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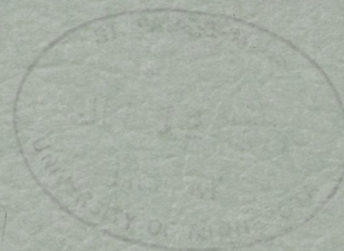
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DISCUSSION: GRADUATE TRAINING NEEDS FOR AGRICULTURAL
ECONOMISTS IN THE BUSINESS WORLD – AS VIEWED BY: (1) ACADEMICIANS,
(2) BUSINESSMEN, AND (3) PRIVATE CONSULTANTS¹

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First, I want to say that I am sincerely appreciative to see that this subject is becoming more popular on professional society programs. It is something that we talk about over coffee; however, very few have taken any corrective action on getting Academic Business and Industrial Business closer together.

There is no doubt in my mind that a void does exist between Academic Business and Industrial Business. Number of advanced management and middle-management courses indicates the need for a closer working relationship between universities and business. Both Academia and Industry want to cooperate; however, neither of them will make the first effort. Both certainly have something to offer the other. It is possible that discussions such as being held here are a means of bringing Academic and Industrial leaders together.

There are very few differences in Academic Business and Industrial Business. Both disciplines are a business, producing different products. If each of us in Academia and Industry view the subject in this fashion, much of the void that presently exists between these two disciplines would be eliminated.

Admittedly, when one discusses a paper and begins to make reflections on it, one tends to be at loose ends as whether to concern himself with the real nature of the written product, provide a capsule summary, refer to some specific point, drift around or write another paper on the subject. To me, at least, it is axiomatic that I hardly know where to start. To make it more difficult, I have been assigned three papers to discuss on the same subject from three different points of view. One point is very obvious: all papers admit there is a problem—something should be done about it—but on the how and what is the gray area. I will attempt to combine similar points from each paper and discuss them collectively.

The papers presented today on this subject seem to have a common theme: produce a trained person that is able to (1) seek out problems, (2) delineate causes, (3) assemble proper facts to explain the causes, (4) make a decision on the facts, (5) determine the consequences on each alternative decision, (6) develop an action program, (7) conduct potential problem analyses—I call this maintenance, and (8) communicate these points, to whomever they are trying to convince, in a simple manner.

It sounds as if I have described a job description that only GOD could fulfill; however, this is the product Academia is striving to provide and Industry is seeking. I don't want to imply that Industry is seeking only potential company presidents or that these qualities are only what Academia are attempting to produce. If we, however, really look at these points outlined above, they are what each and every person in the world must do to solve any personal or professional problem.

The major difference that I could see between the papers was the importance of the human relations aspect of an individual in Industrial Business. Schrader and French felt that human relations may be less critical for an economist in a staff position than his technical ability; while Hubbard and Seltzer places human relations high on the list as a desirable quality in an individual. Of course, the position that a person is being hired for will array the importance of human relations to technical competence. I have always felt that the technical degree could help one attain his first position; however, the speed with which he ascends on the management ladder will be determined by his human relations, coupled with his communications and management ability. This might be a good time to explain what I mean by communications. Communications is the transmission of ideas and information. I would like to add that ideas and information should be in "correct" language that is understandable by those you are attempting to inform or convince.

Areas of expertise (computers, statistics, math, etc.) seem to be over-emphasized in many agricultural economic departments. How to handle these experts in industry through human relations and communications is the key to successful advancement in management. The "Golden Rule of Management" that I prefer to follow is that we are **People Working with People**.

Management, by objectives concept, has tremendous appeal for American industry. The concept is simple: the clearer the ideas one has of what one is trying to accomplish, the greater the chances of accomplishing it. Objectives not only serve to point effort in the right direction, but they serve in measuring progress. The managing process, using objectives, is personnel or people oriented, that is: "Appraisals of Performance."

Let me ask the question, have we really prepared the agricultural economist to meet his role in participating in programs such as "Management by Objectives?" Have we prepared him to meet the roughest "Appraisals of Performance?"

