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SOME RECENT ADJUSTMENTS IN FARM MANAGEMENT SERVICES IN BRITAIN

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1. INTRODUCTION

The organization and function of farm management services in Britain has been much observed and is well documented by specialists and administrators in Australia.¹ Despite widely different environments this interest seems apposite in view of the numerous comparable aspects in the systems of the two countries. For instance, there is a likeness in the structure and traditions of the government services. This includes parallel administrative functions and comparable lines of responsibility. Also, there is a similarity in policy, whereby the state accepts responsibility for providing professional information, education and research services for agriculture. And, perhaps most significantly, there is a real similarity in the pressures on these services arising from changes in the nature and requirements of farming. These may be shown to relate directly to technological change which derives from a continuing and considerable investment in scientific research.

Given a similarity in basic organization and policy, the fact that this pressure from technological progress is experienced by both countries means that adjustments in organization and policies of these institutions, and the resulting changes in their function, are of continuing interest to those associated with these particular farm services. Hence the recent changes in Britain's farm management scene are noteworthy. Also, since existing services are often evaluated, rightly or wrongly, by comparison with those of other countries, it is perhaps useful to bring the documentary record up to date.

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¹G. C. McFarlane, "A Note on the United Kingdom Farm Management Survey", this *Review*, Vol. 26, No. 2 (June, 1958) pp. 77-80; A. H. Rowe, "Progress and Problems of Farm Management Advisory Work in Britain", *Quarterly Review of Agricultural Economics*, Vol. 12, No. 3 (July, 1959) pp. 93-102; P. C. Druce, "Farm Management Advisory Services in England", this *Review*, Vol. 27, No. 3 (Sept., 1959) pp. 121-137.

Considered individually the recent changes appear minuscule, and it is only when considered in association that they are seen to represent a more significant adjustment. When viewed in concert they are indicative of a considerable reassessment of policy, the effects of which may become recognized as a milestone in the growth and development of agricultural economics and farm management in Britain.

2. DEVELOPMENTS IN FARM MANAGEMENT EXTENSION

The first notable change has been the appointment of Farm Management Officers to each of the eight regions of the National Agricultural Advisory Service (NAAS). The first of these took up duties in October 1963, and the other positions were filled soon after. These appointments completed the complement of subject specialists available within NAAS to District Agricultural Officers. In the functioning of the advisory service all contact with farmers is through the District Agricultural Adviser. He in turn can consult specialists in virtually every field that falls within the broadest definition of agricultural science.

Prior to this appointment the only management specialist available to the District Agricultural Adviser was the Farm Management Liaison Officer attached to the ten Provincial Agricultural Economics Service (PAES) centres located at the various universities. The appointment of the Farm Management Adviser has thus, to some extent, duplicated the rôle of the Farm Management Liaison Officer. The ostensible reason for doing this is to meet the need for more management specialists to both aid the District Agricultural Adviser with the economic content of his work, and to handle an increasing number of "cases"; the latter term being used to cover all types of analysis and planning work done on individual farms.

Until this time the building up of a "farm management advisory service" as such, had depended on the development of a management orientation in the work of the District Agricultural Adviser. This approach has been very successful, to the extent that a comprehensive economic approach is the only one acceptable to NAAS officers and to most farmers with whom they deal. However, it has been held among some advisers that full economic advice can only be given by farm economists. There is some ground for this belief particularly since some techniques, which might appropriately be used in handling "cases", require specialist training. The new Farm Management Advisers will obviously fill this particular rôle.

In these activities the function of the Farm Management Adviser seems identical with the Farm Management Liaison Officer in PAES. However, one difference in their rôle is that the new appointment is to "push farm management" so as to increase the number of cases handled. To facilitate this a deputy Farm Management Adviser was appointed to each region, beginning in August 1965. Further appointments are envisaged until there is one Farm Management Adviser per county, or about four to eight in each region, depending on the number of farms and types of enterprises involved.

