

Adaptation strategies and performances of three producer groups in times of change: lessons learned from the application of the CSP framework

Susanne v. Münchhausen, Karlheinz Knickel,
Rebecka Milestad and Tobias Lasner

Core Organic II „HealthyGrowth: from Niche to Volume with Integrity and Trust“, IFSA-Conference Newport, 13-15.07.2016



Funded by the German Ministry of Food and Agriculture with the Federal Program for Organic Agriculture and other forms of Sustainable Agriculture (BÖLN)

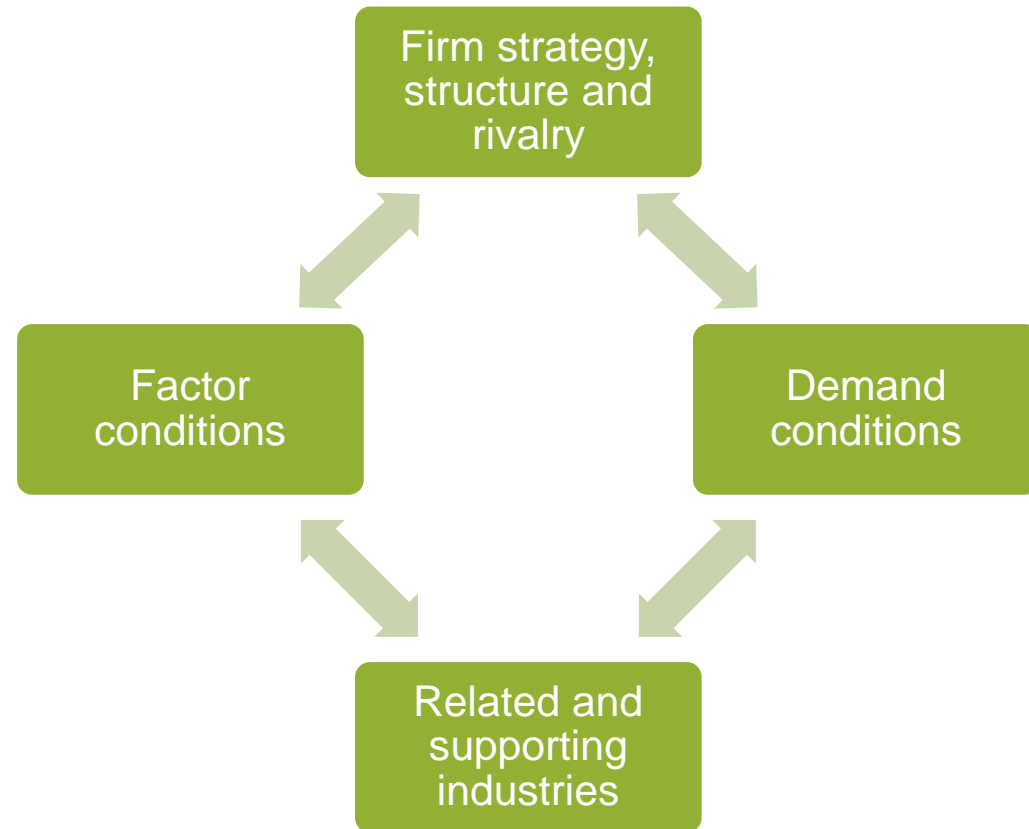
This project has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 635188.

Overview

- General idea and approach
- Three case studies
- Key questions during application
- Lessons learned

General idea

- Application of Porter's 'Determinants of National Competitive Advantage' to the agri-food sector
- Test the CSP concept for an analysis of linkages between drivers, conditions, strategies, actions and sustainability effects.



Michael Porter (1990)

3 working steps

- (1) Identification of periods of major changes and analysis of market, regulatory, policy and other relevant conditions.
- (2) Analysis of (adaptation) strategies pursued, e.g., regarding the management of (food) chains and risks.
- (3) Exploration of the related social, economic and environmental effects (sustainability performance).

3 case studies

- ‘Öko-Korn-Nord’, a farmers’ association for organic cereals and legumes, in Lower Saxony, northern Germany
- Upplands Bondens, a farmers’ association for organic beef in central Sweden
- Carp producers with traditional low-intensity fish farming in Middle Franconia, southern Germany



Step (1) Identification of critical points in time for Öko-Korn-Nord

- Early 1990s: sales of grain were difficult due to oversupply (buyer market) and inadequate organic market structures
- Foundation of the farmers' association
- In 2003/04: grain market changed to seller market
- Association fostered product and market differentiation.
- Some farmers decided to leave association.

Step (1) Identification of critical points in time for Upplandsbondens

- Since 2004: good conditions for organic cattle farming and organic meat marketing
 - Numerous slaughterhouses with organic certification in the area
 - Marketing under retailer's brand (local origin plays no role)
 - Lacking 'investment' in long-term consumer trust and loyalty
....'condition' or 'strategy' or 'performance'?
 - 2014/15: cooperation with local wholesaler; regional origin is important; but no interest in organic
- ➔ While (market) conditions are favourable, the structure and the orientation of processing and sales enterprises are problematic for the farmers' cooperative!

