

## Agricultural entrepreneurship and sustainability – is it a good or a bad fit?

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### Abstract

In today's Dutch agriculture emphasis is put on entrepreneurship, social responsibility and sustainability. But do these fit together? In economic theories entrepreneurs are seen as movers of the markets, seekers of profit opportunities and innovators. Not all farmers however meet these conditions and if they do, there is no guarantee that this goes with socially responsible entrepreneurship and sustainability. In a sociological explorative study a multiform group of 20 pig and 21 dairy farmers – both male and female – were asked about their views on animal welfare and other features of sustainable farming. The group consisted of conventional, organic and free range farmers with different farming styles. Their farms varied in levels of scale, intensity, degree of specialization and participation in quality assurance schemes. In the in-depth interviews, it became clear that the farmers focus on different aspects of sustainability and that multi-dimensional sustainability is not a self-evident aim for all farmers. An economically viable farm is important for all farmers, although farmers with idealist motives stress this aspect less than other farmers. Social sustainability at the level of the farm (work load and schedule, division of tasks, balance work/ family life/ social life) is accentuated by conventional farmers on large scaled specialized farms. At a higher level of social sustainability (fair trade, fair prices, poverty reduction), in particular organic and biodynamic farmers stress that farmers have to take the responsibility to contribute to social equity. The latter group puts also emphasis on their responsibility towards the ecosystem. They, for instance, focus on sustainable cattle, mineral management and nature and landscape conservation. The interviewed large scale conventional farmers on the other hand, see energy production as a potentially profitable option to contribute to ecological sustainability. This means that agricultural entrepreneurs do not 'automatically' take all aspects of sustainability – people, planet and profit – into account. Policy makers who think they can stimulate sustainable agriculture by promoting agricultural entrepreneurship should be aware of this.

**Keywords:** farmers, diversity, profitability, internal and external social sustainability, social responsibility

### Introduction

Dutch agriculture of today is confronted with rapidly changing circumstances. As consumer demands and governmental legislation are becoming stricter, agricultural entrepreneurs are being required to commit increasingly more resources to animal welfare, environmental measures and maintenance of the landscape. In 2000, the Dutch Ministry of Agriculture, Nature and Food quality (LNV) stated that agricultural entrepreneurs should operate as financially independent units, deliver high quality products produced in a socially sound way, and respect social values. In turn, they should receive societal appreciation (LNV, 2000). In 2008, the ministry has formulated more far-reaching ambitions with regard to sustainability: '... *Within 15*

*years, livestock farming in the Netherlands should be sustainable in all respects and have a broad public support. This means that livestock farmers produce with respect for human beings, animals and nature throughout the world...*' (LNV, 2008). This illustrates the major importance the ministry attributes to agricultural entrepreneurs in the transition process towards sustainable agriculture. It is however not clear how the ministry defines agricultural entrepreneurship. In economic theories, entrepreneurs are seen as movers of the markets, seekers of profit opportunities and innovators (Van Praag, 1999) In these theories they are held responsible for economic development through innovations of products, processes, markets as well as organizational innovations (Van Praag, 1999; Shane, 2003). Important questions are whether Dutch agricultural entrepreneurs are able and willing to take the lead towards more sustainable farming systems (do they consider themselves main responsables?) and how they understand 'sustainable agriculture'? The latter question is an evident question because sustainability is a confusing and contested concept which can be interpreted and conceptualized in many different ways (Boogaard et al., 2008; Van Calker et al., 2005; McGlone, 2001). McGlone (2001) defines it as follows: *'If our systems of production are in harmony with the environment, the animals, the workers and the community and if they are efficient and economically competitive then the system may be said to be sustainable'*. This refers to the multi-dimensional character of the sustainability concept (people, planet, profit). Besides this, sustainability is a multi level as well as a multi actor concept because it can be enacted on farm level, regional level or global level and the involvement of many actors and institutions is needed (Van Calker et al., 2005). This illustrates that sustainability can be conceptualized in many different ways. In the underlying study, it is explored how Dutch pig farmers and dairy farmers interpret the sustainability concept. The question: 'agricultural entrepreneurship and sustainability – is it a good or a bad fit?' shall be explored<sup>1</sup>.