One other real reason for these appointments is to make NAAS self-contained. While this may be administratively desirable (or desired by administrators?) there is a danger that, by breaking its formal contact, NAAS might insulate itself from the new ideas coming from the universities. This could be particularly unfortunate in view of possible developments in university management work. There can be no doubt, however, that the policy to undertake more management advisory work is a far-reaching one. These changes in personnel have been reinforced by adjustments in the Farm Management Survey to provide more "gross margin" and other material useful in farm management practice, and by legislation to provide cash grants to farmers for the keeping of farm records of a required standard. Each of these represents a positive step in itself.

Thus there is discernible the beginnings of a second phase in farm management extension. The first involving the development of economic awareness in existing services, together with the provision of data and assistance to the District Agricultural Adviser. The second being the provision of additional specialist assistance to undertake the application of specialist techniques in handling decision-making and planning "cases". In this second phase NAAS is constructing a framework which not only allows full use of existing methods of analysis, but also will permit the application of other techniques, including linear programming, as their use becomes feasible in individual cases. In this light this change appears desirable and far-sighted.

3. CHANGES IN FARM ECONOMICS RESEARCH

A second, and seemingly separate adjustment, has been the decision to discontinue the Provincial Agricultural Economics Service as an administrative entity. This change is to be effected over a three-year period ending in 1968.

In historical sequence PAES had its beginnings soon after World War I. From 1916 onwards considerable subsidies were paid to agriculture in order to obtain the food and materials required for the war effort. After the war the Government, having over-extended these guarantees, proceeded to reduce them considerably. At this time one of the compensations offered was the appointment of Provincial Agricultural Economists to hold a watching-brief over the economic well-being of farming. So that they might be in a relatively unbiased circumstance these appointees were located at the provincial universities. The individuals appointed to these positions carried out the first organized evaluations of farm profits and losses in Britain.

The activities of the Provincial Economists grew slowly until 1940, when the introduction of the Price Review system made the data they provided indispensable. This, together with the readjustments in farming at the end of World War II, helped the value of farm economics studies to be more widely recognized, and ensured the continuation of PAES in its present form. At this time NAAS was formed and all other specialist services were transferred from the provincial universities to NAAS. From the early 1940's there was a rapid growth, to the

extent that most of the staff in Agricultural Economics Departments of the universities were employed by PAES. Concurrently large clerical units grew up at each centre, to facilitate the handling of much continuous survey data.

After the post-war reorganization of farm services, the Ministry of Agriculture, Fisheries and Food, set up the "Murray Committee" to advise on the running and operation of PAES. It is apparently on the recommendation of this Committee (now known as the "Cohen Committee" in reference to its present Chairman, Dr Ruth Cohen) that PAES is to drop its formal identity. The reasons behind this decision are not all clear, but one major consideration seems to be related to the changes in the type of data required for policy work and as a basis for the annual Price Review. In future Price Reviews it seems that more account will be taken of the overall profitability of farming, and the demand for (or desirability of producing) various commodities. A second factor may be the intention to foster a desired increase in post-graduate training in the university Departments of Agricultural Economics.

The professional staff of PAES centres, including the Farm Management Liaison Officer, is to be integrated with the academic staff of the universities. In most cases this change will be quite small, the adjustment having been achieved in name and in practice some time ago. The money normally paid in salaries to PAES staff is to be paid, instead of to the centres, direct to the University Grants Committee. The other funds normally paid to support the work of the centres is to be paid either to the newly established Social Sciences Research Council or to a new Ministry Research Fund. From here it will be available to applicants who present projects for support.

