



AGRICULTURE RESEARCH GROUP ON SUSTAINABILITY



ARGOS Research Report: Number 07/05

ISSN 1177-7796 (Print)
ISSN 1177-8512 (Online)

Becoming the Audited: Response of New Zealand Sheep/Beef Farmers to the Introduction of Supermarket Initiated Audit Schemes

Report on ARGOS' second qualitative interview

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September, 2007



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Executive Summary

The ARGOS project seeks to enhance understanding of the condition of sustainable agriculture in New Zealand. Whereas the project as a whole is dedicated to a transdisciplinary approach comparing existing management practices in three principal commodity systems, this report focuses exclusively on analysis of the sheep/beef sector developed within the ARGOS social research objective. The data at the basis of the analysis are derived from a qualitative interview process designed to establish the distinct perception of and response to constraints among participating farmers. Of particular consequence to ARGOS objectives were the farmers' representations of their relationships with the processing industry, especially their emerging response to increasing demands for audited best practice.

Based on our analysis we are able to draw several conclusions regarding the role of audit schemes in the New Zealand sheep/beef sector:

- Audit schemes are pervasive in agri-food systems over the near term at the very least.
- New Zealand farmers show varying capacities to comply with audit schemes reflecting their ability to accept external appraisal of good practice.
- The acceptability of a given audit scheme is influenced by farmers' perceptions of several characteristics:
 - ▶ source of scheme (local vs. external)
 - ▶ their own means to challenge excessive demands
 - ▶ emphasis on paperwork vs. management practice
 - ▶ 'real' rewards for compliance

The importance of the auditing of management practice as a feature of market competition for agricultural commodities is demonstrated in the social science literature. In this literature, audit schemes are shown to act as surrogate means of establishing trust between the producers and consumers of a commodity, especially in regard to less tangible credence attributes. The emergence of global sourcing in agri-food markets limits reliance on face-to-face encounters as a means to develop consumer confidence in products and management practice. By contrast, trust is more readily embodied by the auditors who establish consumer confidence in audited qualities, while remaining cognizant of limitations faced by producers. The literature also refers to potential side effects of the formalising of best practice within an audited code: 1) acting as technical barriers to trade; 2) privileging of producers able to comply with or promote audit claims; or 3) promotion of practices of greater benefit to processing and marketing efficiencies than to the well being of producers or consumers.

The role of audit schemes in the New Zealand sheep/beef industry is distinguished by two phases: 1) the shift from carcass to cuts and higher price markets in response to sectoral crisis in the 1980s; and 2) the more recent emergence of 'quality assurance' schemes introduced by British supermarket chains. The former phase, and the general adoption of industry demands on the weight, fat coverage, delivery timing, and appearance of stock, demonstrates the potential success of market driven change in commodity production. The existing positive representations of these changes reflects the perception that these were locally initiated, had positive impact on market conditions, and demonstrated financial rewards without severely challenging existing understandings of 'good farming' within the sector. The more recent emergence of supermarket driven quality assurance schemes has met with less uniform approval. Among the ARGOS farmers, one group of farmers recognised the capacity of consumers to distinguish among management practices as product qualities. A second group was much less likely to subsume the attributes of independence and craftsmanship associated with farming to the external gaze of an audit scheme. An individual's willingness to accept external oversight appeared to exert greater influence on their compliance with audit schemes than did factors such as the relative

emphasis on production or profit, the relative importance of quality or quantity, or attitudes towards nature or innovation.

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Acknowledgements

The authors wish to acknowledge the contribution of the whole of the ARGOS research team, and especially David Lucock and Jon Manhire, in the development of the analysis presented in this report.

We are indebted to funding provided by the Foundation for Research, Science and Technology (Contract Number AGRB0301). ARGOS also acknowledges financial assistance from Merino New Zealand Inc.

1 Introduction

The primary objective of the ARGOS project is the transdisciplinary examination of the condition of sustainable agriculture in New Zealand (including environmental, economic and social aspects). In pursuit of this objective to date, considerable effort has been dedicated to assessing the comparative sustainability or resilience of designated management panels in three branches of the New Zealand agricultural sector (dairy, kiwifruit and sheep/beef). For this purpose, farms of comparable size and similar location were assigned panel membership as determined by an individual farmer's compliance (or lack thereof) with existing market audit schemes which – to varying degrees – regulate farm management practice. By sector, the panels are comprised of conventional and organic methods of dairy farming, integrated pest management (Hayward, green, and Hort 16a, gold) and organic (Hayward) methods of kiwifruit production, and conventional, integrated and organic methods of sheep and beef farming. Due to the distinct nature of practices associated with each panel, differences in the assessed ecological, economic and social features of the participating farms and farm households offer the potential to distinguish the relative sustainability of systems based on these practices.

A less fully examined aspect of the distinctions among participants in the ARGOS project involves the extent to which broader social relations (including the existing relationships with the buyers of their product) affect the producers' capacity to select among management options – or, in other words, what influences an individual's decision to adopt any given management system? This issue is of utmost importance as ARGOS considers the opportunity to promote or encourage practices or conditions which contribute to the resilience and sustainability of New Zealand's agricultural sector. The following report provides some early insights to the constraints and opportunities affecting the utilisation of management practices in the sheep/beef sector that emerge as a result of relationships within the supply end of that production chain. In this sector, quality assurance programmes driven by European retailers are increasingly introducing audit schemes as standard practice. The presence of these schemes in addition to organic certification schemes allows for the three-fold division of the sector into panels of farmers committing to organic compliance, adopting quality assurance schemes, or choosing not to participate in either programme.

Earlier work in ARGOS (see especially, Hunt et al. 2006; Fairweather et al. 2007) has identified some important differences among farmers in the sheep/beef sector panels. An initial set of qualitative interviews conducted with each participant suggested that the twelve farmers who are certified organic and the twelve who participate in quality assurance programmes are more likely to experience less stress in farming relative to their conventional counterparts. We argued that this distinction appeared to reflect a greater sense of control relative to their position in the commodity chain – that is, the former two groups of farmers have acted in a positive manner in order to improve returns given a highly uncertain market situation. We were unable, however, to comment extensively on those factors lying outside the farm gate which affected any individual's decision to participate in either of the certification programmes.

In order to broaden our understandings of the sheep/beef sector constructed from the first set of interviews, we designed a second round of interviews to deal more specifically with the constraints and opportunities that participants identified in their situations. While still focused on the farm-level perspective of wider social relations, these interviews provided substantial insight to factors perceived to either limit or enable the actions and practices of participants. As such, the combined responses of the farmers exposed features of their relationships with meat processing firms (and in some cases retailers and consumers) that potentially facilitated the adoption of practices that are commonly perceived to encourage more ecologically and socially beneficial outcomes. The following discussion of aspects of the second qualitative interview will elaborate those conditions in the sheep and beef sector which derive from their participation within the New Zealand sheep and beef industries. We

also develop conclusions regarding the potential of audit schemes (and, thus, the New Zealand sheep/beef industry¹ as mediators between retailers and producers) to operate as mechanisms for positive change toward or reinforcement of more sustainable farm management practice.

