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TEACHING MANAGEMENT IN THE 21. CENTURY A NORWEGIAN PERSPECTIVE

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ABSTRACT

Changes in the framework for political agreements have in the last couple of years led to a situation of increased uncertainty for Norwegian farmers. It is becoming ever more important to make the right decisions for the future.

This study is made for the Norwegian Farmers Union for the next century. The decision making model puts the farming family in the center, and focus on strategic planning for the coming years. The study helps the family to make the right decisions in the long term planning for the farm. By analyzing the total amount of resources on the farm, compared with the needs of the family, the process will lead to the right solution for the family, and offers a strategic plan for the future.

INTRODUCTION

A series of specific natural conditions sets Norwegian agriculture apart from the agriculture in many other industrialized countries. The structure consists, to a large extent, of family-run farms. There are also a large number of part-time farmers, who collect a considerable amount of the family's income outside of the farm. The following description of the development from 1969 until today gives a perspective of the historical development in Norwegian agriculture:

- The average agricultural area per working unit has increased from 6,2 to 12,3 hectare (1 hectar = 2,47 acres). 17% of the farms today have more than 20 hectares of cultivated land.
- The total number of farms have been reduced from 155.000 to 83.600.
- The total acreage of cultivated land has increased from 0,83 to 0,89 million hectares.

The state is to a large extent contributing to the development and existence of agriculture. In its endeavour to carry out its policy, the state emphasizes the security of food-supply in case of an emergency, patterns of settlement throughout the country, the environment, and the maintenance of the cultivated landscape. The state supports agriculture basically in two ways. First, a system based on protection from foreign imports makes it possible to set higher prices than what is to be found on the world market. Secondly the state gives direct contributions or transfers. Transfers of 10 billion Norwegian kroners accounts for 1/3 of the total income in the agricultural sector today.

The period between 1975 and 1990 gave ground for good, stable, budget conditions for Norwegian farmers. A united national political goodwill towards agriculture led e.g. to preset goals for income, in order to assure the farmer the same development in salary as the industrial worker. This in turn gave good possibilities for the development of agriculture and the rural districts. At the same time the system also caused several unforeseen consequences. The decision to set income targets led to considerable transfers from the state to the agricultural sector. High production prices gave high production of agricultural products, which were partly higher than the domestic consumption.

In 1992 the government put forward a suggestion for a new and different agricultural policy as far as content is concerned. The agricultural policy of today and for the future has as a goal to make the industry more sturdy. The government is of the opinion that this means that the industry will have to better handle changes in the general agreement, accept reduced transfers (support through the budget), and better adjust the level of production to the demand of the market. In the center of this development stands the effect to reduce the expenses in the agricultural sector, succeed with competitive sales and the refinement of agricultural products, better market exposure, and lower consumer prices on food. At the same time there is a request for far less state run detail control. The saying «more market, less control» is in every sense of the word representative for that future which is confronting the Norwegian farmer. For the individual farmer, this leads to a situation where the future is far more uncertain than what was the case earlier. Furthermore we see that the general agree

ments are changing more often than before. It is therefore far more difficult to have a certain opinion of what conditions are involved in controlling the every day life of the farmer in the future.

GOAL AND RESTRICTIONS

In this presentation, we shall take a look at one of the tools the Norwegian Farmers Union have chosen to use when motivating its members to continue a future as farmers. As described before, the last years change in agricultural politics and in the market have created an unsecure situation for many farmers. It was therefore decided to establish a course with a goal of inspiring the strategic thinking of each individual farmer, and thereby lay the groundwork for strategic management and planning. The course is entitled «A farmer after the year 2000».

Target-group

The logo of the course is an arrow which points in three different directions, downwards, straight forward and upwards. In this way it is thought that all Norwegian farmers will be represented within the target group of the course. However, the course is first of all directed towards those who will continue to be farmers in the next 10 years.

As we shall come back to later, the course demands that the visions of the whole farming family is taken into consideration. Both spouses are strongly encouraged to participate in the process, even if only one of them is active in the actual production. The child is also invited to participate when it is thought that he or she will be actively involved in running the farm within the next 10 years.

Target

During the run of the course we want to create a realistic optimism, at the same time as each person is made consciously aware of his or her own responsibility. Some pessimists say that the only thing one can say about Norwegian agriculture for certain is that it is uncertain. The challenge will be how the farmer as manager on his farm can live with uncertainty and adapt to a new situation in order to survive. We emphasize

that it is not first of all a question of the ability to look far into the future, but the will to draw up long-range goals which he will then act according to which is important.