### **Research methods**

A sociological study was carried out based on in-depth interviews with a multiform group of pig farmers (n = 20) and dairy farmers (n = 21), including conventional pig farmers (n = 11) and conventional dairy farmers (n = 14), organic pig farmers (n = 3) and organic dairy farmers (n = 5), free range or other 'alternative' pig farmers (n = 4), biodynamic dairy farmers (n = 2) and pig farmers with more locations, combining conventional farming with organic farming or free range farming (n = 2). Their farms varied in levels of scale, intensity, degree of specialization and participation in quality assurance schemes. Both male (n = 28) and female farmers (n = 13) were interviewed. A main criterion for selection was to maximize diversity. Therefore the sample is not representative for the pig and dairy sectors as a whole.

The farmers were asked about their views on animal welfare and other aspects of sustainable farming, such as nature, landscape, environmental issues and relationships between farmers, society, market and technology. Their views on animal welfare were presented during Eursafe 2007 (De Lauwere et al., 2007) and will be described more extensively by De Rooij et al. (submitted). These will be summarized shortly in this paper. The views of farmers with regard to sustainability were analysed according to

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an analytical framework based on Van Calker et al. (2005), who in cooperation with stakeholders compiled a list of sustainability attributes with respect to economic, internal and external social and ecological sustainability (table 1).

Table 1. Analytical framework to analyze the farmers' views with regard to sustainability based on Van Calker et al. (2005)

Overall sustainability			
Economic sustainability	Internal social sustainability	External social sustainability	Ecological sustainability
- profitability	- working conditions	- food safety - animal welfare - animal health - landscape quality - use of undisputed products - social equity*	- closing nutrient cycles**

\* This attribute is not mentioned by Van Calker et al. (2005); \*\*These attributes for ecological sustainability were too specific and were therefore summarized as 'closing nutrient cycles'.

On the basis of the interviews it was estimated to which extent the farmers 'fit' into the profile of 'real' agricultural entrepreneurship. The 'entrepreneurial features' described by Van Praag (1999) were taken as criteria (being a 'seeker of profit opportunities', a 'mover' of the market' and/ or an 'innovator') Besides this, it was assessed whether the selected farmers were driven by heart or by economics (Schoon and Grotenhuis, 1999) and whether they were willing to take responsibility for their way of farming completely, partly or not at all.

### **Sustainable farming according to farmers**

The interview data showed that farmers accentuate different aspects of sustainability. The following value orientations with regard to sustainability emerged:

- 1) A first value orientation puts a special focus on economic and internal social sustainability. Economic and commercial values are central. The farmers concerned consider animals above all as means of production that are serving human interests. They keep the animals according to minimum legislation and a good production and health are the major indicators for animal welfare. Internal social sustainability (work load and schedule, division of tasks, balance work/ family life/ social life) is important for some these farmers, especially the ones with personnel; some others who cannot afford this, complain about it. The farmers do not feel responsible to contribute to social equity (fair trade, fair prices, poverty reduction). Energy production is mentioned by some of them as possibility for a profitable contribution to ecological sustainability. This value orientation is wide spread among the conventional pig breeders and some (large) dairy farmers
- 2) A second value orientation is partly identical to the first because emphasis is on economic sustainability. Internal social sustainability however is not such an important issue for these farmers. They work hard but this does not seem to bother them because they see it as their moral duty to take good care of the animals they are responsible for. The relation between farmers and animal is central in their farm management. The main difference with the former value orientation is that the farmers are more ambiguous about their way of farming. They keep their animals for

example according to minimum legislation, but they would prefer to treat the animals according to higher standards. This however does not 'fit' in the production system for economic reasons. Another difference is that these farmers, in addition to productivity and health, use physical and behavioural features as indicators for animal welfare (the animal looks brightly, the animal shines, the animal is lively). Some of them attribute to external social sustainability through nature and landscape conservation, participation in environmental programs and classification schemes for improved food quality. This orientation is to be found among both conventional pig and dairy farmers with family farms or family farms with one co-worker. Dairy farmers in this value orientation often offer summer grazing

3) In a third value orientation, emphasis is on economic sustainability through contributing to external social sustainability and/or ecological sustainability. This strategy sustains a premium price for the products. The main motive to produce according to the requirements of environmental programmes (for example the Dutch ecobrand 'Milieukeur') is economical. Animal welfare is a starting point for farm management and emphasis is put on creating space for animals for expressing natural behaviour and on the animal's identity. These values are however based on the demands of the production system and consumers rather than on ethics. The problematics of social equity are not denied, but the farmers do not feel responsible for it. It especially are organic pig farmers and free range pig farmers who 'fit' in this value orientation.

