

## **Value based management – success on a farm?**

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### **Abstract**

In this essay we investigate the influence of a particular management concept on the working environment on a farm as well as we investigate which political strategies lay behind the management concept. We have chosen a farm that is considered trend setting and unique in the way it is run and organised. The study is based on nine interviews with people who are all associated with the farm in different ways.

The conclusion is that the strategy behind the management concept has been to create a farm that is highly regarded among external interested parties as well as to create a good working structure for the employees with a high degree of focus on the physical as well as the psychological working environment. However, the resulting standardisation of the farm production poses a challenge to the employer in relation to accommodating the individual employee's need for opportunities in the work and development.

## **Key words**

Agriculture, management concept, working environment, leadership, value-based management

## **Introduction**

Agriculture is going through a process of change. Especially the pig farms are achieving a size where more systematic management is required. Culturally focus on the working environment has been peripheral. Production has been the primary concern and communication between managers and employees has taken place in a casual way while working. Today several farms may have one owner and thus, though it counts as one formal workplace, there are several individual physical workplaces. From this new challenges arise. Since one of these challenges has been to secure an adequate workforce we believe that in the future there will need to be a high focus on employee satisfaction in order to keep the employees and in order to recruit a good workforce in adequate numbers. In cooperation with an external consultant the farm we have chosen has worked intensively on building a work culture on the farm and has been very conscious about putting together the right group of staff. A staff where the “chemistry fits”, where people get along, and where cooperation works well. The management’s philosophy is that the employees are the centre of rotation for ensuring a well working production. The better conditions for the employees the better the production results.

The problem statement of our report will be:

***Which influence does the management concept have on the working environment on the chosen farm and which political strategies lay behind the management concept?***

In order to support the problem statement we evaluate that it is necessary to highlight the process during which the management concept is created and implemented. In this connection we will investigate the role of the external consultant in the process.

We are interested in the workings of the social structures on the farm. We are interested in how the management develops and holds on to the intended culture, and we will investigate whether this culture influences the level of production.

Our hypothesis is that there is a consistent political strategy behind the existing concept, and in this report we will investigate the policies behind the management concept. Further we will answer the above questions about the existing culture, employee satisfaction, and the role of the consultant in the change process.

### **Approach and methods**

We have chosen to look at change management and management concepts in order to achieve an understanding of the processes and changes that have taken place on the farm, and to look at the processes that are needed in order to make the farm able to achieve the intended objectives. Based on the principles of change management and management concepts we will describe the reality in which the farm is going through these changes. We have chosen the qualitative interview as the method for our investigations of the influence of the farm's social system on the working environment and the role of an external consultant in relation to working environment-promoting actions. We have interviewed nine persons – two consultants and seven from the farm – according to an interview guide developed for this purpose.

### **Results**

In order to accommodate the above philosophy and turning philosophy into practice, the farm has chosen to take its starting point in value based management. Kamp et al. (2005) point out that one of the many plusses in this concept is that the individual employee will undertake a greater

responsibility for the work to be done, and commitment will increase. Based on the collected empiricism it is our belief that the management concept has meant that the farm employs a very loyal staff who are very enthusiastic about their work, who take production seriously, and who are proud of their workplace which also means that they won't be looking for work elsewhere. The employees are convinced that the style of management is unique in the farming business and think that exactly this style of management has a part in making the work more exciting since they are allotted a lot of responsibility, and that they experience that their employer shows confidence in them. They experience that their opinions are taken seriously and that it is emphasized, that the individual employee is part of a solid community where you pull together.

The management concept is based on the values that have been formulated jointly. The values of the individual employee have been taken into account and a collective value base has been formulated through a process run by an HR consultant. This process has resulted in the values becoming the guide for the behaviour of management and employees. This complies with van Hauen et al. (1997). This is supported by the fact that several of the employees have not taken part in working out the values, but still act according to the basic values, and by the fact that new employees thrive in the existing culture. In this connection Beyer (2003) states that values are seen as timeless rules of life which is why values are maintained in spite of changing employees and new challenges.

Based on statements from the employer and the HR consultant it is our understanding, that the importance, which the employer ascribes to the identification of the culture bearer, is decisive for the continuation of the existing culture. We see the fact that the employer is aware of the farm's values and culture, in spite of the culture bearer being absent, as a sign of the importance of values and culture. Based on experience the employer wishes to maintain focus and thus diminish the risk of strong subcultures arising with the result that the original culture crumbles. The working

environment consultant we interviewed confirmed that typically the employee turnover is high in farming, since often most employees are trainees and foreign workers. According to the working environment consultant this often leads to there being no culture bearer, and thus it is hard to establish a desirable culture. On this farm where the culture bearer is identified and made aware of his role, the wish is to restructure in a way that in the future makes the culture bearer the same person on all the farms constituting the one workplace, a person who in this way gets closer to all employees – a conscious choice in order to achieve and maintain a uniform culture on the farm.