The course will be practically oriented. With a goal that demands strategic thinking there is always a danger that one gets a highly theoretical course which the farmers do not feel at ease with. Strategy is a word which has no concrete meaning for many farmers. We try to explain the idea in the course. Among other things we make the material more concrete through the use of examples, and problems which are to be solved. The course has as a goal also to be practical. The individual farmer takes as starting point his own situation and makes the subject as concrete as he wishes (look further ahead for the description of the actual course).

Throughout this course, we also wish to give the advisors to the farmers a better basis to contribute to economical, long range planning. When the farmer has worked through his visions and evaluated his resources, it will be easier for an advisor to cooperate with the farmer about a plan for the activity. A serious source for mistake in the planning has been, in my experience, that the advisor and the farmer do not communicate well enough together as far as the target setting and the consequences of carrying through his visions are concerned. We will therefore invite the farmers' advisors to participate in the courses.

Limitation

In order to make the subject as concrete as possible for each individual farmer, we have to impose certain limitations. In «A farmer after the year 2000» we are setting the limit at market and politics. This limitation is considerable as outside factors are setting limits to the strategy. The farmer must be aware of the effects of these outer factors, but this should not take from him the responsibility to lay a strategy for his own development. Even though the farmer has no influence on the framework around the strategy, it is important to underline the fact that it is the farmer himself who decides the strategy.

THEORETICAL BASIS

The course uses elements from theories in strategy. Because of the limitation mentioned and the practical emphases development we give the course, it is more correct to say that we are initiating a strategic process. This is done by making under strategies and administrative decisions.

We would like to help the farmer and his family to make decisions which build on a specific strategy. Most people follow a strategy for their activity more or less consciously, even though they have not formulated it. During this course we shall make them conscious of their choice of strategies. Our task is also to show if their visions, goals, resources, and actions are in conflict with each other, thereby destroying the strategy.

In reference to the logo of our course we then start with the three main strategies for the farmers. These are influenced by the farmers relations to politics and the market, but also to his own goals and resources:

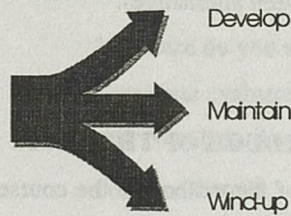


Figure 1

The strategy for developing

Farmers who follow this strategy are characterized by the fact that they look upon themselves as managers, not just as producers, or people who carry forward culture. They are efficient, market oriented and take advantage of being large. This is the expansion strategy.

The strategy of maintenance

In this group we find the more traditional and hardworking Norwegian farmer. Sobriety is the key word. One emphasizes a special way of life, family tradition, and the

will to survive is strong. Resources are often limited and many of the farmers have a job outside of the farm as well.

The strategy of winding up

There are few farmers who define themselves as belonging to this group. There are very few who drive their farm towards an end deliberately. Those who, against their will, are following this strategy are farmers from the two previous groups who misinterpret the signals from the market and politics, or make wrong decisions. It is the developing farmer who expands without economic control, or the maintenance farmer who lives beyond his means.

To create consciousness in relation to these main strategies we lead the course participants through the following process:

- Clarify attitudes, visions, and goals.
- Analyze strong and weak sides, possibilities and limitations.
- Ideas for and choices between alternatives.
- A plan of action.

A PRACTICAL FOLLOW-THROUGH OF THE TOPIC

As previously mentioned, a part of the method in the course is to be concrete. We delimit as mentioned first towards market and politics. They are important limitations which we are not discussing in this context. We then set up four other factors which we shall pay close attention to during the entire course:

1. The family-culture.
2. The working force.
3. Plant and equipment.
4. The economy.

It is in relation to this division that we shall look at goals, strong/weak sides, and consequences of the alternative actions etc. The agriculture in Norway is typically family driven. Rented help makes out a small part of the total need for labour. Both

spouses are more or less involved in running the farm. In many cases the generations work together. In addition farmers value their traditions and way of life highly. All these conditions taken as a whole places the first point we mentioned above, the family culture, in the center. Through the course we try to make clear the attitudes of each member of the family, and have him describe his visions and goals. We then consider the strong and weak sides of that person, mistakes and successes. In this way the course is more characterized by the individual than by the registration of facts.

Figure 2 shows the development of the course graphically. To avoid too strong connection to the theoretical model we use other words in the presentation. We collect the words from the construction of roads.

