

Farmer collaboration

Introduction

This research focussed on initiatives in the agriculture sector which involve some form of collaboration between farmers. These included different organisational forms and integration of actors from a variety of sectors. Initiatives were studied in three different countries: 'CRIE Montado' in Portugal, which is a platform for experience exchange and supporting multifunctional strategies (including tourism and recreation, education, social inclusion and product transformation); 'machinery rings' in Scotland, which provide opportunities for increased efficiency through access to a pool of resources (including machinery, labour, training and commodities); and 'Regionalwert AG' in Germany, which pursues the provision of capital to organic agriculture with the objective of a sustainable regional economy (in financial and socio-ecological terms). These three initiatives were associated with four different regions (research was carried out in two geographical areas of Scotland), which differed in size, from around 9,000km² ('North East Scotland' and the German district of Freiburg) to around 1,000km² (Montemor-o-Novo in the Alentejo region of Portugal), with the smaller Scottish region studied (Scottish Borders) being just over 4,500km².

Background to the research – collaboration in FarmPath

Collaboration is the basis of the three initiatives studied, which has been identified as important in relation to ensuring the social and economic sustainability of farming in the four study regions. In the context of transition management theory, these three initiatives represent new forms of collaboration and can be identified as 'socio-technical' innovations. The three initiatives also represent three quite different stages of the transition process.

Collaboration is commonly understood as *"working together with somebody in order to produce or achieve something"* (Hornby 2010¹). More specifically agricultural cooperation can be defined as *"forms of working together in a regulated manner"* (Klischat et al., 2001²). In the

context of agriculture, two key forms of collaboration can be differentiated as: 'vertical cooperation' between agricultural producers and other businesses in sectors up and downstream (e.g. suppliers, processors); and 'horizontal cooperation' between agricultural producers (e.g. machinery rings). In the context of this study the term 'collaboration' is preferred over 'cooperation' in order to avoid confusion with agricultural 'cooperatives', which are a specific organizational form.

Description of the study initiatives – collaboration and stages of transition

Relative to the initiatives studied in Germany and Scotland, **CRIE Montado** is very young (4 years) and has fewer members (less than 15) involved. The aim of collaboration in this initiative is to share information, support activities and lobby

in relation to multifunctional farming, which is operated on an informal basis between a group of farm entrepreneurs. A decelerating trend has been observed in this initiative, leading to the conclusion that it is at a very early stage of transition. Some of the factors leading to this development were unclear, but may include: a lack of formal leadership; little interpersonal relationships; little culture of team work; instability associated to economic crisis; and asphyxiating bureaucracy. However, the group has contributed to introducing a clear concrete notion of multifunctional farms within the region.

Conversely, **machinery rings** have a relatively long history in Scotland (introduced in 1987) and have become well established in the context of some regions, thus they can be considered as at a relatively advanced stage of transition.

¹Hornby, A.S. (2010): Oxford Advanced Learner's Dictionary of Current English, 7th edition, Oxford University Press: Oxford, p.290

² Klischat, U., Klischat, U., & Habermann, I. (2001). Erfolgsbestimmende Faktoren landwirtschaftlicher Kooperationen aus Sicht von Betroffenen. In J. G. Schwerdtle (Ed.), Sammelband zum Symposium der Edmund Rehwinkel-Stiftung: Vol. 15. Betriebsgesellschaften in der Landwirtschaft. Chancen und Grenzen im Strukturwandel. Frankfurt am Main.

It has been estimated that in the two study regions more than half of all farms are members of the machinery rings (Ringlink in the North East and BMR in the Borders). Machinery rings in Scotland are legally constituted agricultural cooperatives, which represent widespread horizontal cooperation. Initially formed to facilitate resource sharing among farmers (particularly machinery, but also labour), the role of machinery rings has since been extended to include a much wider range of services, such as training and commodities purchasing. Interestingly, as machinery rings have grown and evolved (particularly into commodity trading) they have become more widely perceived as service providers as opposed to being an opportunity for businesses to collaborate; which was their original purpose. Nevertheless, it can be argued that machinery rings are a significant representation of market power held collectively by individual farm (and other) businesses and means for farmers to reduce their fixed costs. Overall, machinery rings appear to represent a unique form of agricultural cooperative in Scotland, which are characterised by extensive voluntary participation, efficient systems, and contemporary opportunities for farmers to access, provide and share physical and human resources – in a way that allows them to collaborate while also retaining independence and autonomy in the context of their farm businesses.

In Germany, **Regionalwert AG** was formally founded in 2006, following a long process of conceptual development involving local actors. The initiative is an example of vertical collaboration as it involves not only farmers, but also other partner businesses along the organic value chain. In terms of the purposes of collaboration, a range of different activities are involved, including: commodity exchange and sale; service

provision (labour, machinery); knowledge exchange; and financial 'involvement'. However, most important for the success of the initiative, new linkages were created between (regional) shareholders, organic farms and other businesses of the value chain within this region. The shareholders invest into partner businesses in silent partnerships, in shares or purchase of entire farms. Another innovative aspect of the initiative has been the introduction of a new principle, which requires that businesses are not only valued by their individual economic performance, but also by social and environmental criteria that contribute towards regional sustainability. Regionalwert AG can be considered as a progressed niche innovation, which is at the verge of transition and integration into the wider agri-food regime. Its initial development has been a response to growing demand for regional and sustainably produced food and the difficult situation faced by new entrants into agriculture; both being aspects of the incumbent (organic) agri-food regime. A shift in societal values towards a higher appreciation of ethical investments and support for sustainable food production and supply chains is evident in terms of the public attention the initiative has gained in the form of prizes and grants.

