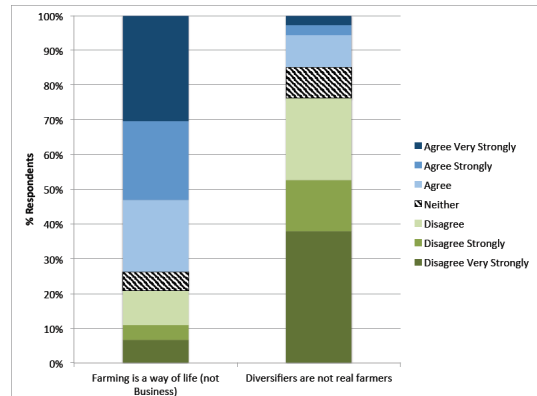


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Attitudes to Farm Diversification

Attitudes of Farmers to Farming and Diversification



Key external stakeholders:

Department of Agriculture, Food and the Marine (DAFM); Department of Environment, Heritage and Local Government, National Rural Network, rural development agencies, local authorities

Practical implications for stakeholders:

The outcome of this research includes:

- This research filled a number of knowledge gaps concerning the persistently low take up of on farm diversification measures in Ireland.
- The results informed the work of DAFM and the National Rural Network and made a key contribution to the development of the report *Encouraging Enterprise at Farm Level Post 2013*.
- The research has assisted national policy makers understand the characteristics of the population of farm operators that are interested in farm diversification.

Main results:

- Only a small proportion of farmers are interested in a diversified business. Either expanding the farm business or securing an off-farm job are the main development strategies preferred by farm operators
- Based on an evaluation of farm operator's attitudes to diversification, there are three distinct groups: those negatively predisposed; those who might diversify but are reluctant to do so, preferring to secure off-farm employment; and those that might diversify but who would prefer to develop the core farm enterprise.
- Intention to establish a diversified farm enterprise is influenced by a farmer personally knowing another farmer who has recently established a new business.

Opportunity / Benefit:

This research generated a detailed understanding of the attitudes of farm operators to diversification; identified the presence of three distinctive groups of farmers based on their attitudes to farm diversification and the importance of role models in the decision to diversify. The results informed the implementation of the national rural development policy (2007 – 2013) by providing insights into the attitudes of farm operators to farm diversification and the preference amongst many farmers for off-farm employment. The latter results have influenced the focus of the Teagasc Options+ programme with its emphasis on improving interagency contact with farm households to support up-skilling, retraining and enterprise development.

Collaborating Institutions:

Dublin City University
 National Rural Network

Teagasc project team: Dr David Meredith (PI); Dr Kevin Heanue; Marie Rannou (Intern)

External collaborators: Prof. Colm O’Gorman (Dublin City University)

1. Project background:

Diversification of farm enterprises, supported by the EU and national exchequer, offers the potential to improve the economic returns to farm businesses and thereby contribute both the longer-term viability of the farm business and farm household. Such developments would positively impact on the wider rural economy. Notwithstanding these supports, only 5% of farm enterprises were recorded as having a diversified activity in 2007 (Farm Structures Survey, 2007). This project seeks to assess the attitude of farmers to diversification, identify the characteristics of those farmers that are positively or negatively disposed towards diversification and evaluate the effect of role models on farm operator’s intent to establish a diversified farm business.

2. Questions addressed by the project:

- What are the attitudes of farm operators to farm diversification?
- Can distinctive groups of farm operators be identified based on their attitudes to farm diversification?
- Do role models and prior experience influence farmers’ intent to start a diversified farm enterprise?

3. The experimental studies:

The research draws on agricultural change and farm diversification literature to identify key factors considered to shape attitudes to diversification. Data describing the characteristics of farm households and enterprises and their associated attitudes to diversification were collected from a nationally representative sample of farms. Quantitative analysis was undertaken on these data to establish the attitudes of farm operators to diversification, whether distinctive groups of farm operators could be distinguished based on their attitudes to diversification and the extent to which role models and prior experience influence farmers’ intent to start a diversified farm enterprise? The research involved:

1. An extensive review of the literature concerned with farm diversification, in general, and the influence of either positive or negative attitudes towards enterprise diversification on the behavior of farm operators.
2. Drawing on the literature review a survey was designed, piloted and implemented that measured farm operator’s attitudes to diversification and their knowledge of role models.
3. Utilising descriptive statistics, describe the attitudes of farm operators to their enterprise, diversification and off-farm employment.
4. Applying Principle Component Analysis and Cluster Analysis, identify distinctive groups of respondents based on their attitudes to diversification.
5. With the use of econometric models, evaluate the effect of knowledge about/familiarity with role models on farm operator’s intent to establish a diversified farm business.

