

**DEVELOPING THE ENTREPRENEURIAL SKILLS OF FARMERS;
SOME MYTHS EXPLORED**

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Abstract

This paper explores the nature of skill training for farmers who wish to diversify their businesses. We begin by carefully examining the nature of entrepreneurial training and find that there are two distinctive dimensions; training as a set of managerial practices and training about entrepreneurial attitudes. These second elements are not only functionally different from the former, but appear to be conceptually distinct. After our theoretical discussion we present the case of an enterprising farmer. This farmer had decided to diversify from his dairy farm and set up a cheese making business. He appeared to do everything that the textbooks required; yet after initial success he closed his cheese making to concentrate on dairy farming. In our analysis of the case we show how the farmer's entrepreneurial attitude was conditioned by social and contextual factors. We also show how one farm can be located in a segmentation framework which helps us to appreciate the impact of different factors. Thus we conclude that entrepreneurial training for farmers requires much more than managerial skills.

Key Words Small Farmer, Entrepreneurship, Entrepreneurial Skills and Attitudes, Rural Skills, Rural context

Introduction

Hoggart et al (1995) note how we proclaim the virtues of the countryside and submerge ourselves in the cultural symbolism to so ennoble its character that the reality can bear little relationship to sentiment and imagery. But what we know, and think of as the rural, is essentially agricultural; the classic figure on the rural landscape is the farmer. Yet Hoggart et al also note that the most striking feature about agriculture in Europe is its relative decline. In examining the rural in this way we can recognise that the presence of farmers on the land is a necessary part of the social and economic rural fabric on which the positional and cultural good of rurality is painted. The economic changes, which beset the European countryside, the dramatic rises in agricultural productivity, globalisation and exposure to world markets have impacted on the social. Farming, especially farming in marginal areas, is barely viable; farms have consolidated; farm workers have left to better jobs in the cities, so the agricultural landscape is at risk of losing the classic figure of the farmer. One solution that has been offered for this social problem is that farmers diversify, that they set up businesses, which can augment their farm income and allow them to continue to live on the land.

It is this “solution” of farmers becoming entrepreneurs that is the focus of our paper. Our research question is compellingly simple; can we teach farmers to be entrepreneurial? However, like many simple questions the answers are much more complex. Our literature review demonstrates that entrepreneurship appears to contain two distinctive and very different categories of activities. The first is, broadly speaking, those managerial skills that are required to start and run a business effectively. The second category is much harder to define, but can be generally described as entrepreneurial attitudes. Both seem important, but whilst the former can be taught, the latter group is much more problematic. Indeed a good argument can be made that many farmers are already excellent managers. In their economic role as price takers, they have developed some outstanding competencies in making the most of their assets. However the role of price taker, in isolated circumstances, and the focus on husbanding resources, may be the very conditions which militate against innovation, risk taking and the leadership which seem to typify entrepreneurial attitudes.

The objective of our paper is not to provide a neat, concise and normative formula for teaching entrepreneurship to farmers. Rather it is about how we ourselves can develop a fuller understanding of the nature of the skills that farmers need to become entrepreneurial. We do this by unpicking, deconstructing if you like, the assumptions that underlie and underpin the rhetoric. In the empirical part of the paper we present an “interesting” case study of a farmer who appeared to be diversifying his farm business very successfully. His business seemed to be all that could be desired for farm diversification; it added value to an existing rural product, was sold outside the rural area and created employment. In response to the economic shifts described earlier he had developed an alternative cheese making business. He was aware of the many new skills, such as marketing, that he required to make this business work. However, he has now withdrawn from diversification and now concentrates on conventional farming. This case is not intended to be more than illustrative, but the farmer’s narrative highlights how the practical skills of entrepreneurship are but part of what seems to be needed to be an entrepreneurial farmer.

Enskilling Farmers for Diversification

Developing the entrepreneurial skills of farmers is one of the Third Call tasks in the 6th Research Framework Programme of the European Union (Priority 8, task 1.1.17). This is described-

‘to identify and analyse the social, economic and cultural factors, including educational processes holding back farmers from the development of entrepreneurial skills necessary for the successful growth of their farming businesses.’

