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.

Key results

Our findings indicate that the three farm groups constructed differ from each other in terms of future orientation and in terms of structural and economic development.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Farm group</th>
<th>Group 1: Traditional and environmentally oriented farm group</th>
<th>Group 2: Economically oriented farm group</th>
<th>Group 3: Growth and development oriented farm group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>1: 0.000– 0.000</td>
<td>In 2004: 261,630 in 2008: 264,027</td>
<td>In 2004: 256,831 in 2008: 258,072</td>
<td>In 2004: 271,672 in 2008: 273,907</td>
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<tr>
<td>Family farm income</td>
<td>2: 0.000– 0.000</td>
<td>Minimum €80,392 Maximum €87,680 Average 2004–2008: €23,602</td>
<td>Minimum €90,125 Maximum €93,408 Average 2004–2008: €30,124</td>
<td>Minimum €111,392 Maximum €119,457 Average 2004–2008: €26,497</td>
</tr>
<tr>
<td>Profitability coefficient</td>
<td>3: 0.000– 0.000</td>
<td>Minimum 0.39 Maximum 0.63 Average 2004–2008: 0.46</td>
<td>Minimum 0.49 Maximum 0.73 Average 2004–2008: 0.56</td>
<td>Minimum 0.29 Maximum 0.72 Average 2004–2008: 0.51</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>1: 0.000– 0.000</td>
<td>Minimum 0.55 Maximum 0.63 Average 2004–2008: 0.68</td>
<td>Minimum 0.75 Maximum 0.94 Average 2004–2008: 0.87</td>
<td>Minimum 0.75 Maximum 0.95 Average 2004–2008: 0.87</td>
</tr>
<tr>
<td>Debt-equity ratio</td>
<td>2: 0.000– 0.000</td>
<td>Minimum 0.32 Maximum 0.48 Average 2004–2008: 0.43</td>
<td>Minimum 0.62 Maximum 0.74 Average 2004–2008: 0.76</td>
<td>Minimum 0.65 Maximum 0.74 Average 2004–2008: 0.74</td>
</tr>
</tbody>
</table>

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 practices.

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