The administration of PAES has been through various committees, with representatives from each centre, chaired by an official of the Ministry. These have dictated policy on the various activities and projects. Other committees existed to standardize procedures and facilitate co-ordination between the centres. One of the first effects of abolishing this structure is likely to be a reduction in the apparently inordinate amount of time-consuming committee work in which lecturers are involved. A second could be some strengthening of the position of heads of Departments of Agricultural Economics, who will consequently have to accept more responsibility for the type of work being done, not only for its execution. And third, research staff are likely to find their work will involve less prescribed activity, such as set surveys, and consequently more discretionary work. As a result, individuals and groups of research economists could have greater opportunity to choose their field of study, their topics and the techniques to be used.

These effects, together with the competition for funds from the Social Science Research Council and other organizations, seem likely to permit, and perhaps may cause, a considerable adjustment in the type of work being done. On the other hand, it seems unlikely that these changes will constitute a sudden transformation. To foreshadow such a change would be to assume that there exists in these centres a large quantity of dissatisfied latent talent which will quickly take advantage of this increase in their discretionary activities to completely change their style of work.

This is not true, except in small degree, although some individuals with different training are already developing work dissimilar to that which has predominated in Britain. However, having removed the formal structure, which has in effect institutionalized the conventional wisdom of agricultural economics of the 1940s, it seems possible that a transition to a new balance in the type of work being done could occur fairly rapidly.

The possibility of such change is being noted with concern by some members of the profession. Those convinced of the intrinsic value of positive factual studies feel that the loss of such work will be a body blow to the rôle and reputation of economists. Also, there are those who, noting the trend toward regional planning and the use of econometric models in regional policy assessments, regret the possible loss of the input-output data provided by this work. They believe that Britain has a comparative advantage in this field which may be lost if the collection of this type of factual data now ceases. However, these fears seem ungrounded since many of the enterprise studies that are going to be dropped are largely replaced by "gross margins" data extracted from the Farm Management Survey. The latter survey is to continue and may achieve new importance as the data it yields finds new applications.

To balance these adjustments the Ministry of Agriculture, Fisheries and Food is increasing its own staff of economists for policy work, and may undertake some field studies of its own. It is also expected that the University Departments may carry out studies for the Ministry on a freely entered contract basis, but it seems unlikely that these will be highly co-ordinated surveys conducted by all provincial centres concurrently, as they have been in the past.

In review it appears unlikely that there will be any sudden changes in the policy formulation machinery for British agriculture. The source of data and some of the measurements used may vary. The most notable change may be in the relationship of the University Departments of Agricultural Economics with the Ministry. The Departments' new freedom may mean that they can become "gadflies on the buttocks of bureaucracy", not just an extension of it. This way they may both benefit. But whatever else eventuates, British agricultural economics research and teaching seems to have broached new frontiers and to be set on a new phase in its orientation and development.

4. GROWTH IN NON-GOVERNMENT MANAGEMENT SERVICES

Following the trend in extension and research there have been concomitant adjustments in the various non-government farm services. Several organizations which had provided only technical services have begun to provide additional aid on the management side, and many additional service units have also grown up, both in existing firms, and in specialized practices.

This development seems also to be underlain by the considerable adjustments in farming which derive from technological progress. But the changes in these services almost certainly have been greatly aided by the increased emphasis on management in group extension, by the greater availability of trained specialists from the universities, and by the indirect subsidy they have received through the Ministry grant to farmers for

keeping farm records of a required standard. However, the fact that this expansion has been in farm management services and not in technical services requires some further explanation.

It is apparent that technical farm advisory services have developed largely as the responsibility of government institutions in most countries. One reason for this is that *inter alia* the structure of agriculture with its many small firms made it impossible for a private practitioner to sell his ideas to one farmer without the next-door neighbours copying the innovation over the fence. The growth of technical services in commercial firms has proceeded only because these firms can afford to "give away" services in conjunction with the products they sell. But the growth of farm management work with its emphasis on the "whole farm" and the "individual farm" has changed this. Management analysis, evaluation and subsequent consultation has to be done for an individual unit, and can be sold to a single farmer with little, if any, chance of its wider application. Consequently for the first time in agriculture there is scope for a considerable growth in private practitioners, and this appears to be occurring in Britain.²