Step (1) Identification of critical points in time for Aischgrund carp farmers

- In the long-term, German carp market is decreasing. Aischgrund production fell from around 7,000 MT in 1992 to around 6,000 MT in 2004.
- Since 2005, supply and demand on the local market for carp were relatively stable.
- Situation seems to be more favourable than in other regions, however
 - Weak long-term profitability ... lacking fish farm successors
 - Competitiveness: Low price for carp from neighbouring Czech Republic and for fish from intensive aquaculture
 - Increasing losses due to protection of cormorant, other predator and beaver populations

➔ No major events/changes; no important points in time

Step (2) Analysis of adaptation strategies

- Öko-Korn-Nord strategies in the 1990s: joint marketing, establishment of a stable strategic cooperation, implementation of a 'fair price' system. In 2003: fair price strategy and incentives for quality production. Farmers' strategies differ; some decide to leave the association.
- Upplandsbondens tried out different strategic cooperations in both periods.
- Aischgrund actors/stakeholders (R&D, producer associations, municipalities, etc.) developed strategies for cooperation and initiated EU-funded projects ('tourist office', 'gastronomy logo', ranger programme, cultural heritage museum)

Step (3) Performance indicators

- Economic/quantitative
 - producer price development; income of member farmers compared to non-members (Öko-Korn, UB)
 - % of farms that continued with organic farming due to membership compared with the average reduction of all (Öko-Korn, UB)
 - associations' impact on the regional economy (regional value added, related tax payments, no. of employees), total revenues from fish sold
 - tourism development (hotel bookings etc.) (Aischgrund)
- Qualitative indicators
 - impact on risk (Öko-Korn, UB)
 - socio-cultural contribution (local identity, heritage, events, etc.) (all CS)
- Environmental
 - positive environmental impact of organic and low-intensity farming (all)
 - maintenance of landscape, biodiversity, nature conservation (fish ponds)
- Sustainability performance of the cases was not yet measured!

Other factors

Other factors

Farmers' performances in 1993

- change in number of org. farms
- change in employment

Farmers' performances in 2004

- change in no of org farms
- change in employment

Actions: membership in association; establishment of pool pricing; improvement of baking quality

Actions: Continue business as usual; leaving the association, closure of farm, own use of cereal as animal feed

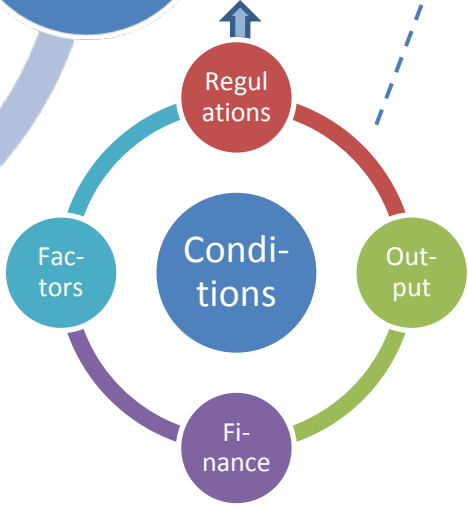
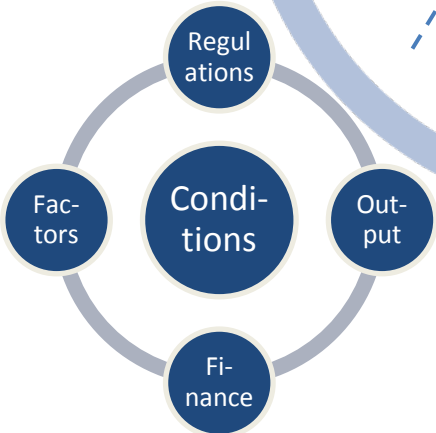
Farmers' strategies focus on risk reduction, improving work efficiency, organic values

Farmers' strategies focus on optimising sales revenues, market diversification, improvement of product quality under the umbrella of the association

Regulatory conditions (government)

farmers, farmers

Conditions related to finance and risks



Öko-Korn-Nord



1992/1993

development

2003/2004

Results of testing the CSP concept

- Approach is in principle a suitable conceptual framework
- Particular strength: holistic assessment, focus on changes, dynamics, strategic decisions and societal impacts
- Main challenges in wider application:
 - operationalising the framework with meaningful indicators and data!
 - apprehending conditions and effects at multiple scales
 - assessing ‘performance(s)’
 - identifying and assessing (potential) trade-offs and synergies
 - dealing with weaker linkages (at multiple scales and at different times)

Key questions during application

- How to detect and take into consideration other issues such as hampering funding rules or inefficient chain organization?
- How to deal with dynamics of conditions?
 - We avoided a static/single-issue approach and used medium- and long-term trends – i.e. we tried to adopt a decision-maker's perspective
- How to handle the potential disconnect / inconsistency between strategy and action?
 - Strategic plans lead - for many reasons - not always to consistent actions
- How to isolate and assess effects if causal relationships are not clear and if sufficiently disaggregated data are not available?
 - Do we need to harmonize this and should we adopt more participatory multi-actor/multi-stakeholder assessment approaches

Further development of CSP-concept

Financial crisis, falling oil prices etc.

Other influences on performances

Actions

Taking over neighbour's farm

Recruitment of another employee

Changing to organic

Termination of farm activity

Performance

Performance

Performance

Strategies

Regulations

Conditions of (fish) farmers

Output markets

Finance Risks

Factor markets

Lessons learned

1. Unit of analysis: sectoral, business or association?
2. Business versus sector perspective: We need a common approach towards multi-/inter-scale effects.
3. A fixed set of market, policy support and legal frameworks does not exist; conditions influence each other.
4. We need a sufficiently detailed analytical framework in order to reduce subjectivity in understandings/interpretations
5. Often it is impossible to link conditions with certain actions and sustainability outcomes
6. Dynamics of strategies and actions: time and information lag, inertia, strategic planning and actions taken
7. Practitioner involvement: sustainability assessment as participatory process?

Thank you!



Susanne von Münchhausen
Susanne.vonmuenchhausen@hnee.de

www.coreorganic2.org
www.hnee.de/HealthyGrowth

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