined with environmental schemes, rural development measures, support for young farmers, and interventions for specific agricultural sectors . One important feature of the European model is the recognition that small farms require simplified administrative procedures. The European Commission reports that more than three-quarters of EU farm holdings are below 10 hectares. To address the administrative burden faced by small producers, Member States may introduce a simplified payment scheme for small farmers, with a maximum payment of €1,250 under the relevant mechanism Another significant element is the support provided to young farmers. EU Member States must allocate an amount corresponding to at least 3 percent of their direct-payment budget to young farmers through income support, investment assistance, or start-up support This mechanism addresses one of the most serious long-term problems of family agriculture: generational renewal. Without young farmers entering the sector, agricultural land may become underutilized and rural communities may face demographic decline. The European model also links public support to environmental requirements. Farmers receiving income support must comply with environmental, plant-health, animal-health, and animal-welfare requirements. Eco-schemes provide additional incentives for environmentally beneficial practices Thus, the EU experience demonstrates a shift from a simple “subsidy-for-production” model toward a broader system in which public support is associated with income stability, environmental sustainability, rural development, and generational renewal. The United States: credit access and support for family and beginning farmers The United States provides an important example of using public financial institutions to reduce barriers to agricultural credit.

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According to the 2022 Census of Agriculture, family-owned farms represented 95 percent of all U.S. farms and operated approximately 84 percent of farmland. Small family farms accounted for 85 percent of all farms, although their contribution to the value of agricultural products sold was substantially lower than that of large-scale family farms. This structure demonstrates that "family farming" encompasses highly diverse economic scales. Consequently, agricultural policy in the United States differentiates financial instruments according to the characteristics and needs of producers.

The Farm Service Agency provides direct and guaranteed farm loans. Guaranteed loans allow commercial lenders to finance eligible family farmers while the government provides a guarantee against a significant portion of potential losses. The mechanism is designed to make agricultural credit available to producers who may have difficulty obtaining sufficient financing under ordinary market conditions

Particular attention is also given to beginning farmers. The U.S. system defines a beginning farmer as a producer who has not operated a farm or ranch for more than ten years, subject to additional eligibility requirements. Specific loan instruments can support land acquisition, operating expenses, equipment, diversification, and market opportunities. The U.S. approach demonstrates that government support does not necessarily have to take the form of direct grants. Credit guarantees can mobilize private financial resources while reducing lending risks for financial institutions.

For developing agricultural economies, this model suggests the potential importance of government-backed agricultural credit guarantees, particularly for family entrepreneurs who possess viable business projects but lack sufficient collateral.

Japan: rural sustainability, environmental protection, and community-based support

Japan's agricultural structure is characterized by a large number of relatively small farms and significant challenges associated with rural depopulation, aging farmers, mountainous terrain, and environmental management. An important element of Japanese policy is the use of direct payments in disadvantaged mountainous and hilly areas. The corresponding program has been implemented since 2000 and has undergone several phases, with the sixth phase beginning in fiscal year 2025 [7].

The objective is not simply to increase agricultural output. The policy also recognizes the broader public functions of agricultural land, including landscape preservation, prevention of land abandonment, and maintenance of rural communities. Japan also operates direct payments for environmentally friendly agriculture. Support is provided to farmers and farmer groups undertaking activities that contribute to climate-change mitigation and biodiversity conservation. The system includes additional support for expanding organic farming and for providing technical guidance to farmers entering organic production.

This approach illustrates an important principle: family farmers may produce public environmental and social benefits that are not fully reflected in market prices. Therefore, public payments can be justified not only as income support but also as compensation for socially valuable environmental and territorial services.

For other countries, including developing economies, the Japanese experience suggests that rural development policy should consider the multifunctional role of family agriculture.South Korea: integrating family farming with smart agriculture

South Korea's agricultural policy increasingly focuses on digitalization and smart farming as responses to labour shortages, climate change, and the need to improve productivity. In February 2025, the Ministry of Agriculture, Food and Rural Affairs announced the country's first five-year Master Plan for Promotion of the Growth of the Smart-Farming Industry for 2025–2029. The plan seeks to expand smart farming technologies and develop an ecosystem involving farmers, technology providers, research institutions, and related industries. A particularly significant target is the

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transformation of 35 percent of the country's 55,000 hectares of greenhouses into smart farms by 2029. The plan also seeks to introduce one or more smart-farming technologies across 20 percent of the major producing areas for field crops.