The presentation in the report begins with a description of the second qualitative interview, including its genesis and conception within the ARGOS project as a product of the social objective. This section addresses the interview in a more general fashion and provides an introduction for eventual companion reports on additional aspects of the interviews. Following the discussion of the interview as a tool within the larger project, we provide a brief review of literature on the social dynamics associated with the emergence of audit schemes in agrifood systems. Here we identify the broader socio-economic context of proliferating food audit schemes and establish the relevance of the New Zealand sheep/beef sector to discussions in this literature.² Our presentation of the interview data begins with an examination of farmers' representations of past changes in the sector, which are generally viewed as positive responses to a crisis in the sector. This is followed with a discussion of understandings of existing auditing schemes in New Zealand's sheep/beef sector according to ARGOS participants. While apparently integral to successful marketing, the farmers interpret such schemes as impinging upon the freedoms associated with the farming profession. Reflecting on our discussions with sheep/beef farmers, we finish with conclusions regarding the capacity of the sheep/beef industry to promote conventions of meat production that facilitate the adoption of the audit schemes being demanded in targeted export markets.

¹ At this point, and throughout the report, we use industry as a means of referring to actors in the sector that process the meat and market it to off-shore buyers.

² Note that similar reports are being produced for the New Zealand dairy and kiwifruit industries and will be accessible on the ARGOS website (www.argos.org.nz).

2 Interview Design

Qualitative interviews conducted by the social objective of the ARGOS research team represent a primary means of face-to-face interaction and data gathering within the project. In addition to these interviews, data related to social characteristics of the participating farmers are gathered by means of more structured activities such as causal mapping (see Fairweather et al. 2006) and attitudinal and management surveys. This variety of methods contributes to a broader set of data as well as greater depth of understanding facilitated by the comparison of the results of each. Within this matrix of data collection, the qualitative interviews allow the participants greater freedom to articulate the factors and conditions which underlie their attitudes and actions and contribute to their rationalisation of chosen management practices. In addition, the researchers also benefit from the opportunity to pursue particular topics more extensively, thereby developing their understanding of the complexity and nuance of the decision-making and actions pursued by participants.

The interviews that provide the impetus for this report focused more exclusively on those factors that affected farm management either by constraining or enhancing the farmer's capacity to act. (They were conducted at the homes of each participant between November 2005 and February 2006 and had a duration of 45 to 80 minutes.) By comparison, the data collected in the first qualitative interviews largely involved farmers' positioning and their understanding of farming as a social, economic and environmental activity. As noted above, the resulting analysis suggested several potential groups of factors or influences around which the second interviews were constructed. The second interviews, thus, attempted to examine influences on the farmers' capacity to act on the understandings and attitudes that they had articulated in the previous interview. As such, it included specific queries of biophysical factors – such as climate, soils, and topography; government policy – both environmental and more generally; family and community attitudes toward farming practice; influence of the industry actors associated with each sector – including perceptions of the various audit schemes; access to inputs – including labour, soil fertility, pest control products, and capital; and the knowledge and skill acquisition process. Gauging from the participants' responses, several of these factors – e.g., biophysical, policy and input constraints – were generally not recognised as extremely influential in regard to the farmer's capacity to act. Thus, in this report, we are concentrating our analysis on the constraints associated with the sheep/beef industry – and especially the response to new supermarket initiated best management audits.³

The role of the sheep/beef industry in the production chain as a principal interlocutor in the relationship between farmers and distant consuming markets is of particular importance to New Zealand sheep/beef producers. Given that individual farmers have limited opportunity to engage with consumers and to comprehend their desires and concerns, they indicated a general reliance on the sheep/beef industry to represent farmers' interests and to translate the demands of distant retailers and consumers into locally relevant responses and actions. The latter role is accomplished through the industry's influence on accepted understandings of 'good farming' in the sector. Industry action can affect such shared understandings by means of reward structures relative to the product purchased, regulation of particular practices, and the imposition of audit schemes. These actions can either reinforce existing behaviours or establish new criteria for assessing practice. Thus, we argue that the meat processing industry plays an active role in establishing shared parameters of the possible and impossible, the thinkable and unthinkable in beef and sheep management in New Zealand⁴.

³ Aspects of constraints related to biophysical factors, access to inputs, government policy and community attitudes, while queried in the interviews, are not addressed in full here. These will eventually be the subject of shorter ARGOS Research Notes.

⁴ Our use of these concepts reflects Mark Shucksmith's (1993) application of Bourdieusian theorisation to the examination of sustainable agriculture.

While the relationships surrounding the industry's influence on farm management obviously involve the attitudes and actions of industry representatives as well as farmers, our qualitative interviews involve only the farmers' perspectives. As such, we are able to comment on the farmers' evolving sense of farming – its challenges, its rewards, its sustainability – and their interpretation and assessment of the industry's actions in this regard. These aspects of farmers' understandings of the context of meat production in New Zealand emerged in specific sections of the interview: farmers were asked to identify any constraints they faced or benefits they realised as a result of their participation in the sheep/beef sector with more specific queries regarding the role of quality assurance or organic compliance; to discuss the impacts of these programmes on farm management practice; and to elaborate their perceptions of the benefits and costs of compliance.

Our analysis of the data collected during the second qualitative interview approaches the farmers' discussions as indications of their attempts to negotiate the current conditions of production in the sheep/beef sector. While the participating farmers generally emphasise their intent to maintain – or even improve – their farms, the constraints they recognise and the nature of the sector in which they participate establish certain parameters of action and inaction (i.e. structures) for which they must account. These structures, and the management practices they promote, strongly influence an individual farm household's willingness to comply with more demanding audit schemes associated with organic and quality assured markets. To the extent that participants are able to realise some sense of achievement or success by means of compliance, they are more likely to conform to existing structural conditions. By contrast, potential challenges emerge when participants no longer accept the valuation of practice and incentives⁵ associated with such structures. In order to extend our understanding of the farmers' responses to audit schemes currently operating in the New Zealand sheep/beef sector, the following report examines the extent to which two significant alterations in the sheep and beef commodity chains (that associated with, first, the loss of secured access to the British market and the eventual elimination of state subsidies for agriculture in the 1980s and, second, with the current emergence of audit schemes) have been incorporated within the shared perceptions of 'good farming' held by farmers in each of the ARGOS panels. First, however, we discuss current theorisations and analyses of audit schemes that have been developed within the social science literature.

⁵ It is important to note that, as used here, these can involve both monetary and non-monetary (e.g., social standing, community recognition, self-justification) incentivess.

3 Audit schemes in global perspective

From the perspective of the ARGOS project, the capacity for audit schemes to establish a readily identified and easy reference for 'good practice' makes them an intriguing focal point for social research. Depending on the detail of the audit, this defining of 'good practice' can significantly alter existing management practices. Thus, audits exhibit the capacity to not only determine the qualities associated with a given agricultural commodity, but to impose alternative systems of management as well. Furthermore, as with other occupations more generally, an individual farmer's representation of good practice forms an important aspect of their pursuit of farming as practice. Thus, the construction of the concept of 'good farming' forms a vital influence on the eventual sustainability of farm management.

Here we will argue that the implementation of audit schemes also involves the ability of various participants in a given supply chain to gain the collaboration of others through the justifications of 'good farming' that they engage. As such, they contribute to the shared understandings of 'good practice' that are marketed to the consumer while simultaneously requiring the collaboration of participating producers. Because they operate in such public arenas, however, audit schemes remain subject to continuous negotiation as the interested parties seek to improve their position within the sector. The existing theoretical perspectives on audits generally involve explanations of the extent to which various participants (often with diverse access to power) are able to affect such negotiation. For example, much of the literature on audit schemes employs some level of political economic theory and suggests that the negotiation of audits occurs predominantly among well-positioned corporate actors in the retail sector who are responding to the opinions (either real or perceived) of consumers. From this perspective, the capacity to impose audit schemes lies in market power, with retailers in higher-value markets able to set stricter (or more favourable) standards as a result of greater competition to enter that market. Producers, for their part, may also realise more or less negotiating power as a result of their ability to distinguish their product (i.e. attach desirable characteristics to the product) because of quality, quantity, timing, or other characteristics.

