Defining foresight activities and future strategies in farm management: empirical results from Finnish FADN farms

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Introduction
The goal of this paper was to analyse what kind of future goals, planning horizon and foresight approaches farms have. Also, the link between the stated future goals and the success of the farms as measured by economic and structural indicators (e.g. profitability, growth) was studied through available FADN data.

The specific research questions were:
1. What kind of future goals do farmers have for their farm enterprises?
2. Do these different future goals reveal the use of different planning horizons or a different foresight approach in farm management?
3. What is the link between the future goals used and the success of the farm as measured by economic and structural indicators (e.g. profitability, growth)?

Material and methods
Alongside with the conducted farm survey (valid n=260 farms), FADN data from the same farms were obtained to scrutinise economic and structural changes in defined farm groups during the five year period 2004–2008. The data for examining the economic and structural changes between farms are based on the annually gathered Farm Accountancy Data Network (FADN) database from Finland concerning the years 2004–2008.

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<tr>
<th>Indicator</th>
<th>Farm group</th>
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<tbody>
<tr>
<td>Turnover</td>
<td>34.03</td>
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<tr>
<td>Statistical significance only in 2004 and 2008: p=0.013(2004), 0.012 (2006)</td>
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<tr>
<td>Profitability coefficient</td>
<td>0.51</td>
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<tr>
<td>No statistically significant differences between groups</td>
<td>0.123 – 0.812</td>
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<tr>
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<tbody>
<tr>
<td>Turnover</td>
<td>21,842</td>
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<tr>
<td>Statistical significance only in 2004 and 2008: p=0.013(2004), 0.012 (2006)</td>
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<tr>
<td>Profitability coefficient</td>
<td>0.46</td>
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<td>No statistically significant differences between groups</td>
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<th>Key results</th>
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| Future goals within group (based on questionnaire definitions)
Mental satisfaction of being a farmer, taking care of the environment
Good profitability, good liquidity and sufficiency in income financing, reasonable subsistence
Continuing growth, rationalisation of production, developing professional skills, continuity of family farm
Planning perspective and foresight approach
Operational and strategic planning practice, reactive approach to changes, passive in information retrieval
Operational, strategic and visionary planning practice, from reactive to proactive approach in changes, most active in information retrieval
Strategic and operational planning practice, from reactive to proactive approach to changes, rather active in information retrieval
Structure of farm enterprise (years 2004–2008)
Clearly smallest farms as for economic size (turnover), farm size (area under cultivation), no growth in cultivated area or turnover
Clearly highest number of working hours, biggest in economic and farm size (turnover and area under cultivation), steady growth in cultivated area, quite rapid growth in turnover
Clearly highest number of working hours, turnover bigger than Group 1, by farm size almost as big as Group 2, rather big in economic size, steady growth in cultivated area and in turnover
Phase of life cycle on farm (years 2004–2008)
Most farms cannot define the point in time for transferring the farm to a descendant, precious little recently or in near-future transfers, the statement ‘farming is coming to an end’ describes the farms
Significantly many of transfers are planned to happen in 5–15 years’ time, just 9% of farms in group recently conducted the transfer of the farm to a descendant
Best in return on total assets, biggest changes in profitability between years, good self-sufficiency, good satisfactory indebtedness ratio
Economic situation of farms (years 2004–2008)
Highest farm family income, good self-sufficiency, satisfactory indebtedness ratio

Conclusions
Our findings indicate that the stated future goals are also visible in farm performance. As the future goals and the foresight approach were a farmer’s subjective statement, it also tells the farmer’s motivation to improve and develop farm management behind the goals.

In this study the FADN data gave an opportunity to examine economic and structural development in the defined farm groups with several indicators.

European level FADN system and its database give farms opportunities to diversely benchmark their structural and economic performance between farms and production lines, and thus improve their managerial competence and planning practises.

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