Schrader and French indicated in their paper that they are involving their students at Purdue with assistantships in Extension and Industry. This is an important phase to bridge this gap between Academic Business and Industrial Business. We could learn a lesson by looking at the reason for and the accomplishments of our Federal Extension Services at the Land Grant Institutes. Through Extension the research and agricultural story has been effectively communicated to the farmers. This same concept could be used to furnish its assistance to communication between Academic industry. As brought out by Seltzer, most companies can't afford a staff of permanent consultants—I will testify to this. Many companies would very much like to cooperate with universities on specific projects. The University has what Industry needs and that is technical know-how while the Industry has the data. This exchange would certainly not replace the professional consulting organizations that exist today. In fact, they would or could act as intermediary between the University and Industry.

This type of rapport between Academia and Industry would provide what Hubbard indicated was lacking in his own background, and that is to couple more theory with specific application to the real world problems of business.

Schrader and French brought out, in their paper, that many problems exist in any academic training program. One of the primary problems being the quality and academic background of students they receive for training.

Each university and department within each university has a mission, or should have a mission. This mission is probably more oriented to the likes and dislikes of the policy makers in the university or department. Likewise, the courses reflect these likes and dislikes.

The departmental review at Purdue, where a group of industry leaders were invited to discuss training which people should have to meet their needs, is certainly a start in this rapport between Academic Business and Industrial Business. University personnel will have to take the initiative to develop this rapport. Remembering that there is little difference between Academic Business and Industrial Business, both produce a product. Universities could do the same as most industry new product program does—survey the needs of your consumer and try to produce it. But first, start with a Departmental Mission and Goals. Most industrial leaders would feel honored to be asked to help in this type of a development program. The long-run benefits to Academia and Industry would certainly overshadow the efforts put forth. Also, it seems that a survey of students that have graduated and gone to industry could be surveyed to determine their educational business gap that they encountered. Again, Hubbard indicated this gap from his own experience.

In summary, I would like to paraphrase Mr. R.W. Sarnoff, President of RCA, on the Manager that Industry seeks. The Manager we seek relies less on specific knowledge than on an understanding of the complex relationships within organizations and among disciplines. He must encourage a work climate conducive to creativeness and growth. He must shape administrative structures that are flexible, decentralized and designed for particular tasks. He distinguishes sharply between freedom and freewheeling and is sensitive to developing social needs—from the inner city to the emerging country. He is receptive to new ideas including those which may question the most basic premises of the conventional wisdom.

Such people can be found today in the ranks of business, government, and education—but their talents may too often be engaged in narrow fields or on matters which do not demand immediate attention. We must bring them forward now if we are to mount a bold and innovative attack on the hard problems that face society. We must continue at the same time, in the classroom and the conference room, to develop an increasing supply of such leaders for tomorrow.²

To realize maximum effect in as short time span as possible, I recommend a joint committee of the Western Agricultural Economic Association and the American Agricultural Economic Association to be formed to develop an action program in this area.

This committee should ask such questions as:

- 1) What should be the mission or goal of an Agricultural Economics Department?
- 2) What will be the future demand for Agricultural Economists assuming that **no changes** are made in present teaching curricula and research?
- 3) What is the future of Agricultural Economics Departments assuming that **no changes** are made in present teaching curricula and research?
- 4) What should be our teaching and research program be to produce an educated person to satisfy our consumer (industry)?
- 5) Where should we obtain this information?
 - a) Industry
 - b) Academia
 - c) Graduates in business
 - d) Combination
- 6) How and to whom do we communicate the findings to obtain action?

The undergraduate program was not discussed here today; however, I felt this area needs as much attention as our graduate programs.

Thank you.

FOOTNOTES

1. Acknowledgement to Grey Bogden, Assistant Vice President of Personnel for Great Western Sugar Company, Denver, Colorado.
2. R.W. Sarnoff, President, RCA, *Conference Board Record*, January, 1970.