The South Korean model is important because it connects agricultural policy with technological entrepreneurship. Government intervention is not limited to subsidizing farmers; it also promotes research and development, technology verification, smart-farming clusters, specialized personnel, agricultural robotics, drones, data systems, and financing mechanisms. This approach suggests that the development of family entrepreneurship increasingly depends on the ability of rural households to access digital infrastructure and technological knowledge.

Brazil: dedicated support for family farming Brazil provides a particularly relevant example for developing economies because family farming policies have been developed within a large agricultural economy characterized by significant differences in farm size, regional conditions, and income.

The National Program for Strengthening Family Farming, commonly known as PRONAF, has become one of the established examples of dedicated family-farming policy. International assessments identify PRONAF as a major mechanism for improving access to agricultural finance for family farmers. The broader Brazilian approach combines credit support with institutional, technical, and market-oriented measures. The underlying policy principle is that credit alone cannot resolve the structural constraints faced by family farmers. Producers also require technical assistance, market access, organizational support, and productive infrastructure.

This experience is particularly relevant for countries where family farms have limited access to formal finance. A specialized financial mechanism can reduce the mismatch between conventional commercial lending and the characteristics of agricultural production, which is subject to seasonal revenues, weather risks, price fluctuations, and limited collateral. Comparative analysis of international experience

The international experiences examined above demonstrate significant differences in institutional design, but several common patterns can be identified.

First, access to finance is a central component of almost all family-farming support systems. However, countries use different instruments: direct loans, subsidized interest rates, credit guarantees, investment grants, or direct income payments.

Second, knowledge and technology are becoming increasingly important. Traditional agricultural extension is gradually being complemented by digital advisory services, precision agriculture, smart farming, data systems, automation, and artificial intelligence. Third, cooperation and market integration are essential. Small family farms often face weak bargaining power when purchasing inputs or selling products. Producer organizations, cooperatives, collective marketing, processing facilities, and institutional procurement can strengthen their market position. Fourth, generational renewal is increasingly treated as a strategic policy issue. The EU experience demonstrates that young farmers can receive targeted income, investment, and start-up support. Fifth, environmental sustainability has become integrated into agricultural support policies. Japan and the EU provide clear examples of linking public payments with environmentally beneficial practices.

Sixth, policy differentiation is necessary. A small subsistence-oriented household farm, a commercial family farm, a young farmer, and a technology-oriented agricultural enterprise do not have identical financial and institutional needs.

CONCLUSION

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The comparative analysis demonstrates that family entrepreneurship is a significant component of modern agricultural systems and rural economies. Despite major differences between countries, family farms remain important for food production, employment, rural settlement, and the preservation of agricultural and environmental resources.

The international experience examined in this study indicates that sustainable family entrepreneurship cannot be achieved through a single policy instrument. Credit, subsidies, and direct payments can provide an initial financial foundation, but long-term economic sustainability also requires access to technology, knowledge, infrastructure, markets, insurance, cooperation, and value-added activities. The European Union demonstrates the importance of combining income support with environmental requirements, small-farm assistance, and generational renewal. The United States demonstrates how government-backed credit guarantees and targeted lending can improve access to capital for family and beginning farmers. Japan illustrates the role of direct payments in maintaining environmentally and socially important agricultural areas. South Korea demonstrates the growing importance of digitalization, smart farming, research, and technological ecosystems. Brazil provides an important example of a dedicated policy framework for strengthening family farmers' access to finance and productive opportunities.

A common lesson from these cases is that the modern concept of family entrepreneurship in agriculture should move beyond the traditional understanding of a household producing agricultural commodities. A successful family farm increasingly operates as an entrepreneurial unit that combines labour, capital, knowledge, technology, natural resources, and market relationships.

Therefore, an effective public policy framework for family entrepreneurship should be based on an integrated approach consisting of five interconnected elements: financial inclusion, technological modernization, human-capital development, cooperative market integration, and environmental sustainability.

For developing agricultural economies, the most relevant lesson is not to copy a particular country's support system but to adapt the underlying principles to national conditions. Policy design should be evidence-based, differentiated according to farm characteristics, geographically targeted, digitally accessible, and evaluated through measurable economic and social outcomes. In this context, the development of family entrepreneurship can become not only a means of increasing household income but also a mechanism for creating sustainable rural employment, strengthening food systems, encouraging technological innovation, and reducing socio-economic disparities between rural and urban areas.

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