The types of organization providing farm management services and the type of services being provided are numerous. The largest forces are mustered by the various marketing authorities. In particular the Milk Marketing Board has a large advisory force, and provides services such as herd recording, and specific management advice through their "Low Cost Production" cost control scheme. Unfortunately the quality of staff employed varies considerably and the services offered are limited to advice based on standard comparative techniques. Some change in this scheme is anticipated to enable their clients to share in the farm records grants and this will facilitate more "whole farm" as opposed to "enterprise" considerations. A further change to include additional management tools would also seem desirable.

A second sizeable force is employed by commercial firms. This category includes major chemical firms who have a large technical sales team, and in some cases additional services. The most outstanding is the scheme operated by Imperial Chemical Industries Ltd, which provides full farm management advice to some two hundred farmers, and less complete service to many more. But, apart from these, numerous produce merchants and some farm co-operatives provide services for their customers. These vary from *ad hoc* technical advice to secretarial services, accountancy, and more recently management advice. An additional factor has motivated some of these firms; the desire to improve farm efficiency in order to cut their losses on outstanding accounts. The majority, however, seem content to gain only the goodwill from such services, and frequently run them on a non-profit basis. The number of firms giving these services continues to increase.

²This explanation seems equally true for the Australian scene. Though some Farm Management Groups began with advice on technical aspects, the advisers soon began to develop the management side. This trend was accelerated when advisers became consultants and found a more direct relationship with individual clients. Often consultants still handle much of their technical advice by group extension within their practice, leaving management for direct contact.

Similar services are also offered by some buying firms, notably large processing or retail companies. These services seem to have begun as husbandry advice to facilitate quality control, but this has grown so that some firms now include farm management advice as one of the facilities offered in return for supply contracts. This is perhaps the smallest group of services and little recent trend is noticeable in the quantity or type of work being done by them.

The most notable management services are those provided by specialist consultants. In most cases these consultants belong to sizeable management firms, to estate agents who have large property management activities, or to accountancy firms who are expanding their farmer clientele. Frequently their work involves direct supervision and control, not just consulting work. The tools used vary from elementary accounting methods to techniques of operations analysis, and they provide a full range of technical advice too. There has been a steady growth in the size of these firms in recent years without many new firms being established, although some firms are new to this specific field. One new firm which has been established recently flourishes under the name of Farm Planning and Computer Services. This firm now operates on a national basis providing management services to farmers based mainly on linear programming and similar techniques. Its success is perhaps the most significant sign of the health of farm management outside the government and university services.

In conclusion it seems appropriate to consider what special relevance these changes might have to the present situation in Australian services. In the official advisory services this is difficult since, unlike those in Britain, the services of the Australian States do not have general field officers fully equivalent to the District Agricultural Adviser. Hence the stages of evolution are likely to be different. As a consequence of having only specialists in the field the first phase in the development of farm management advisory services, which is already under way in most States, may be more difficult and less effective. For this reason the introduction of a second phase, with more farm management specialists in the field, might profitably be hastened.

Also, since the structure of farm management research services has developed on completely different lines, and in more recent times in Australia, the significance of changes in the PAES is not very great. However the increasing development of post-graduate work is an interesting parallel, and the new significance seen for continuing positive empirical studies is noteworthy.

The broader growth of non-government farm management services in Britain is in marked contrast to the present Australian trend, and may suggest likely future developments. For instance one considerable fillip to professional farm management in Australia could be the employment of farm management specialists by the large stock and station firms. These firms have long had a unique close relationship with farmers, and the growth of their credit facilities has consolidated this. Their interest in farm retail, marketing and finance assures their increasing involvement with management. Thus specialist management services could be an asset to them, and their customers. Both in these firms and in accountancy practices British trends may present some insight for the future.