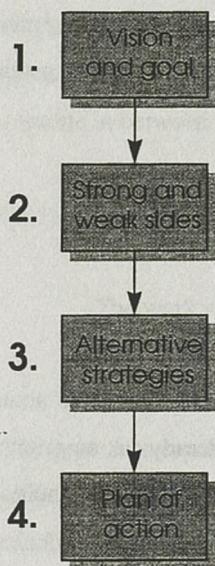


Figure 2

1. Where do you want to go?

You have responsibility towards your own future and must stake out the road yourselves. But you have to know what you want.

2. Where do you stand today?

You must evaluate the strong and weak sides of yourself as well as the farm. What possibilities and limitations are there?

3. Which road do we choose?

There are a number of possibilities. Now you have to choose between the alternatives.

4. How do you get to where you want to be?

You now have to use the road you have selected. Nothing happens without action.

MOTIVATION, ACCOMPLISHMENT, AND FOLLOWING UP

A general displeasure with agricultural politics, and uncertainty as to the changes in the market, is not enough to motivate a working farmer to follow a course which contains theories of strategy. When we first have a hold of the farmers it is important that we have something set up which makes them engaged in the material as we go along, and makes them enthusiastic as to the following up of the course. The complete plan is illustrated in figure 3.

There is a working map for each individual participant for the actual course. In addition there is available a resource map for course leaders.

Motivation

We recommend that before beginning the course there is arranged one or more meetings which focus on the idea of being farmer in the future. These meetings can have different topics, but should have the following objectives:

- Select topics that are of common interest to larger groups of farmers.
- Give a general view of the future development.
- Create interest for concrete thinking about the future.

The meetings must be open and embrace a large group of farmers. In the actual meetings there will be given, in addition to the topic which is already set, an orientation about the course «A farmer after the year 2000». The information takes hold of current topics and demonstrate a need for the individual to make those future choices more concrete. Special emphasis is put on the fact that these are choices which include the whole farming family, so that the participants already then decide that both spouses should take part in the course. In those cases where there are younger people in the family who are getting close to the age when they will take over the farm, they are also encouraged to participate in the course.

On the next page a few examples of topics for such meetings are listed:

- The opportunities of the farmers after year 2000 in region X. Angle: Politics.
- The future for production X. Angle: The market.
- The future place for the farming family in the rural district. Angle: A way of life.
- To live with risk and uncertainty. Angle: Psychology.

Following through

The course is planned to go over 4 meetings. After an introduction about the topic for the evening, the participants will work in smaller groups with a selected number of problems. A summary of all the different point of views which have come up during the discussions make up the conclusion for the evening.

The farmer will also get some questions to take with him back home. It is the future of the entire family we are talking about here, therefore the problems have to be solved in a concrete manner for each of the participants. These problems are solved at home in between the evening meetings.

Out of this we note two principles, as illustrated in figure 3:

- The work starts in larger groups and end up as individual work.
- Concretization increases in parallel with individualization.

The grey area represents the actual meetings. The individual participant is encouraged to continue to work at home, making his part of the course as concrete as possible. It is important that this is expressed in written words.

The next step in making this more concrete will be to quantify goals. This will most likely occur in cooperation with the different advisors. It is therefore important that the farmer's advisors take part in the course. This goes in particularly for the farmer's financial advisors.

Everyone is supposed to be able to participate in the course without prerequired knowledge or abilities. It is important that one does not expect that a large group of the participants are left with their own strategic plan after the course is over.

Following up

After such a course is over there will be a need to follow up. Some will want individual help from specific advisors. This could e.g. be following up a strategic plan or advice within a specific sphere or line. It may also be that several farmers need to revise the same problems, or want to make an initiative which includes more farmers. In such cases it will be of current interest to follow up with meetings after the actual course.

Biographical sketch.

Ole Christen Hallesby (42) is financial advisor for farmers. After studies in business at the Agricultural University of Norway, he led an accounting and consulting firm owned by farmers. During the last 8 years he has led his own consulting business for farmers within the areas of accounting, taxation, planning, changing of proprietor, investment, and financing. He holds a number of lectures and courses for farmers and their advisors each year. The course «A farmer after the year 2000» is made by assignment by the Norwegian Farmers Union.

Arild Bustnes (30) is an employee of the Norwegian Farmers Union. He has his education from the Agricultural University of Norway and from the Norwegian School of Economics and Business Administration. Among other things he is working on the development of tools for farm management. In addition to this he holds lectures and courses for accountants and economic advisors in the agricultural industry.