The interest of the social objective of ARGOS in the role of audited management practices is mirrored in the literature on social dimensions of sustainable agricultural production more generally. The early examinations of audits in agri-food systems focused on the emergence of an organic sector for which the certification of organic practice was an essential element for distinguishing organic products from conventionally produced ones. Later, in response to food safety shocks (e.g., Mad-Cow Disease) in supposedly safe production systems, attention shifted to government regulation and issues of differentiated standards. The scope of the literature has, more recently, expanded to include analysis of a growing number of private certification schemes largely created by food retailers or NGOs representing producer interests in order to specify qualities of food associated with methods of production and fairness of exchange (i.e., credence attributes) and are often presented as meeting the demands and concerns of consumers. These latter schemes are of interest as they promote qualities associated with the process of production that are often not recognisable in the final product (in comparison to, for example, taste, colour, smell, etc.). As such these qualities require a means of certifying their conformity with preferred practices, generally by means of an audit conducted by third-party certification organisations.

The emergence of market audit schemes is generally associated with the development of the organic food sector as a commercial venture. Whereas the early organic movement could rely on the personal relationships between the farmer and consumer to secure claims to an 'organic' quality, the label was threatened by unsubstantiated use in situations lacking personal contact. In order to retain the integrity – and the price premiums – associated with the organic label, audit schemes were developed requiring adherence to a designated suite of practices. In New Zealand, early schemes were developed by the Soil Association (BioGro certification) and Biodynamic groups (Demeter certification) (Stuart and Campbell

2005). While successful in securing an organic niche in food markets, these schemes also facilitated the entrance of such large corporate entities as Heinz-Wattie and ZESPRI (Campbell and Coombes 1999; Lyons and Lawrence 2001). Similar processes on the international stage have led to the emergence of such terms as conventionalisation – suggesting that corporate influence in the organic sector has grown to mimic similar domination of the conventional sector (Buck et al. 1997; Guthman 2004a; 2004b; Allen and Kovach 2000; Jordan et al. 2006) – and bifurcation – indicating the emergence of two distinct elements of the organic sector, a philosophically committed group of small producers and an economically oriented group (Hall and Mogyorody 2001; Moore 2006). Such perspectives suggest that the process of standardising organic production around a specified set of practices allowed for the development of production systems that were compliant in practice without necessarily adopting the underlying philosophy of organic production.

The associated threat to the vitality of organic production as an alternative to corporate forms of production has drawn response from both consumers and producers of organic foods. The extent of the challenge to ‘conventionalisation’ of the sector is evident in the response to attempts to harmonise organic standards both within individual countries (e.g., the US) and internationally. The most prominent example involves the development of a National Organics Board and national organics standards in the US (see, for example, Amaditz 1997; Boström and Klintman 2006). Efforts to allow for weaker standards (e.g., radiation for post-harvest pest control, non-organic feed for meat and dairy animals, and GMOs) relative to existing, more localised standards elicited a strong public response. The actions of consumers eventually outweighed (presumed) industry desires for less restrictive compliance (Agricultural Marketing Service n.d.). Internationally, fears of a race to the bottom through the harmonisation of organic standards have been addressed through the efforts of the international organic organisation (IFOAM). While IFOAM has struggled to establish its position as the main regulator of the sector, it is widely recognised as a credible body for licensing the organisations which audit compliance (Raynolds 2004). Both of the US and the international cases indicate the contested nature of movement toward harmonisation of the organic sector. While failing to adhere to the philosophical tenets of a truly ‘alternative’ agri-food system, the organic sector continues to rely on emerging conceptions of organic as an alternative quality of food to distinguish itself from other forms of production.

At a broader level, standards including government regulations, international codes of conduct and quality assurance (e.g., ISO, Fair Trade), and private standards (e.g., EurepGAP) are increasingly recognised as an important aspect of global agricultural markets (see, Hatanaka *et al.* 2006; Busch and Bain 2004; Le Heron 2003). Initial assessments of the impact of such standards were undertaken within the arena of international trade and the influence of WTO negotiations. In these instances, audits were perceived to act as technical barriers to trade and potentially subject to strategic, illegal protectionism (Reardon and Farina 2002; Roberts and Unnevehr 2005; Unnevehr and Jensen 1999; Willems et al. 2004). Other authors have argued that audit practices involve a more fundamental shift in definitions of quality in agri-food systems. For example, Busch (2000) argues that standards should be viewed as means of assessing the quality of products and, as such, the application of standards reflects the power relations among economic actors. Those actors who are able to influence the selection of standards can often gain economic advantage and reduce their exposure to risk. While not discounting the power asymmetries inherent to standard formation, Le Heron (2003) focuses more specifically on the influence of standards on governance. In a world of global trade and the ability to source food from many locations, he argues that there is a need to develop means of assuring the efficient provision of good and safe food. Standards are one such mechanism that facilitates market operation at this level. Mutersbaugh (2002; 2005) elaborates a similar perspective, demonstrating the role of standards in the success of organic, fair-trade coffee. He suggests, however, that the process of auditing is subject to differential claims to power among actors. The EurepGAP standards, an important audit scheme for New Zealand horticultural production destined for the European market, have also been subject to scrutiny. A common approach has been to

critique these standards for their bias against small-scale producers in the Third World (see Friedberg 2003; Jaffee and Masakure 2005). Van der Grijp, *et al.* (2006), by contrast, examine the potential for the imposition of EurepGAP standards to improve the environmental and social impact of agricultural production in Brazil and Argentina. They argue that compliance with EurepGAP does encourage improved social and environmental impacts, at least among producers with the ability to meet compliance requirements. Burch and Lawrence (2005) examine the role and increasing influence of supermarket chains in the construction of these audit schemes.

With greater relevance to New Zealand agriculture, Campbell, *et al.* (2006) examine the influence of EurepGAP on the kiwifruit industry where it represents a means of gaining access to the European market while reinforcing the industry's claims to superior quality. In that case, a producer's compliance with EurepGAP is more commonly associated with its bookkeeping demands than with significant changes in management practice. The available literature on audit schemes indicates that they are generally seen to provide mixed benefits to the extent that they provide means of facilitating access to higher value markets while simultaneously creating structural impediments to participation. Because of the uneven capacity for farmers to participate in the audit scheme, assessment of its potential to encourage better management practice also remains ambivalent.

New Zealand's agricultural sector provides ample evidence of the influence of standards in agri-food systems, a situation previously examined by Le Heron (2003), Campbell (2005; Campbell, *et al.* 2006) and Wharfe and Manhire (2004). Due to its strong export orientation, the vast majority of agricultural production in New Zealand is purchased by distant consumers. These consumers – often in food quality and safety conscious markets such as Western Europe, the US and Japan – have exerted pressure on food retailers for assurances of a variety of food qualities. The concerns of consumers have been translated into a rising demand for organic products as well as increasing reliance on audit schemes – such as EurepGAP for horticultural products and private label (supermarket led) quality assurance schemes for meat products – as a means of asserting specified qualities. For the producers of agricultural exports from New Zealand, this trend is experienced in the form of audit based regulation of on-farm management practices. Among New Zealand producers, such audits are viewed as tools imposed by the retail sector, but subject to the oversight of their respective industry leaders. Evidence of the tensions that can develop in the relationship between producers and the immediate purchasers of their product (referred to here as the *industry*) was apparent in the interview responses and form the basis for the following report.