In the cases of CRIE Montado and Regionalwert AG, it was observed that interpersonal collaboration between farmers (and other value chain actors) increased in the early stages of the initiatives' development and as a result of their activities. In the case of machinery rings, contact between farmers is facilitated by the ring 'hub', which acts as a management structure that is responsible for matching supply with demand. To some extent, this has resulted in a system where machinery rings have removed (or displaced) interpersonal relationships between farmers. Collaboration with actors outside the initiatives has evolved and is also taking place in different ways in the context of three initiatives. For example, in CRIE Montado, formal contacts (e.g. with agricultural administration) may have come too early; in the opinion of some, there should have been a longer period of informality, to allow definition and identity building of the group. In the case of machinery rings, however, support was provided by a number of actors from the wider agri-food regime at the outset, including the Scottish Agricultural College, the Scottish Development Agency (now Scottish Enterprise) and the Scottish Agricultural Organisation Society. Also in the case of the German initiative, a range of



Montado landscape in the Alentejo region, Portugal, Source: photographed by Filipe Barroso (University of Evora)

regional actors (who are now not necessarily involved in activities) contributed towards development of the concept of Regionalwert AG. Furthermore, interest in the concept has grown in other regions facilitated by wide media coverage and awards won by the initiator and leader of the Regionalwert AG.

Leadership has been identified as crucial for the success of collaboration in all three initiatives. This includes clear leadership structures on one hand, but also relates to personal characteristics of individual

leaders on the other. A lack of (assumed) leadership was identified as an important factor responsible for the decelerating trend of CRIE Montado, whereas the strong dedicated personality of the founder of Regionalwert AG has been described as one of the most important success factors of the initiative. Strong leadership has also been a defining feature of machinery ring, whereby ring managers were frequently identified as imperative to rings' success (or otherwise). A number of factors were found to influence perceptions of what it is to be a 'good

manager', including individual ambition, determination, continuity, charisma, interpersonal skills and conviction in the concept, role and value of machinery rings.

Relevance to young farmers and new entrants

Attention to issues faced by young farmers and new entrants is important in the context of FarmPath. Farm succession was a particularly relevant aspect of this in all three initiatives. For example, it was found that machinery rings provide opportunities for farm successors by being 'supplier members' to the ring; which allows them to work on the farm when required and also supplement their income by working as a contractor or labour provider to other farms at other times. By working 'through the ring', future successors may gain experience and build knowledge of their family farm while also broadening their experience in a way that is financially sustainable. Also, the facilitation of farm succession is an objective of Regionalwert AG Freiburg, which has happened in context of two of the nine partner farms. Although young(er) farmers (and new entrants) are members of all three initiatives, they don't play a particular role within any of the organizations.



Agricultural landscape in Scotland, photograph by David Riley at the James Hutton Institute



Direct marketing at RWAG partner Querbeet horticultural business, Eichstetten, Germany, photograph by Simone Schiller, IfLS (April 2012)

Contribution towards the regional sustainability of agriculture

CRIE Montado contributes to sustainability of agriculture by adopting an environmental rationale in the context of individual farm projects. Furthermore, and more importantly, it also contributes to a re-invention of urban-countryside relations, sustainable farming, community development and a more human, creative and balanced territorial development. In the context of existing high levels of specialization, competition, and sectorial administration and markets, CRIE Montado illustrates the critical importance of collaboration in processes of transition towards regional sustainability of agriculture.

Multifunctionality demands versatility and a level of detailed knowledge and know-how in multiple activity/sectors at the same time, which can best be addressed within collaborative approaches – which are at the core of this initiative.

The contribution made by machinery rings to the sustainability of agriculture in the North East and Borders regions of Scotland has been primarily economic, in terms of providing a mechanism that helps to sustain the economic viability of farms through reduced costs and greater efficiencies in terms of the way that agricultural inputs (machinery, labour, commodities, training) are accessed across these regions. Although machinery rings are fundamentally based on collaboration and generation of social capital across the regions, the consequences for social sustainability are mixed – including positive and negative

effects on agricultural labour. For example, rings provide a means for young farmers to find work and gain experience in the sector; but at the same time, rings facilitate lower retained labour on farms, as farmers can access the ring's labour pool on demand. Currently, the impact of machinery rings on environmental sustainability is most limited. However, there are specific examples where contributions are currently being made (e.g. in the development of renewable energy production) and opportunities have been identified for machinery rings to coordinate smaller scale collaborations for the purposes of implementing local or landscape-scale policies relating to the environment in the future.

Regionalwert AG Freiburg addresses regional sustainability of agriculture in several ways. Most important for the success of the initiative (and the most innovative aspect) is the creation of new

linkages between (regional) shareholders who invest in organic farms and other businesses in the value chain within the region, thus providing capital for start-ups and investment. In addition, the initiative strengthens the regional organic agricultural value chain through different forms of collaboration among partner businesses including knowledge transfer mechanisms.

For further information

See the FarmPath project web-site:
www.farmpath.eu

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Visualising cooperation between partner businesses of the RWAG Freiburg with stakeholders



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