

BEYOND BEEF AND BARLEY

CENTRE FOR THE STUDY OF CO-OPERATIVES
UNIVERSITY OF SASKATCHEWAN

BEYOND BEEF AND BARLEY

ORGANIZATIONAL INNOVATION AND SOCIAL FACTORS
IN FARM DIVERSIFICATION AND SUSTAINABILITY

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CONTENTS

EXECUTIVE SUMMARY	1
1.0 INTRODUCTION	5
2.0 A TYPOLOGY OF FARMING SYSTEMS	6
3.0 TRENDS IN DIVERSIFICATION	19
4.0 CASE STUDIES IN DIVERSIFICATION	29
4.1 <i>Introduction and Methodology</i>	29
4.2 <i>Analysis of the Case Studies</i>	40
4.3 <i>Pathways to Diversification</i>	48
5.0 UNDERSTANDING DIVERSIFICATION AS DEVELOPMENT	50
5.1 <i>What States and Local Communities Hope to Gain from Diversification</i>	50
5.2 <i>What Individuals and Households Hope to Gain from Diversification</i>	52
5.3 <i>Why Individuals, Households, and Communities May Not Diversify</i>	56
5.4 <i>Some Concluding Observations</i>	59
GLOSSARY OF TERMS AND ABBREVIATIONS	61
BIBLIOGRAPHY	62
APPENDICES	66
<i>Abstract</i>	66
<i>List of Figures</i>	67
<i>Figures</i>	69

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EXECUTIVE SUMMARY

THIS STUDY COMBINES several approaches to investigate the phenomenon of agricultural diversification in Saskatchewan. The intent is to understand and to conceptualize diversification, and to assess the importance of social, organizational, and institutional factors.

We present an analysis of key developments in the evolution of Saskatchewan farming systems and a typology of three models of farming: the classical mixed farm, the modern specialized farm, and the modern diversified farm (or multiple specialty farm). Each of these is described and analyzed in terms of fundamental design criteria, level of product and process specialization, flexibility and technological control, business strategies and capital sources, markets, social relations and social logic, and links via networks and local communities. A key finding arising from this exercise is that technical, organizational, economic, and social changes fundamentally alter all these processes and relationships in contemporary diversified farms. This has both positive and negative implications for farm viability, ecological sustainability, and community cohesion.

To identify and quantify historical trends at the provincial level, we developed indexes of diversification (or specialization) for crops and livestock. These indexes cover most of the 1900s and reveal a long-term trend towards increased overall diversity in the province's crop production. There has been, however, a steep decline in the diversity of livestock enterprises measured at the provincial level. Most of this decline occurred between the mid-1940s and the mid-1970s.

These provincial indexes are complemented by an analysis of the relationship between the number of enterprise types (kinds of commodities) produced on farms, and selected social and structural variables. This required custom tabulations of the 1981, 1986, and 1991 Census of Agriculture. This analysis revealed a trend towards greater farm-level specialization between 1981 and 1991. The bivariate analysis also showed that specialization is greatest among farmers

who are either quite young or old. There was a positive relationship between farm size and farm-level diversification, though the rate of increase in diversification flattens out once farms get relatively large. There was a U-shaped relationship between land tenure and specialization such that farms with no rental land and those in the 91–100 percent rented category tended to be the most specialized. Moderate levels of debt were more commonly associated with diversification than either very high or very low levels of debt. Hutterite colonies were the most diversified type of farm organization. Family corporations and partnerships of various kinds also tended to be relatively diversified. The presence of multiple operators generally appears to be positively correlated with diversification. Nonfamily corporations, however, were the most specialized type of farm business. Farms with beef or dairy cattle tended to be relatively diversified. In general, farm enterprise diversification diminished with increased days worked off-farm. The payment of wages, however, especially to family labour, was positively associated with diversification.

The third approach we have used is a thematic analysis of twenty-five case studies in diversification. We interviewed key actors in each enterprise. The projects were selected to represent a range of locations, scales, organizational arrangements, and types of enterprise. The record of these interviews was combined with other information to create a summary profile of each establishment. To preserve anonymity, and to facilitate comparison, these case studies were profiled in table format under the following headings: business form, household and labour relations, organizational innovations, history and context, public agency and industry links, and local linkages and challenges.

The cases range in scale and complexity from diversified family farms to large processing and manufacturing facilities. The most successful projects demonstrate several forms of technical, economic, and social innovation. Partnerships, joint ventures, and other advanced forms of organization are common. Some farm diversification projects are organized specifically to provide opportunities for spouses or other family members. Sharing requires “people skills”

and appropriate organization. Various kinds of education and experience, including high-quality off-farm work, can be invaluable. Key employees may be crucial to success.

Diversification springs from many roots. The starting point may be financial stress or financial success. In some instances the foundations were put in place by earlier generations. Most of the enterprises we studied have received some technical or financial help from a government agency. Some have benefited under multiple programs. Others report important assistance from civil servants. Entrepreneurs may gain skills in government employment or as members of public boards and committees. Many belong to industry organizations and are networked with suppliers, customers, and fellow producers.

The formation of diversification projects may depend on links through kin networks, local organizations, and cultural activities. These involve mutual knowledge, trust, and co-operation-enhancing ties that are elements of “social capital” and characteristics of stable communities. Personal and organizational connections are used to raise capital, to link with partners, to find suppliers and clients, to gain industry-specific knowledge, to recruit key employees, and for social support. Competitors may also be a network for exchanging information, inputs, and product; for negotiating with governments; and for funding joint ventures in research or marketing. For female entrepreneurs, the presence of other women as managers, business representatives, organization leaders, and professionals in public service, can be crucial.