This report provides further examination of the process through which audit schemes are incorporated within and influence the character of farm management in the New Zealand sheep/beef sector. The effect of audit schemes is determined in part through comparison of current conditions of change with the circumstances surrounding past, apparently successful, adjustments to market driven changes in the sector. Reviewing historical adjustments facilitates the identification of existing understandings of consumer/retailer driven markets. These understandings can then inform our examination of farmers' responses to the imposition of audit schemes as a feature of such markets. Finally, based on the resulting comparisons we draw conclusions regarding the potential to employ audit schemes as a means of implementing more sustainable management practices.

4 Sheep/Beef Farmers, the New Zealand Meat Industry and Global Markets

Overall in the interviews, farmers presented themselves as producers who were largely disassociated from market relations beyond the sale of raw material. The global market in which they participate is generally an obscure feature of sheep/beef production. For the majority, market relations only become concrete through the representations of the market provided by industry, media, and, often, Federated Farmers as a political interest group. From the perspective of the farmers, demands placed on their product and regulation of their management practice are imposed by bureaucrats or non-governmental organisations with little practical farming knowledge and generally involve an increase in the tedium of documenting farm practice opposed to significantly altering it. As such, they generally claimed to be reliant on representatives of New Zealand's meat processing industry to act as mediators of market relations and consumer demands. This expectation is often expressed by emphasising their relatively obscure position in the meat production chain.

... you need to be aware that it's probably beyond my control as we're basically a cog in the wheel if you like – a spoke in the wheel should I say – of a much bigger picture. And it may well be that, in 12 months time or less, the focus could swing ...

Integrated⁶

A limited number of participants in the interviews claimed to engage in more direct interactions with customers at the retail and consumer levels. These included farmers participating in the quality assurance programmes who had met (facilitated by the local sheep/beef industry) with representatives of the Waitrose or Tesco supermarkets. In these arranged meetings, the farmers were recognised for their attention to the demands of British consumers. Many of the organic farmers, by comparison, are involved in marketing their own products either as individuals (four farmers) or as members of the Southern Organics group (three farmers) marketing to both domestic and export markets. These experiences have increased their awareness of the customer concerns regarding food safety and best practices in on-farm management.

4.1 Redefining good practice

In farmers' reflections on the aspects of farming which act as potential constraints on their actions, audits were a commonly noted feature of their relationship with the sheep/beef industry. From their perspective, it appears that audit schemes have emerged as accepted practice in the marketing and distribution of New Zealand meat and agri-food products more generally. Such schemes make intuitive sense to firms operating within industrial terms of reference, which value products for consistency of quality and efficiency of supply. For farmers, however, the audit schemes involve a more fundamental shift in understanding of good practice in the production of primary products. In other words, the audit schemes have the capacity to establish new metrics through which good farming (and good farmers) can be assessed.

Among farmers, the concept of 'good farming' is rooted in a variety of factors. Viewed from a behavioural perspective, a farmer's sense that the farm is being well managed forms an

⁶ The citations in the text boxes are intended to be representative of the arguments made in the report and are, thus, illustrative of the range of response. As here, they are identified by the membership of the participant in one of the ARGOS panels. This signifier provides some context to the reader, but should not be interpreted as demonstrating significant differences among the panels unless noted in the report.

integral element of farming identity (see Burton 2004). In this report, we assume a slightly different approach, presenting the concept as the means by which an individual justifies her or his position as a farmer. The capacity to successfully employ such justifications allows individuals to formulate a favourable ordering of their practice relative to fellow farmers and of their profession and social position relative to society more generally. As social beings, farmers' parameters of good farming are often deeply embedded in traditional practice and reinforced by external representations (both official and popular) that reflect the positions of other interest groups as much as individual wellbeing. This does not imply, however, that good farming is a static concept. The practices that farmers accept as being compatible with good farming will reflect their capacity to either incorporate or reject the justifications of given practices that are promoted by various interest groups ranging from consumers, to retailers, government bodies and representatives, non-governmental organisations, and general societal concerns about food and the rural landscape. Furthermore, the position of both farmers and interest groups are subject to the evolution of wider understandings of appropriate economic, social, and environmental practice. Negotiation of these interests involves the pursuit of more beneficial positioning in the production chain and contributes to the emergence of temporally stable conventions of social interaction. The following sections trace the construction of understandings of good farming as influenced by post-WWII productivist interests, emerging emphasis on particular qualities of agri-food outputs, and the eventual imposition of audit schemes as a means to promote conditions of production that align with consumer preferences.

4.2 Production, quality and 'good farming'

Alterations of the conventions utilised within the sheep/beef sector in New Zealand are not unique to the situation of audits. In fact, we would argue that these conventions are subject to constant renegotiation as the various participant actors perceive existing relations to limit their capacity to claim the benefits accruing within the meat production chain. In the case of the establishment of audit schemes, for example, actors at the retail end of the production chain are imposing regulation of producer actions in order to attain greater assurances regarding the production methods and traceability of meat products. An earlier period of adjustment that uniformly affected the sector can be attributed to the loss of privileged access to the British market (with that country's joining of the European Common Market in 1973) followed by the withdrawal, in the early 1980s, of (arguably ineffective) state subsidies intended to compensate for this market shift. In effect, these circumstances impelled farmers to adjust to an altered economic reality. Initially, this action caused great uncertainty within the sector leading to significant reductions in stocking rates, reduced economic viability and, occasionally, exit from the sector. The continued presence of the sector in New Zealand, however, indicates a certain level of successful response. In this section, we examine representations of successful⁷ response to these 'crises' as expressed by participants in the ARGOS project.

Current perceptions of good farming in the New Zealand sheep/beef sector frequently involve some production oriented measures by which farmers are able to benchmark their practice relative to their peers. According to this metric, for example, higher lambing percentages and the ability to meet contracted weight specifications contribute to the relative status of a farmer, although qualifiers involving constraints related to geographic location or extent of dependence on chemical inputs allow for more favourable self-assessments. A common narrative suggests that current perceptions are strongly influenced by a global drive for production following WWII (especially evident in the literature on food regimes, see Friedmann and McMichael 1989). The resulting emphasis on production as a signifier of appropriate management practice is very evident in both Europe (see, Burton 2004) and the

⁷ The success of their response is indicated by their persistence in the sector. The long-term success of the response strategies will depend not only on response to these crises, but also to subsequent events which affect the certainty of participation in the sector.

United States (see, Bell 2004). In the former case, the prevalence of this influence on farming practice is starkly evident in the attempts to distinguish a 'post-productivist' agriculture in which farmers would pursue non-productive objectives such as environmental conservation and the amenity values of farmland (see Morris 2004; Potter and Tilzey 2005). New Zealand's farmers were also influenced by the imperative of supplying food to a growing, and hungry, global population. The associated objective of increasing the supply of agri-food products reinforced practices that raised production with greater reward for quantity relative to quality. Thus, farmers were encouraged to assess the appropriateness of any given management practices on its relative capacity to contribute to production rather than, for instance, its impact on the farming environment or on the nutritional or gustatory qualities of the end product.