GRADUATE TRAINING NEEDS FOR AGRICULTURAL ECONOMISTS IN THE BUSINESS WORLD—DISCUSSION¹

Samuel H. Logan²

Concern over the nature of education provided graduate students in agricultural economics is a continuing subject as it should be. Discussions in the past have covered such aspects as the proper degree of specialization or generalization in a graduate program and whether mathematics was receiving too much attention or not enough.³

While these debates may have added strength to the profession, there has been no sudden surge to alter the appearance of the profession. Rather those changes that have been made have been more evolutionary in nature reflecting, as much as anything, changes in technology.

The papers presented this morning advance ideas and opinions relating to graduate training for agricultural economists who go into business. These suggestions seem to be well taken and I can find little with which to disagree. In general, the items put forth in these papers are not new, but some of them deserve added emphasis.

These discussions originated from last year's meeting at which Dr. John Knechel described the disconcerting, if not traumatic, experience of investing several years in an education that bordered on sterility with respect to conceiving solutions to business problems. Dr. Knechel charged that the teaching programs are failing to emphasize relevant dimensions (such as forecasting and market structure change) are spending too much time on mathematical hieroglyphics, and are not "telling it like it is." You can imagine the dismay of those of us who had been through the same program, had also been employed in business, but had failed to realize what a disservice we had received from our University.

In response to Dr. Knechel's pleadings for instructional overhaul, the three papers we have just heard outlined their concepts of items needed in the training of agricultural economists for business. I'm sure that most of us would come up with components basically similar to those advanced by these authors. The educational requirements for business economists included by all three papers relate to four major areas of training: 1) economic theory, 2) problem solving methods, 3) communications, and 4) human relations.

Many graduate programs in agricultural economics focus on the initial two areas, leaving the art of communications and human relations or personnel management to be gained by experience. In part, this omission is understandable, and perhaps in an economic sense it has been justified. In operating a graduate program, a university must continually consider its goals and objectives as well as those of the students.

In some cases, students do not have definite objectives upon entering the graduate program, a factor noted by Schrader and French. In addition, the time span available for graduate coursework precludes the inclusion of as many topics as might be deemed optimal. And while the time spent in graduate coursework has remained about constant, the complexity and sheer quantity of new methodology as well as the rigorous developments of economic theory have expanded considerably (3).

Based on past experiences, the goal of graduate training in agricultural economics has been to prepare people for teaching and research positions rather than for business. Melichar (7) reports that in 1966 about 58 percent of the agricultural economists were employed in educational institutions, 28 percent by government, and only about 10 percent by industry and business. Thus, the preparation of the end product has been geared for a market which is primarily nonbusiness. This factor, of course, may well change as the teaching-governmental market becomes saturated. If, however, our primary market becomes the business world, then there may be little reason for our existence as an entity separate from schools of business administration.

The authors of this morning's papers indicate that economic theory and problem solving methods should form the core of the graduate training program. I would agree; I also think this is presently the case for most schools. I am not concerned that the theory courses do not provide ready-made answers to problems the graduate may encounter during the first stages of employment in business. As Schrader and French comment, the need is to make

the student knowledgeable with respect to approaches for solving problems, not with the answer; and as Seltzer notes, business will require the student to have the imagination, initiative and ability to move the project on his own.

The task of the university, then, is to provide the necessary tools with which to attack economic problems—either as part of a university research project or as a business decision problem for a given firm. I am more concerned that we have not been doing this job in the areas of human relations and communications. The lack of training in human relations may not be a major hindrance to the research economist operating in a staff capacity for a firm, as indicated by Mr. Hubbard. However, I would submit that the illiteracy rate among the high income executives with respect to knowledge about personnel relations and management is appalling. And given the fact that a significant number of agricultural economists in universities seem to find their way into administrative positions, some training in human relations would also be beneficial to graduates planning this latter type of a career.

Schrader and French observed that "People management . . . seems difficult to get into the academic program." They also comment that this field "is more difficult to handle. We can't quantify it and make use of tools which are common to most of the other areas. It is a broad field, one that is difficult to condense and fit into the already tight schedule." This tends to sound more like a rationalization of omission rather than a sound basis for exclusion.