4. Main results:

1. Attitudes

The research was conducted among a sample of 472 farmers nationwide. When asked about their preferred development strategy, 38% said their preferred option was to develop and expand their farming business while 58% expressed a preference for combining farm work with an off-farm job. Just 2% of farmers expressed a preference for setting up a diversified farm-based business. The research showed that the interest and desire to increase scale and output in farming is predominantly within the dairying and tillage sectors. Three out of every five farmers, mainly involved in beef and sheep production, felt their farm business is not capable of delivering sufficient income to support the farm household.

Whilst most farmers, 63% of respondents, agreed with the statement that they were not interested in diversifying, 33% stated that they were interested in diversifying their farm business. Age and level of education emerged as important variables in capturing broad attitudes to diversification. The percentage of farmers stating that their farm was suited to diversification declining as age increased and the

percentage stating that they were interested in diversification also declined as age increased. In contrast to this, farmers with higher levels of educational qualifications regardless of age, were more positively disposed towards the idea of diversification. Placed in the context of the demographic and education profile of farm operators in Ireland these results present a particular challenge to policies and initiatives that seek to support diversification as most farmers in Ireland are over 45 years of age and relatively few have third level qualifications. This is not to suggest that farm operators are, in general, resistant to the idea of diversification; 76% disagreed that those farmers who diversify are not 'real farmers'.

What emerges from the data analysis is a picture of a farm population that do not perceive farm diversification as something that they would engage with preferring instead to either develop their existing farm enterprise(s) or engage in off-farm employment.

2. Classification of farm operators based on their attitudes to diversification

Three groups of farmers were identified as having a different attitude towards diversification. The distribution of farmers between these groups was uneven with 22% of the total sample in Group 1, 48% in Group 2 and 30% in Group 3.

Farmers in Group 1 have an overall negative attitude towards diversification. They strongly agree with statements like "I'm not interested in diversifying my farm". They also believe that they do not have the required human and financial resources and that the farm is not suited for diversification. This group also points to their lack of skills and training. While asked to select their preference between diversification and off-farm work, they strongly prefer the second option.

Farmers in Group 2 is the largest group, 228 of 473 respondents, and are generally positively predisposed to diversification yet express a preference for off-farm employment. They agree that their farm is compatible with diversification and agree that with the right supports they would be interested in diversifying their farm. Farms in this group appear to be compatible with some forms of diversification, e.g. direct selling, new types of crops or animals, but not with others, e.g. artisan food production, forestry or agritourism.

Farmers in Group 3 are generally more positively disposed to farm diversification than the two other groups, they perceive that there will be opportunities to further develop their farm business in the future and disagree that an off-farm job is preferable to diversification. Similar to Group 2, farm operators in this group believe that their farm is suited to diversification, particularly those forms related to 'rearing other types of animals' or 'forestry'. However, though farm operators in this group understand that they have the land resources and potential market to diversify, they stated that they are not interested in doing so, i.e. they would prefer to develop the core farm enterprise.

3. Role models

This aspect of the research explored whether role models, prior experience of starting a business, and mode of entry to farming, influence a farmer's intent to start a diversified farm enterprise. The results show that intent to establish a diversified farm enterprise is influenced by a farmer personally knowing another farmer who has recently established a new business. They also show that prior start-up experience is weakly associated with intent; and that mode of entry to farming (inheritance or acquisition) does not influence intent.

5. Benefit:

- This research filled a number of knowledge gaps concerning the persistently low take up of on farm diversification measures in Ireland and in doing so assisted policy makers understand the low levels of farm diversification and the characteristics of the population of farm operators that are interested in farm diversification.
- The results informed the work of DAFM and the National Rural Network and made a key contribution to the development of the report Encouraging Enterprise at Farm Level Post 2013.
- The results confirm that a very small proportion of farmers are interested in developing a diversified business. Most farmers would prefer to either expand their farm business or secure an off-farm job.

6. Dissemination:

Main publications:

O’Gormon, C., Curran, D., Heanue, K. & Meredith, D. How role models and prior experiences influence farmers’ intent to diversify via entrepreneurship. (Submitted to *Journal of Small Business Management*)

Meredith, D. (2011). Farm Diversification in Ireland. *TResearch*, 6(1), 34.

Meredith, D. (2014). The changing place of agriculture in the EU. In A. Copus (Ed.) *Territorial Cohesion in Rural Europe*. London: Routledge.

Meredith, D. (2011) Territorial cohesion: implications for agriculture policy in the EU. *TResearch* 4, 34 – 35.

Meredith, D. Heanue, K. Heneghan, M. and O’Donoghue, C. (2011). Farm Diversification in Ireland. *Today’s Farm*, March - April 2011, No. 2, 30-31.

7. Compiled by: David Meredith