From the perspective of ARGOS participants, the crises of the 1970s and 1980s impacted the sheep/beef sector in the same manner described in critical social science literature (Johnsen 2003; Le Heron and Roche 1999; Roche 1995). The general representation of the parameters of adaptation to the loss of subsidies for lamb production, in particular, is rooted in actions initiated by the meat processing industry. The farmers represented these actions as a necessary, and eventually successful, attempt to redefine the New Zealand product to fit the demands of consumers looking to buy high quality cuts of lamb and beef as opposed to lower value frozen carcasses. Associated with this shift in market direction, the processors placed new demands on the raw materials they purchased, stipulating more exact weight and timing specifications. In the process, they pushed for new exchange relations based on contracts, justified by the need to meet demands of more discerning consumers. As a result, the process of lamb and beef production shifted from one largely defined by absolute quantity to one of more regulated quantity and quality.

Le Heron and Roche (1999) argued that the emerging standards for meat production involved a necessary alteration in the farming strategies of meat producers. The means by which this shift was incorporated within accepted management practice is evident in the farmers' representations of their response to it. Largely, the participants confirmed that their perceptions of what entailed 'good farming' in the sector had adapted to a more demanding commercial sector. What is most relevant to our discussion is the distinctive use of language by some of the farmers. For instance, the first text box illustrates farmers' perceptions of change associated with the change to supplying for a fresh cut, as compared to a frozen, market. For instance, a farmer with an established record of meeting company standards of production recognises a very significant but matter-of-fact change in industry expectations. Generally, the alteration of farm management in response to industry demands was confined to measurable characteristics of the animals rather than a substantive alteration of the practice of sheep/beef farming. Thus, the farmers acknowledged the requirements for paying greater attention to the animal's weight and the timing of weight gain. These requirements are viewed as necessary given the context of processing and the fluctuations in market demand. Another farmer noted a similar change with cattle – again emphasising the act of selecting an appropriate breed to match established management practices grounded in local knowledge of climate and landscape. The general acceptance of more stringent standards regarding the condition of the animals the farmers sold reflects, in some cases, a more general acceptance of the benefits of reduced government subsidies in the sector.

In the last ten years ... the meat industry has changed totally. The whole industry has turned around [compared] to what it was back when we were getting subsidised ... Well, you get paid for what you produce when there's no subsidies – the better producer you are, the better you get paid. And, if you're a bit slack and what not, well you can't rely on a subsidy to carry you through ... It's made it viable to keep farming. That's all there is about it ... with the better cuts, there's better money. And if you can produce those better cuts, you get paid for it.

Integrated

[The changes involve] mainly breeding... and producing a lamb earlier or later, or trying to hit their main demand time. Yeah, it's probably mainly breeding – just knowing that you're heading in the right direction.... And feed. You've got to have that right feed to keep them going. [The plant] likes to have a consistent amount coming in once a week or once a month. And the season dictates it a bit ... And you can't supply exactly the right amount every time. But you try and get it close and keep them happy.

Integrated

Well, probably the sheep one has probably been the biggest. Go back 30 years, we ran Corredales here and my father put Border [Leicester] across them to increase the lambing slightly. And then we put Dorsett Horn across them and increased it by 50 percent I suppose. And then it's been East Friesian, which has increased it by another 20 percent. But it's growth rates [that are] big with them. That's probably the biggest change. Rather than a dual purpose animal, it's more just straight [meat] – gone away from the wool side of it.

Integrated

Male: Looking back, I would say since we started pregnancy scanning the ewes. That would be a major one, because that then splits off multiples from singles and we can feed them differently. Took us a couple of years to get into that but now we would never consider not doing it.

Female: And also the weighing of the lambs. I don't think there's any farmers that don't weight lambs anymore. That's pretty essential.

Conventional

Well, I guess, we've changed the likes of our cattle. We've actually, in the last ten years, changed that fairly dramatically I suppose. We've gone away from a short horn to a more Simmental because he grows out a lot bigger and a lot faster and but then we've gone to the blacks as well. So they like the black steers and that before [winter] get up to a certain weight. Which suits us really... frees up our tucker and everything else.

We're not fattening so many cattle through the winter. So, you change your breeds to suit the practice a bit. And it makes things a lot easier.

Conventional

It's a far healthier environment if you can do without (subsidies). If you can wake up in the morning and not have the politicians deciding how much money you're going to make, ... It's a freedom thing. And also it's an innovation thing, because you create the innovation. We've been involved with publicly funded stuff a lot; but the research that we do here – and really grind to do it, because it's difficult to do it on the farm – it's like gold. Generally, and I've been thinking a bit about this, the research done with the public money proves something in a scientific way that we already know. The stuff that we do ourselves is ground breaking.

Organic

Thus, as far as on farm practice is concerned, the participants portray the changes in response to conditions in the 1980s as involving a change in breeding objectives (away from multi-purpose ewes to meat production and to multiple lambs per ewe) and pasture management (toward higher production). Their ability to rationalise these changes reflects a

greater sense of security in relation to the industry. For example, some of the farmers suggested that they currently receive more detailed information regarding industry desires. In addition to providing a more marketable product, a further set of farmers perceives the emerging conditions within the sheep/beef production chain to benefit their position as producers. Most notably, the shift to procurement of animals on the basis of contracts has removed the insecurity associated with over-supplied firms closing their processing plants before the farmers have sold their animals.

The farmers' representations of the development of the sheep/beef sector following the crisis of the 1970s and 1980s points to several factors which contributed to the qualified success of the changes initiated by the processing firms. It appears that the adoption of quality standards for the animals which the farmers sold was relatively easily incorporated within their existing conceptions of 'good farming'. In other words, none of the changes in management influenced by the new quality demands was perceived to impose inappropriate farming behaviour or activities. For some organic farmers, this situation provided the incentive to explore the potential of organic methods. For the farmers as a whole, the capacity to meet the new quality demands as practitioners of the craft of sheep/beef farming was, thus, viewed as the mark of a successful farmer.⁸

Well you don't seem to have the same problem with the chillers being full. We don't seem to be under the same pressure of ... wanting to get stock away. ... Used to be you couldn't because all the freezers were chocker block with meat. Whereas now, definitely in the modern age with fly and freight, ... they can get there the next day. So the chilled market, it's more on demand I suppose. ... But there's not a lot we can do about it. We just have to go with the flow.

Conventional

Male: Back in those years, a 13 kilogram lamb was good – a reasonable size lamb. We would hardly send any away at 13 kilograms now... Have to be above 15 kilos ...

Female: And the 'over fat' thing was a [concern] with your Hampshires early on. We used to have them in the covered yards – weight-watchers pens. They're a good weight, but just too fat.

Male: Yeah, [fat cover] is one of the constraints of getting the heavier lambs... We've changed our pasture management. We have slowly changed our lamb growing management, **but that's not because of [industry changes] – just because we've found better ways of doing it.** [emphasis added]

Conventional

So, [organic production] was an attractive option. But it was just as subsidies had been dropped off fertiliser and my father was quite open to all those sorts of things. And he started using things like basic slag. It's got quite a few different minerals in it and he was always interested in minerals. But premiums probably are an attraction. Like, if you can make a bit more and perhaps have a system that is relatively easy to run ...

Organic

⁸ At this point, it is necessary to acknowledge the fact that we did not interview any farmers who did not, by virtue of their inability to persist in the profession, successfully adapt to the new farming context. Thus, we do not have any comment on the changes of the 1980s from those who have not benefited from them in any way. The only suggestion of dissatisfaction with the changes is found in the tensions between fathers and sons over the process of weighing stock during the growth season and cleaning of animals in preparation for sale.

