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SUMMARY OF THE WORKSHOP ON FARM MANAGEMENT EFFICIENCY

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The purpose of the workshop was to critically analyse farm management efficiency on both the professional and farm level.

Three speakers representing different fields of the profession of agricultural economists analysed the topic from their particular perspectives. Prof. Bester emphasised management efficiency and the measurement thereof. Mr. Jan Grobbelaar also paid attention to the measurement of management efficiency; he assessed the level of management of RSA farmers; and finally he discussed the role of the agricultural economist in increasing farm management efficiency. Mr. Brian Sugden focused on three specific management services provided in the Natal region which are directed at different participants with different specific objectives, but with the overall aim of improving farm management.

It must be accepted that the measurement of management efficiency is subjective. A manager can only be efficient/inefficient in terms of his objectives. One cannot generalise about the question of whether the level of management is high or low. According to Prof. Bester the profitability on farms in South Africa could be increased by paying more attention to "doing it right" (management efficiency) rather than paying the same amount of attention to "what is to be done" (economic efficiency).

The measurement of farm management efficiency creates many problems. For example, what should be measured: management ability, management potential or management performance? A recent development is the approach of the National Productivity Institute whereby a strategic audit is carried out on individual farms by means of an objective matrix. The performance in respect of the major critical performance areas in the firm contribute on a weighted basis to the determination of a total productivity index.

Mr. Grobbelaar is of the opinion that the management of the South African farmer is on a considerably higher average level than 20 to 25 years ago. It should be kept in mind that the

present political, economic, marketing and technological environment makes considerably heavier demands on farm management, with an inevitable increase in the possibility of failure. Grobbelaar considers that the following facets of farm management are on a relatively high standard at farm level: the purchasing and production functions. The following facets show good progress: the staff, administrative and external relations functions. The following facets are disturbing as the farmer has limited control over them: the financial and marketing functions.

Mr. Sugden firstly discussed the services of the South African Cane Growers Association (SACGA) which are directed at all cane farmers in the industry (no direct payment). SACGA provides monthly trends in sugar prices as well as comparative average cost and income data to all growers on a regular basis. Secondly, he described the management systems provided by SACGA for cane farmers (subsidised service). CANEFARMS is a simple farm accounting and management service for its members. PCFARMS is an integrated farm management system for the cane farming enterprise for use on a personal computer. Finally, he discussed private consultancy service for farmers for direct benefit (user pays full fee). The consultant's tasks are to manage the Bureau; to help interpret the data; to help compile the annual financial projection and plan; to monitor the financial plan; and to arrange regular meetings of participants where new ideas are floated and group results discussed. According to Sugden there is considerable competition between the respective private consultants, the commodity related services which are partly subsidised, and the state subsidised services.

From the discussions it appeared that the participants considered that although farm management efficiency in the RSA is satisfactory in general, considerable room for improvement still exists. Farmers' skills in respect of decision making, negotiation and implementation should be improved.