Investing locally may be risky (as evidenced by the problems experienced by several of the profiled firms) and makes sense only if one has attachments to a place and confidence that others will also contribute. Diversification is often concentrated in clusters, which points both to the fact that diversification frequently leads to more diversification, and to the importance of appropriate infrastructure and supports, as well as a climate of confidence.

The complex mix of economic and social motivations and explanations for diversification have their obverse in the complex reasons why some individuals and households may not, or

cannot, pursue diversification. These conditions and factors are not easy to overcome. Nor is this always desirable. Much economic and managerial theory has focused on the advantage of concentrating on activities one does relatively well, rather than investing in risky long shots.

Diversification requires people willing and able to experiment. People provide the initiative, the meaning, and the measure of success. Diversification requires diversity in terms of vision, approach, organization, and contributions. Diversification requires co-operation and partnerships. Diversification requires communities of interest and of place, people who care enough about each other, and their collective future, to make the necessary investments. The organizational and social innovations required include appropriate policies and institutional arrangements, as well as suitable ways of collaborating in the household and in other contexts.

There is a need for integrated approaches that simultaneously address economic, social, and environmental goals. Diversification should be assessed in terms of its “multiplier effect” in each of these areas. There is a need for sustainable diversification at all levels rather than some form of perverse or pseudo-diversification that squanders resources, community, and long-term development.

1.0 INTRODUCTION

THIS STUDY EMPLOYS SEVERAL APPROACHES to explore, analyze, and conceptualize the importance of social and organizational factors in agriculturally-based diversification. The first exercise is an effort to categorize key dimensions in the evolution of farming systems. The resulting schema, or typology, allows us to consider the major historical transitions that have occurred, and how the interplay of economic, agronomic, technological, and social factors gave rise to mixed farming, to specialized farming and, more recently, to the modern diversified, or multiple specialty farm. This analytical approach also allows us to more systematically assess the potential social and systemic implications of such changes.

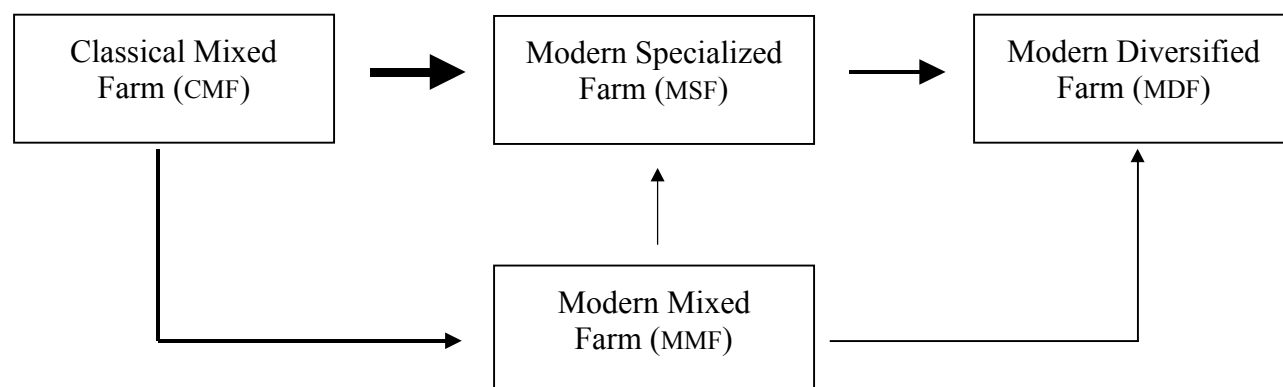
The second approach is a statistical and graphical analysis using custom tabulations from the 1981, 1986, and 1991 Census of Agriculture. These custom data are used to examine trends in the bivariate relationships between key structural variables and the levels of enterprise diversification on Saskatchewan farms. In conjunction with this research we present an analysis of data pertaining to the mix of crops and livestock produced in the Province, 1911–1999 (an Entropy index).

The third research approach is a set of twenty-five case studies of agricultural diversification. These are based on interviews with managers of each enterprise. The cases are presented in tabular form under categories dealing with organizational and human factors in the history and development of the project. The concluding section of the report presents some observations extracted from the three-pronged research strategy, particularly with respect to the development of diversification projects, and diversification as rural development.

2.0 A TYPOLOGY OF FARMING SYSTEMS

DIVERSIFIED FARMS OF THE 1990S exhibited agronomic, economic, and social characteristics that distinguished them qualitatively from more traditional mixed farms common in many parts of Saskatchewan in the first half of the century. They were, and are, likewise distinct from the specialized farms that have predominated in the province since approximately 1950. For analytical purposes, we can distinguish between the “classical mixed farm” (CMF), which has largely disappeared, and the “modern specialized farm” (MSF), which remains very important but which is being replaced, in some instances, by the “modern diversified farm” (MDF) (Fig. 2.1).

Figure 2.1: Developmental Pathways to Diversification



In a proposed typology of farming systems (Table 2.1), we focus on contrasts between the CMF and the MDF as “ideal typical” systems of farming. As an analytical device, the use of “ideal types” focuses attention on key changes and their potential ramifications. This should not be mistaken for advocacy, nor for an assertion that actual farms conform fully to these descriptive archetypes. In Saskatchewan, as elsewhere, the farm sector is heterogeneous in terms of the structure and organization of farm enterprises. This reflects differential resource endowments, the financial and family situations of operators, and personal philosophies with respect to “farming styles” (van der Ploeg 1993). While it would be a mistake to ignore this diversity, it is useful to investigate the emergence of new dominant or modal forms together with broad underlying developments that affect all kinds of farming.