Thus, the farmers in the ARGOS project all demonstrate (to varying degrees) the ability to conform their understandings of 'good farming' to include greater attention to the demands of consumers and retailers as translated through the imposition of contracts and weight schedules. Those who have found this to encroach the least on their established management practices have, as discussed below, also been more progressive in adopting more stringent impositions on practice in the form of audit schemes, including organic certification. In the process they have incorporated understandings of their position in the production chain that subordinate aspects of their management to regulation (in which the assessed quality of the end product is subject to the demands of higher value niche markets). At the same time, they successfully retain control of those aspects of management that essentially define farming. The apparent value of this shift resides in their successful negotiation of a crisis, which threatened the viability of their sector. Furthermore, the processing firms were identified as the source of the pressures for change, resulting in the representation of change as locally derived innovations as opposed to externally imposed (and, as such, less well justified) regulations. Finally, conforming to new animal breeds and forage crops did not threaten understandings of farming that emerged from the earlier emphasis on production.

5 *You want it how?* Complying with new representations of good management

More recently, the emphasis on end-product quality has expanded to include less tangible factors such as the social and environmental outcomes of the production process. In response, retailers are increasingly seeking to confirm the utilisation (or avoidance) of particular practices or sets of practices. This situation is especially true for products competing in high value markets, including New Zealand lamb and beef. Among the interview participants, evidence of this trend is noted in the emergence of a greater number of quality assurance contracts (often associated with a particular British supermarket) and the growing viability of organic production. In comparison to the earlier demands on the weight and fat cover of their animals, the new contracts raise greater concerns among the farmers regarding their potential to negatively affect their management options. Differences in the farmers' response to these concerns allow for the differentiation among the farmers interviewed based on their relative acceptance of the new audit schemes. The capacity of some to more readily accept audit requirements reflects a greater incorporation of the importance of satisfying the consumer within their definitions of good farming.

5.1 Acceptance of audit schemes

The emergence of audit schemes that are intended to reinforce the quality claims of New Zealand sheep/beef products has been promoted within the industry as a necessary response to the rigours of producing for the discerning consumers in high-value, niche markets. This representation of the audit schemes assumes that the consumer (in this case as represented by the retailer) is the ultimate arbiter of the appropriateness of any given management practice. This is especially true for many of the organic farmers who associate their price premium with the guarantee of compliance associated with certification. Those practices perceived by the consumer to contribute to undue degradation of the environment or imposition on the welfare of the humans or animals involved in the production process must be eliminated. It is also common for farmers to accept the fact that consumers may demand greater oversight of the production process, contingent on the capacity of the processing firms to constrain any excess demands.⁹ This is especially the case among those farmers who have experienced the difference in quality attributed to their compliance with the audit scheme. The provision of information regarding the role of audit schemes and quality demands is regarded as a positive and appropriate practice, even in cases where the impact has not been directly demonstrated through comparison. Thus, several farmers pointed to the potential of quality assurance audits to provide them with greater insight to an often unfathomable market for their products – although they also recognise the potential to such demands to be exaggerated.

Well you want to sell the product for a premium price. And the customer wants a guarantee that this product complies, so ... You can see if they're going to pay top dollar, well, hmmm... You've got to find a way to make it work.

Organic

Yeah, but [certification is] just something that has to happen. It's just got to be to differentiate. And for it to stand up in the marketplace as being a registered product. There's a lot of forms you've got to fill out – truck drivers and contractors and every time products go on a truck – but that's ok.

Organic

⁹ Several farmers pointed to the activities of animal welfare organisations, for example PETA's (People for the Ethical Treatment of Animals) protests against the practice of muelsing, as evidence of such excesses.

Male: We've got some around here that [complain about the audits]. But it's for a reason, you know. The overseas market wants to be able to trace that lamb right back to your property. And that's fair enough. Look what happened to that guy up north who put pesticide on his cattle. And why should the rest of us be penalised for that? That side of it should make people more responsible for their actions I suppose.

Female: Everything that they ask you to do is fair and reasonable. They can justify why they need to get you to do those things. And you've got to look at it from their point of view, not just your own point of view. I think that's what a lot of farmers do – the ones that don't like keeping the records. All they're thinking is, "We don't want to have to do that"; but they're not thinking, "I can see why they do want us to have to do that".

Conventional

[The meat processing firm] keeps so close we actually went up there and they sent a lamb over with a tag on it, and we had to go and eat it. And we had to pick it out of nine – what was our own. And we actually picked it, which was very good!

... But they took us through the works, and they showed us the processes and how the chain worked. He took us into the detain chain... The fellow showed me what was wrong. He was the MAF fellow. He was very good but he's showed you what caused it.

Integrated

And nowadays, they're very good at sending information and telling you that this is the direction [they]'re heading in – this is what [they] want. And it gives you that early indication that I'm heading in the right direction, or I should veer off a bit and I'm close. ... Last time they wanted a sheep with no front – cause they couldn't sell that bit. [laughter] That's the impossible, that bit.

Integrated

Even for the farmers who recognise the benefits of the audit schemes, the activity poses a significant (at least from the perspective of the farmers) change in the practice of farming. Audit schemes, by their very nature, require increased documentation of practice in the form of paperwork. Farmers are required to 'tick the boxes' on audit schedules and, often, to supply supplementary documentation from the individuals and firms with whom they interact. Beyond the additional labour required to complete such tasks, many of the farmers spoke disparagingly of 'office work' and indicated that the process of complying with the audit involved a concerted effort on their part. Among the farmers who acknowledge the advantages of audit compliance, however, there are means of coping with these demands.

Female: I think you learn to do it better, possibly. You know what the flow is. The first one was a shocker, wasn't it? First one took all day. We both work on getting ready for the audit.

Male: Well, yeah it's just a matter of keeping it, you know, knowing what they want to see and keeping it separate, basically yeah. Making sure everything's there.

Female: Mmm, but once you know what they want and what they want to see, it goes a lot smoother.

Organic

I always had this theory. I said, people go on about the hassle of organic certification. My sort of thoughts were: it is a hassle, but it gets you into a different marketplace. And we may be the least hassled in the future. We don't have to get a GrowSafe certificate and all that sort of stuff. We've been able to avoid those things. It's not the end of the world. But, it's just another day. Pay

people to go and do them.

Organic

Oh I think it's easy. It's just a matter of thing that you've got to work through. It's all just paperwork and that. I'm sort of used to it because I worked down at Fortex. And so I sort of half pie new what was, how long anyway. So it's not too bad. It's just a matter of keeping records. It's like making appointments and missing them [laughter]. Yeah, it's um. As long as you keep a diary of what you're doing all the time you're right.

Integrated

One thing I do have a bit of struggle with is they have a recording system... Like they want to know exactly what date you dock your lambs and exactly what you gave them at the time and what products you used. And sometimes I struggle to keep up to date with writing all those things up. But now my wife's taken over that duty so I shouldn't have too much trouble.

Conventional

In general, the extent to which the farmers in the interviews were able to incorporate the process of audit compliance within their conceptions of farming – both as 'good farming' and as the essential features the practice of farming – reflected their capacity to cede control and knowledge of aspects of farming to other actors. That is, farmers who more readily internalise the legitimacy of consumer demands regarding the impact of production practice are also those who more likely acknowledge the value of audit schemes. These farmers exhibit a greater sense of the sheep/beef production chain as a whole, rather than attempting to isolate farming as an end in itself separated from the act of processing, marketing, and consuming of the meat. The strength of these farmers' commitment to audit compliance has been tested to only a limited extent, however, as none of them associate the audit schemes with significant alterations in their management practices.