The employer has chosen to incorporate value based management as a natural part of everyday life on the farm. During the process the employer will make a row of strategic choices in order to incorporate the concept and turn it into practice. The means chosen by the employer is finding the right business partners, running a value related process and identifying the culture bearer. The employer chooses to enter into close cooperation with an HR consultant who will catalyse the process in order to achieve a set of values with which all employees can identify. The wording of the values is not the decisive factor, a fact which falls in line with Beyer (2005), who points out that the decisive factor is the process where the values are stated. The culture bearer, who is an important person when it comes to maintaining the system over time, gets a lot of notice from the employer, and is made aware of his responsibility and possibilities for helping the concept along in practice – an important helper when it comes to keeping focus on the desired culture.

According to theory the value base becomes a signal internally as externally (van Hauen, 1997).

The employees declare that they have good social relations to each other. Seen from the outside you get the feeling that there is a lot of focus on values and well-being. This can be interpreted as a sign of a humane part of the business which can be decisive for how the farm is viewed in the local community and in relation to recruitment. Employees who voice pride over their workplace are

important ambassadors for the farm when they tell about the advantages of being employed on this farm. All employees have the opportunity of taking part in experience exchange groups where their accounts of the professional level (good key figures) and good working conditions can turn out to be important factors in relation to recruitment. A good reputation and goodwill in the local community can be decisive as well when it comes to recruitment and to a possible later expansion of the business and production. Letting the employees take part in experience exchange groups and promoting education are strategic choices that complies with the employees' wishes for development, but this can also be a way of spreading the story about the good workplace, thus marketing the business to the surroundings.

In order to maintain morale it can be necessary to go for short term results (Kotter, 1999). Setting milestones in the change process and evaluating every milestone gives the opportunity to look forward to part results and celebrating a victory. Kotter (1999) mentions the short term results as a way of keeping up morale and showing the employees that the work pays off. On the farm we have chosen, they use the celebration of partial objectives achieved in this way. For instance they may set objectives for key figures, which are evaluated, and there is a reward when the objective is achieved. The employees talk a lot about the small victories and look forward to achieving the reward. The small victories which the management value very much we see as a motivational factor for the employees.

In order to achieve the best possible production the latest technology is used. The organisation plan has been created with the same objective in mind. Value based management is another part of the concept for maintaining production at the desired level.

## **Conclusion**

With the size of farms today and with the conditions that exist for farming today, financial conditions will vary and influence the farms' financial results. In connection with investments fundamental risks are taken and it is important to have a financial system that is able to absorb some of the fluctuations without pulling the carpet from under the farm.

Value based management is supposed to ensure the legitimacy in relation to business partners and the focus on internal values signals a well run business. To creditors good key figures signal effective production and trustworthiness. Thus the farm will find it easier to secure flexibility with these creditors. For the farm value based management is not a thing in its own but a tool that is used to achieve strong relations internally among the employees and externally to the creditors.

In order to fulfil the wish for good key figures the employer has focused on several areas like technology, organisation and employees. In order to actualize his ambitions for creating favourable conditions for the employees the employer has chosen to use the tool value based management.

Involving a consultant has helped the employer to create a unique workplace, where reciprocity is decisive for the way that employees and employer create the working environment.

**Concluding from the above our answer to the questions in the problem statement above is that** the management concept on the farm we have chosen has had a positive influence on the employees' loyalty to the farm and on their commitment to the work. Further, the employees are proud of their workplace; they thrive in their work, and don't wish to work in any other place. However, the management concept – including the streamlining of production – has led to a new challenge for the employer in relation to accommodating the individual employee's need for opportunities in the work and development. The strategy behind the management concept has been to create a business that is highly regarded among external partners and to create good working conditions for the employees with much focus on the physical as well as the psychological working

environment. The change was only possible through the HR consultant, who has turned out to be an important partner and agent for change, and through the employer's sincere commitment to the process.

### **Perspection**

Others in the business inquire about the management concept on this farm. But can the concept be implemented on other farms at all? It is our understanding that it takes an employer who sees the advantages of a good psychological working environment for the employees and who likewise can see the advantages of this in his own daily work. It requires an employer who wishes to show leadership and who shows real commitment. As stated by the interviewed HR consultant: *“Many wish to work with the development of a management concept, but there are those who are actually just buying indulgences: If we spend something on this, the problems will go away without personal involvement.”*

We estimate that the concept cannot just be bought since it is a longer process where the individual farms focuses on its own values and culture. During the process it can be an advantage to involve a consultant who can work as a change agent. Involving a change agent may work as a binding factor in the process, supply tools for achieving the concept, and supply a person who can guide the process.

An intervention project has been started with working environment management as its focus point. During 6 months the process has been tested on 4 farms – 2 pig farms and 2 dairy farms – and the results are very positive. This supports our conclusion that the process works in connection with working environment management, but that the process will run more smoothly if the employer has a genuine wish for improvement. Though employers have been sceptical it has turned out that

implementing working environment management can be a practicable way for introducing a higher focus on the working environment and thus on safety in farming.

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