We spend much of our classroom time dealing with resource allocation of a nonhuman sort, but sadly neglect the areas of administration, organization, and personnel management. To be sure, solutions to such human relations problems may be better accomplished by a person with a large amount of practical experience, but exposure to behavioral theory, for example, can provide the inexperienced graduate with tools that will help reduce the probability of errors in judgments required before he has garnered such experience.

The development of management principles in areas of employee motivation, incentive programs, and sociometric factors in firm organization and operation offers a means of filling the human relations gap found in many graduate programs in agricultural economics as well as in the practical operations of many corporate executives.

As Hampton, Summer, and Webber (2, p. 7) note,

"The manager's tools are the concepts with which he thinks about organizational behavior. These tools of behavioral science should be just as much a part of the manager's repertoire as production techniques or administrative principles. . . . As he comes to see more of the resemblances and connections between events in organizational behavior, he understands more of the options and constraints with which he works. Hopefully, he becomes less of a blind responder to emergencies and more of an initiator of organizational development."

Although the field of human relations is, perhaps, the major omission in agricultural economics graduate programs, the problem of communications mentioned by the previous papers could stand a bit of improvement. Through classroom presentation, oral examinations, term papers, and thesis preparation, university instructors can exercise more authority over the field of communications. While there may be a tendency to conclude that we are not English teachers, we do have a responsibility to make sure our graduates can explain in understandable terms the work they do. As Sid Hoos used to challenge us in our graduate theory class: What does that mean in two-bit language?

The pressure of teaching and research may result in the abandonment of hard-nosed editing of graduate papers and theses with the rationalization that the student understands the economics (or mathematics) but just hasn't learned to write. However, I would agree with Schrader and French that quality control is necessary.

In summary, while I hope I am not apathetic, I am not too worried over Dr. Knechel's admonitions to the profession that it is improperly training graduate students for business. I have seen enough successful graduates in business to offset this opinion. A solid basis in economic theory is essential in business, even though the recipient may never be required to take a single derivative for decision-making purposes. We should try to avoid pitfalls of "cookbook" courses which can result in charges like that of Hildreth (4) that "Many economists using mathematics and statistics appear to be unable to determine the significance of what they have done in terms of economics when they have completed their analysis."

Of course, there is room for improvement. The practical aspects of economic theory can be better presented through such techniques, for example, as management games or cooperative research projects for classes and businesses. There is also a need for more instruction in the area of human relations and more development of the ability to communicate. Graduate students need to be motivated to help push forward in the area of dynamic economics and market conditions.

In my opinion, we must give the student the basic tools he will need in solving economic problems. Furthermore, he needs to understand why particular tools—whether theoretical or methodological—can or cannot be used in specific problem situations. The assortment of tools is large and varied. The optimum mixture will depend upon the goals of the department of instruction, the goals of the student, and the time available in which to instruct the student.

FOOTNOTES

1. Discussion of paper at the WAEA meetings, Tucson, Arizona, July 19-22, 1970, 7 pp.
2. Associate Professor of Agricultural Economics and Associate Agricultural Economist in the Experiment Station and on the Giannini Foundation, University of California, Davis.
3. See, for example, references listed at the end of this paper.

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2. Hampton, David R., Charles E. Summer, and Ross A. Webber, *Organizational Behavior and the Practice of Management*, Glenview, Illinois: Scott, Foresman and Co., 1968.
3. Havlicek, Joseph, Jr., "Desirable Requirements for Graduate Students Not Specializing in Quantitative Techniques," *Journal of Farm Economics*, 47(5), December 1965, pp. 1486-1496.
4. Hildreth, R.J., "Have We Gone Too Far?," *Journal of Farm Economics*, 47(5), December 1965, pp. 1497-1503.
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7. Melichar, Emanuel, "Characteristics and Salaries of Agricultural Economists," *American Journal of Agricultural Economics*, 51(4), November 1969, pp. 903-911.