The certified organic farmers, by contrast, do comply with an audit scheme that stipulates specific practices that differ radically from more 'conventional' management – especially in regard to the application of chemical pest controls and veterinary remedies. There is, however, little evidence of discontent with the organic audits, specifically, beyond the complaints that the organic farmers share with their non-organic counterparts regarding the amount of paperwork and the associated increase in office-bound work.¹⁰ Given that these farmers have undertaken the rigors of the certification process due – at least in part – to the economic benefits of selling to a niche market, they appear willing to accept the influence of distant consumers on their management practices. As such, they also demonstrate a predisposition toward the acceptance of audit schemes more generally. It is possible, however, to differentiate among the organic farmers in regard to the extent to which they have incorporated audit schemes as an integral feature of sheep/beef production. Such differences are evident in their selection of among the organic certifiers active in New Zealand. Generally, the farmers distinguish between the more philosophically committed and stringent interpretation of organic practice pursued by Bio-Gro and the more practical and flexible approach of AgriQuality. Those more committed to organic production as a better practice and to distinguishing it in the marketplace also support stricter regulation; whereas those who more strongly embrace a farming identity emphasising the independence and craftsmanship of 'good farming' prefer more flexible forms of control.¹¹ As a whole,

¹⁰ The relatively uncontested nature of the organic audit scheme is evident in the lack of citations from this panel included in the text boxes.

¹¹ This is not to say that BioGro certified farmers do not uphold independence and craftsmanship as an ideal; rather, they demonstrate a greater sense of conformity to the shared ideals of an organic movement. A more complete analysis of the differentiation among organic farmers is available in Rosin and Campbell (submitted).

however, the organic farmers participating in the ARGOS project conform to the style of farming that the audit schemes impose on sheep/beef production in New Zealand.

5.2 Contesting the role of audit schemes

Whereas many of the sheep/beef farmers appear to be coming to terms with the prospect of audit compliance, the interviews also provide substantial evidence of dissatisfaction with the imposition of increased regulation of management practice. Complaints about the audit schemes vary, but essentially draw on the perception that audit schemes are both unnecessary and misinformed means of assessment. For the farmers who emphasise such perceived flaws in external oversight, the potential for audits to provide insight to the demands of the market are outweighed by their imposition both of work unrelated to good farming and of unwanted regulation of acceptable practice on the farm – a site best governed by the independence of the individual landowner. Thus, the most common means of discrediting the schemes is to suggest that they are the product of bureaucrats and poorly informed interest groups and result in little more than the creation of paperwork.¹² Equally frustrating for the farmers exerting this claim is the fact that the audits do not change their management practice in any significant manner. For the organic farmers, the irritation with the quality assurance audits involves the further issue of having to duplicate documentation already completed for organic certification. Thus, rather than being a practical means to encourage adoption of better practice, the audits become an exercise in producing proof of practice beyond accepting the farmers' word and reputation.

A further aspect of the audit schemes that challenges their acceptability in the eyes of some farmers (and notable in contrast to the positive perceptions of the impact of demands associated with the 1980s crisis in the sector) is the lack of a tangible reward. For farmers expressing this criticism, current conditions in the sheep/beef sector are dominated by low prices for their product, which threaten the viability of their farms. In these circumstances, the reference to the necessity of meeting the demands of consumers in order to maintain the position of New Zealand meat in higher value, niche markets has little immediate impact if they are not compensated with higher prices.¹³ The most extreme expression of discontent in regard to the emergence of audit schemes in the sheep/beef sector is provided by farmers who interpret the regulation of practice as an affront to their standing as farmers. Generally such farmers position their identity on a foundation of their own integrity as skilled practitioners whose craftsmanship necessarily incorporates the consideration of sustainability and good practice. As such, the premise of documenting – and thus having to prove the appropriateness of their practice – is perceived to reduce their status and public integrity.

I can comply with compliance. There's no problem with complying. You have just got to describe everything endlessly and write all this stuff. The farm management plan is 20-odd pages and describes every single thing that we do and it has to be updated every year. I have to furnish my annual return for everything that I do: every thing I bring in, every seed ... I comply. I just have to spend an awful lot of time describing it.

Organic

Well, we do bloody audits anyway. They're there; but they don't affect us because we're not getting any of those chemicals. So it's just more paperwork. We've still got to fill the bloody thing out.

¹² A similar tactic is used by farmers to challenge the authority of OSH and other government regulation.

¹³ Often, in such situations, the comparison drawn by the farmers is not with that of animals sold outside the audit scheme, but with prices achieved during historical periods more favourable to the sector.

Organic

[Audit documentation is] just something else you've got to do. You basically do it anyway but they want it all in writing. [So it's] more paperwork, more time in the office. I spend enough time in there now – which is one of the things of farming, you're not actually out doing the

work that could be done. You spend more time in the office.

Integrated

I know in Scotland that the farmers are all spending two days a week doing paperwork. And we tend to be following the British sort of protocol, the way that they do things. Whereas probably the United States and Australia, they don't have nearly as much bureaucracy involved. And it's just dead time ... and you're not being productive in filling out bits of paper.

Conventional

[Auditing] is creating another whole industry in there that is not actually productive. I do not know where you stop because there are some people who will always not be responsible and do stupid things. Somehow there has got to be a different way of doing it really. There is a lot of paperwork – all the GST and that sort of stuff. There is a lot that we have to do that is not anything to do with you. It is really ridiculous because you get these things for the farm assurance thing and they say you have got to have nice shelter in each paddock. Then you get the resource thingy bob from the council and they say you are not allowed to plant on the ridges because of aesthetic value. One legislation says you have got to and the other one says you are not allowed.

Integrated

Like one thing I thought they would've checked up on is, when we've got sheep in the yards, have they got access to water all the time. And all the holding pens around the yard. I'm sure some farmers have stock off in the yards and off water for hours and hours and hours, but it doesn't seem to bother them for some reason. Which I thought would've been quite important.

Conventional

Well, if you're getting paid in your pocket for what you're doing, that's where it all comes from. If you're not going to get paid for all the work we've got to do, well it won't happen. People will just get out of the industry. And at the moment, it's just going to be just average enough, price wise. If you're going to put the work into and abide by their rules, and they pay us for our product accordingly, well fair enough. But if they're going to try and put all the conditions on and still not pay a good price for the product, people will go out of the industry.

Integrated

Quality assurance programmes are a bit of a farce because we do not get anything out of it. They say, "Oh, but you wouldn't be able to kill them at all if you didn't have your quality assurance." I said that is a load of bollocks because, if you want somebody within the piece meal system to actually do something, you have got to dangle the carrot... And, unless I get some tangible benefit from the quality assurance programme, I'm not going to get very enthusiastic about it. Cause what we did before was not wrong, it was just that we did not write it down.

Conventional

So are you saying that they don't think farmers are responsible?

Yeah. Well, I think there's certain ones out there that have got that impression. And there are some farmers, yeah ... some practices that are probably a little bit undesirable; but, in the end, I think they're a pretty small minority. ... But they're the ones that you see in the bloody newspapers and what have you and we all get tarred with the same brush.

Integrated

In contrast to the farmers who appear to have – at the very least – found acceptable means of coping with the audit schemes, another group of farmers find little about them to appreciate. For this latter group, the audit schemes represent a set of imposed regulations on management practice which lack both justification and purpose. Thus, from their perspective, rather than offering a means through which farmers can attend to the concerns of the consumers of their product, compliance with the audits acts as an unnecessary and unwanted assessment of practice. In the process, these farmers perceive themselves to be more distant from the consumer, separated from those who eat their product by the personal and organisational objectives of people with little stake in either the production or consumption of that product.