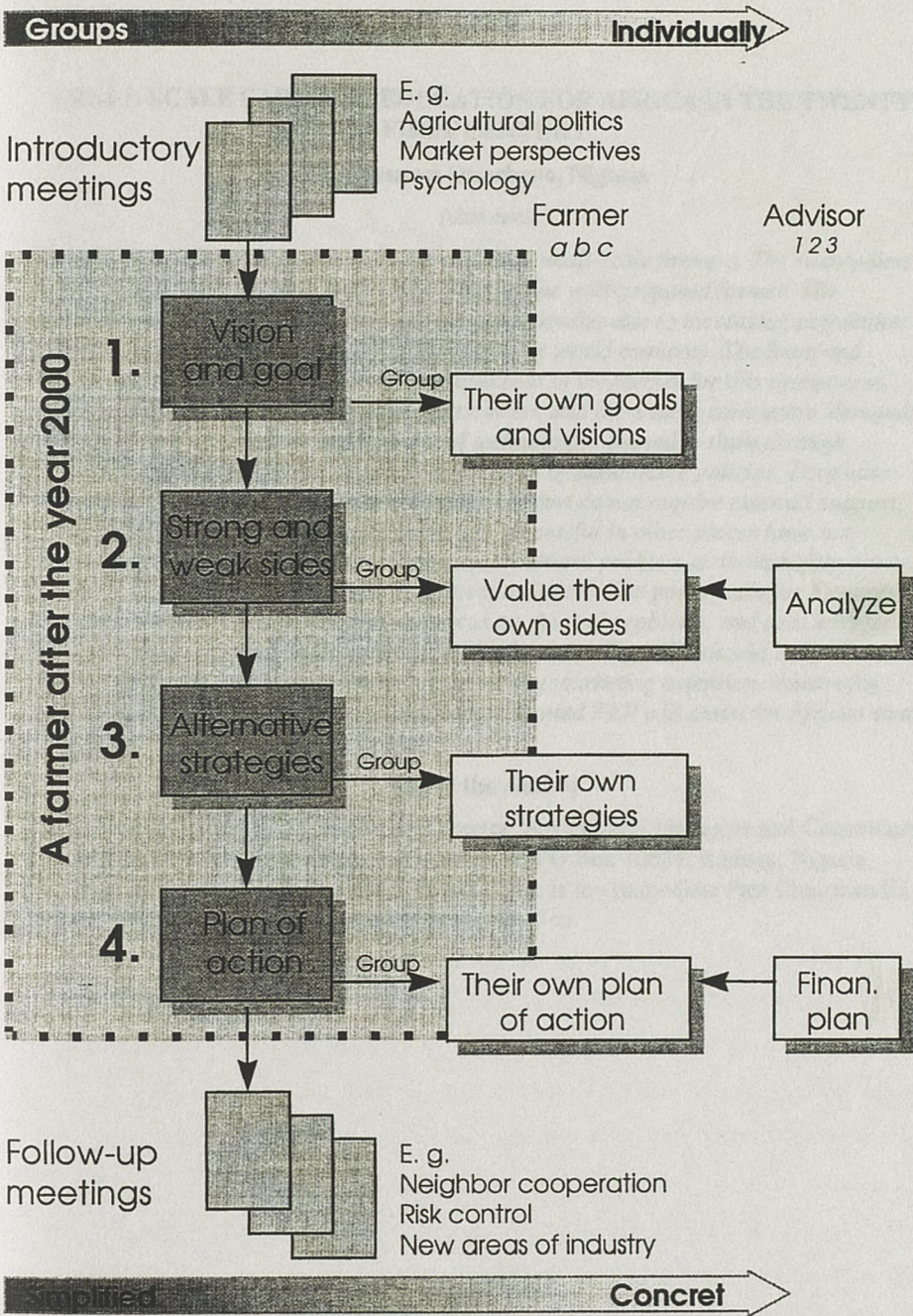


Figure 3

Following is

Introduction

The first step in the process of developing a new product is to identify the market opportunity. This involves understanding the needs and desires of the target market, as well as the competitive landscape. Once the market opportunity is identified, the next step is to develop a business plan. This plan should outline the company's mission, vision, and financial projections. The business plan is a critical document that is used to attract investors and secure financing. Finally, the company must execute its business plan and bring the product to market. This involves a variety of activities, including marketing, sales, and distribution.

Business plan

The business plan is a document that outlines the company's mission, vision, and financial projections. It is a critical document that is used to attract investors and secure financing. The business plan should include a detailed description of the product, the target market, and the competitive landscape. It should also include a marketing and sales strategy, as well as financial projections for the next five years. The business plan is a living document that should be updated regularly as the company grows and evolves.

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Conclusion

Figure 3