4) In the fourth value orientation, emphasis is on external social and ecological sustainability. Economic sustainability and internal social sustainability are important as well but it is accepted that profitability or working conditions sometimes are conflicting with for instance animal health and welfare. The farmers concerned join programmes for nature and landscape management; closing the nutrient cycle is another important aspect of their farming style. Social equity is a main concern for them. Like in the third value orientation, animal welfare is a starting point for farm management, and emphasis is put on creating space for animals to express natural behaviour and on the animal's identity. The farmers concerned are driven by heart rather than by economics. This value orientation especially is found among extensive dairy farmers, organic farmers and bio-dynamic farmers.

5) The fifth value orientation is more or less identical to the fourth in that emphasis is on external social and ecological sustainability. In this value orientation, economic values are of less importance because livestock farming is not the main activity of the farmers concerned. Provision of maximal animal welfare is the starting point and the production process is fully adapted to the needs of the animals. Apart from a focus on naturalness, the expressing of natural behaviour and respectful treatment of animals self-realization or self-development of the animals is also considered important. Bio-dynamic farmers or farmers with 'alternative' ways of farming can be found in this value orientation

### **Agricultural entrepreneurship**

Among the interviewed farmers 'real' entrepreneurs could be distinguished according to the definition of Shane (2003) or the 'entrepreneurial features' mentioned by Van Praag (1999). The data however showed that there is no relationship between 'real' entrepreneurship (in the sense of movers of the markets, seekers of profit opportunities or innovators) and value orientation with regard to sustainability. There are entrepreneurs among the farmers for whom the emphasis is on economic and internal social sustainability and others for whom emphasis is on economic and

external social sustainability. Besides this, it appeared that being a ‘real’ entrepreneur is not a guarantee that a farmer also is willing to take full social responsibility. Some of them do, but others tend to shift their responsibility upon consumers, retailers and or the government. It is however obvious that ‘real’ entrepreneurs emphasize on being an entrepreneur (making a profit) rather than on being a stockman (taking good care of the animals) if they are asked to define a ‘good farmer’ themselves. Farmers who do not meet the entrepreneurial features described by Van Praag, can be described as ‘real stockmen’ for whom taking good care of the animals is important (although they can fill in ‘taking good care of animals’ according to different value orientations). Like the ‘real’ entrepreneurs, some of them do take their social responsibility and others do not. The data showed that stockmen who do take their social responsibility are more often driven by heart than economically driven. Besides this, it appeared that those farmers who are ready to take full responsibility might contribute to overall sustainability more than for instance some ‘real’ entrepreneurs (table 2 and table 3).

Table 2. Relationship between social responsibility and some ‘general’ features of the farmers interviewed

Social responsibility	n	Farming method	Value orientation	entrepreneurship
Shifted upon consumers retailers, government	10	Esp. conventional farming	Emphasis on economic and internal social sustainability.	Economically driven
Is accepted but partly shifted	21	All farming methods	All value orientations	Economically driven and part of them also by heart
Is fully accepted	10	Esp. organic or free range farming	Emphasis on external social and ecological sustainability.	Driven by heart

Table 3. Relationship between social responsibility and other aspects of sustainability

Social responsibility	Animal welfare	Animal health	Social equity	Use of gmo in animal feed	environment
Shifted upon consumers retailers, government	Minimum legislation	Important	Is not worried about it	Is not so worried about it	Not so important
Is accepted but partly shifted	Varies	Important	Is worried, but does not feel responsible	Is worried, but does not reject it	Important; part of them strive to close nutrient cycles
Is fully accepted	Natural behaviour	Not so important	Is worried and does feel responsible	Rejects is	Striving to close nutrient cycles

### **Agricultural entrepreneurship and sustainability – do they fit together?**

In Dutch agriculture an important role with regard to sustainable agriculture is attributed to agricultural entrepreneurs (LNV, 2000 and 2008). The data presented in

the present study however indicate that ‘real’ entrepreneurship, according to the definitions of Shane (2003) or Van Praag (1999), is not a good starting point to guarantee overall sustainability. Some entrepreneurs take social responsibility, but there are also ‘real’ entrepreneurs who tend to shift the social responsibility upon consumers, retailers and/ or the government. This is also found by for example Te Velde et al. (2002) and Van Huik and Bock (2007). On the other hand, other farmers who might not completely ‘fit’ in the definition of ‘real’ entrepreneurs, because in their way of farming more emphasis is put on stockmanship, are fully prepared to take social responsibility. So, policy makers who exert much effort to realize sustainable agriculture, should not have implicit faith in ‘real’ agricultural entrepreneurs. The willingness of agricultural entrepreneurs and other farmers to take social responsibility should be a more important criterion. It might also be worthy to redefine the concept of (agricultural) entrepreneurship, emphasizing more on overall sustainability.

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