This group of farmers' refutation of the audit schemes identifies several factors which inhibit compliance with audits from becoming a uniformly accepted element of 'good farming' in the sector. Largely, their criticism reflects a perception that the practice of audit exceeds the limits of acceptable interference with, or oversight of, on-farm management practice. Often this is interpreted as a challenge to their status and reputation as farmers. This is exacerbated by a perceived lack of financial reward and the imposition of non-farming work. The farmers' contestation of the audit schemes also suggests several features for the more effective introduction of such schemes as tools to encourage social and environmental responsibility in farm management practices. In order to compensate for the perception that the audits are external initiatives, farmers must recognise an effective means of participation in the development of audit standards including the fact that such standards remain negotiable (both through their own initiative and that of other actors in the commodity system). In addition, heightened awareness of the justifications for specific standards through the provision of sufficient and relevant information regarding the intent and impact of compliance can increase their relevance for the farmers and establish the basis for a greater sense of pride in the audit. This sense of pride can be further reinforced by means of rewarding compliance such that the farmers can realise social, if not necessarily economic, benefits.

6 Conclusions: using audit schemes to promote credence attributes

Many people, including the farmers themselves, see farm management as the product of an individual's or group of individuals' actions. The freedom to choose – let alone recognise – any given set of alternative management practices is, however, affected by the environmental, social and economic contexts within which the individual is located. In other words, a farmer's capacity to act is subject to constraints.¹⁴ As a result of this situation, the suite of all possible farm management practices can be separated into the 'thinkable' and the 'unthinkable'. The former set involves those practices which are readily identified as alternatives – although these may not be employed in an individual's strategic approach to farm management. The 'unthinkable' practices are those that, due to radical contradictions with the individual's understanding of agroecosystem operation and the socio-economic parameters of production, fail to be recognised as viable alternatives. This conception of the farmers' capacity to act offers an insightful perspective on their response to the introduction of audit schemes in the sector.

The foregoing analysis of farmers' representations of their response to constraints encountered in their interactions with the New Zealand sheep/beef industry demonstrates some of the factors that contribute to the relative 'thinkability' of industry driven changes in management practice or the regulation of acceptable practice. Our interview questions queried the perceptions of farmers regarding possible constraints on their management practice. In each of the sectors that form part of the ARGOS project, the participants recognised limitations on their capacity to act associated with their relationships with a given industry sector. Most frequently in these cases, they identified the constraints of complying with emerging audit schemes. Whereas the majority of participants had become accustomed to stipulations on tangible qualities of the product sold to domestic industry, their ability to accept the regulation of on-farm management practice in order to assuage the social, environmental, and ethical concerns of consumers was more uneven.

Our examination of the sheep/beef sector in this report demonstrated that farmers' currently attach a positive assessment to the actions of the sheep/beef industry in response to the crisis of the 1980s. While the shift in market focus to fresh cuts required that the farmers adopt new quality standards (including specified weight targets, fat cover and animal cleanliness at point of sale), they were able to pursue these animal characteristics within the established framework of "good farming". In other words, farmers were still assessed on their relative capacity to increase the productivity of their properties as evidenced in their ability to meet weight specific contracts. Failure to meet the tight schedules of contracts could easily be attributed to the vicissitudes of climate and other uncontrolled aspects of farming.

The emergence of audit schemes that regulate the farmers' compliance with a set of best practices that are defined by actors perceived to be external to the production process is, however, more likely to threaten farmers' justifications of their management practice. Three features of audit schemes contribute to their lower palatability for the farmers: a) they shift the focus for assessing 'good farming' from the field to the office; b) they threaten to limit the flexibility of the farmer as decision maker; and c) they imply a certain level of distrust in

¹⁴As noted in the ARGOS social rationale (Campbell, et al. 2004:): "A key dimension to sociological analysis is *capacity to act*. Once researchers have gained an idea of how research participants view, understand and interpret the world, it is a mistake to think that individuals do therefore go forth and act according to their views (known in the trade as the Cartesian view: *I think therefore I act*). Rather, individuals are always faced by numerous structures, conventions (including institutions, accepted practices, etc.), processes and discourses that impinge upon their capacity to act. Human action, and important outcomes of trying to change human's behaviour, can only be explained through a strange combination of motivation to act and capacity to act.

farmers' pursuit of good or appropriate management practice. Thus, farmers often challenge the validity of audits and the practices they promote on the basis of a perceived lack of awareness of the necessities of sheep/beef production or of the nuances of distinct production environments on the part of the auditors. In order for farmers to accept the impositions of the audit schemes, they must demonstrate both the capacity and willingness to incorporate such valuations of their practice and product that reflect the consumers' preferences (biased as these are perceived to be) and – in the process – subsume their valued independence to external oversight. From our interviews, farmers who demonstrate this capability are also those who are more likely to actively pursue niche markets as a means of validating their own management practice. The extent to which external oversight of practice forms a normalised feature of 'good farming' in the New Zealand sheep/beef sector will become more evident over time.

These findings also provide insight into the underlying objective of determining the relative sustainability of distinct management practices within each of the sectors in the ARGOS project. In the sheep/beef sector, the panels (organic, integrated and conventional) are defined by the farmer household's participation (or not) in either organic or supermarket driven quality assurance audit schemes. As such, willingness to comply with a given scheme already suggests differing abilities to conform to externally constructed definitions of good practice. Thus, organic and integrated farmers are more likely to express their acceptance of audit schemes; whereas the conventional farmers tend to challenge their validity. Furthermore, the findings of this report largely reinforce interpretations of the data in the first qualitative interview which suggested that organic and integrated farmers, who maintained less fatalistic conceptions of the sheep/beef market, generally experienced less stress. Whether or not the farmers' compliance with the audit schemes contributes to the economic viability or ecological sustainability of their farms is currently the subject of further analyses within the ARGOS project.

Audit schemes appear to be a favoured means for the retail sector in the agri-food system to reduce the uncertainties surrounding the products that they source. Especially given the nature of global markets (where face-to-face interaction is no longer possible), audits provide a surrogate form of establishing trust by documenting the use of preferred practices. As such, they are likely to remain a persistent feature of agri-food, and specifically sheep/beef, production in New Zealand. Thus, a vital element of sustainable farming in New Zealand involves developing farmers' capacities to incorporate emerging forms of external oversight within their conceptions of good farming. The comparisons developed in this report indicate several features of more successful and inclusive approaches to the implementation of audit schemes. First, it is apparent that farmers seek to maintain some input to the negotiation of audit standards, if only by means of the representation of their interests by industry. To the extent that farmers perceive that practices promoted and regulated by means of audits reflect their perceptions of appropriate management, they are more likely to accept its oversight. Second, a proscribed practice, especially in the case of credence attributes, is more likely to be adopted to the extent that it is associated with a demonstrable effect. In other words, the farmer must be able to identify the improvement in the product for which compliance with the audit scheme is responsible. In order to become an integral part of 'good farming' the resultant 'effect' must also become an active element of the sense of pride farmers associate with the production of high quality lamb or beef. This becomes more difficult, of course, with regard to such practices as animal welfare for which the quality of the end product is less tangible. Here a concerted effort is required in order to translate the concerns of consumers into attributes of farming that reinforce the farmers' capacity to apply a favourable self-assessment. Finally, resistance to externally imposed farming practice can be mitigated by the documentation of the reward realised by its adoption (as already proven successful in some cases noted above). This reward can be in form of increased monetary returns or greater social status from the perspective of the farmer. The conveyance of social status can be reinforced through the development of award programmes, recognising more committed response to the demands.

7 References

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