What strikes us about this statement is the sheer magnitude and difficulty of the task proposed. Initially we note how social, economic and cultural factors are assumed to be an impediment; that they can be analysed in such a way as to produce solutions and finally that it is possible for the necessary skills to be developed and to lead to successful growth. A bold and far reaching statement indeed. What troubles us is that the characteristics of these skills are undefined, as if assuming that they are already known and understood. To define and specify entrepreneurial skills is both a complex and a controversial matter in general, and to try to do so in the context of farming is especially problematic, as the sector is far from being homogeneous.

In academic discussions, the question of entrepreneurial skills is related to the debate on whether entrepreneurship can be conceived as something teachable or not. Katz (1991), for example, suggests that, most likely, there are some skills which can be taught and some that cannot. Baumol (1983:30) puts this issue very well, "How can we analyse and teach acts whose nature is not yet known and whose effectiveness relies to a considerable degree on the difficulties others have in foreseeing it?" Rosa (1992) suggests that in the UK at least, there has been more faith than strategic reasoning in entrepreneurial training and education. It has become commonplace to emphasise the complex and somewhat mysterious nature of the entrepreneurial process and be sceptical towards the idea of teaching it (Swedberg 2000). In business schools, however, courses aimed at teaching entrepreneurial skills have become popular during the last couple of decades. Indeed, Curran (1986) comments that the unprecedented growth in demand for entrepreneurship education has been matched by a corresponding growth in the number of courses offered by both academic institutions and by enterprise agencies of one sort or another. Anderson and Jack (2000) suggest that the growth in demand is a reflection of the newer forms of capitalism and that enterprise education provides the state with a quick response to underlying economic problems. Fitzgerald (1993) goes so far as to claim that Braverman's (1974) deskilling thesis has been turned on its head to produce this need for enhanced skills. Gibb (1993) makes the point that the overriding aim of enterprise education is to develop enterprising behaviours, skills and attributes.

To defend this kind of managerial approach, Stevenson & Jarillo (1998) - criticize social scientific research for being too theoretical; focussing on causes and results of entrepreneurial activity and forgetting the questions concerning the entrepreneurial process itself. According to their view, more knowledge is needed about the 'how' of entrepreneurial behaviour. Generating this kind of knowledge makes it possible to teach entrepreneurship they argue. This position is further developed by Kiesner (2003). In short, the claim is made that what we need to teach is *for* entrepreneurship, and that we ought to ignore any demands to teach *about* entrepreneurship. For us this approach is problematic, we see entrepreneurship as much an art as science. Anderson and Jack, (2000) insist that entrepreneurship is more than managerialism, although successful business creation also requires managerial competencies. The difference, they claim, seems to lie in the novelty in creating new businesses; the opportunity perception, the development of ideas into viable opportunities and pulling resources together, are for them as much an art as science.

According to Smilor (1997) and Kilby (1971) can be established entrepreneurial skills by mastering those activities, or practical know-how, that are needed to establish and successfully run a business enterprise. These may comprise such areas finance, accounting, marketing or production. Many others want to make a distinction between managerial and entrepreneurial skills. For example, Chen and colleagues write that many business school courses, 'focus on commonly identified management skills, but often ignore entrepreneurial skills such as innovation and risk-taking' (1998: 296). Yet Jeffrey Timmons, doyen of entrepreneurship education in the USA says (1999:27) "Entrepreneurship is a way of thinking, reasoning and acting that is opportunity obsessed" Surely this is much more than merely managing?

However, not all courses focus on practical ‘know-how’. For example, a course entitled “Entrepreneurial Skills for Small Business” offers a following list of entrepreneurial skills.

Personal Skills	Interpersonal skills	Process skills
Innovation Initiative Risk-taking Ability to deal with the unknown with ease Accepting challenges Taking responsibility Seeking opportunities in change	Interacting with others effectively Communicating effectively Negotiating Influencing Demonstrating leadership	Ability to plan and organize Ability to analyse synthesise and evaluate Ability to execute the plan

This list is impressive, and such lists are now commonplace in entrepreneurial teaching texts, for example Deakins and Freel (2003). At the very least, these lists of attributes justifies the conclusion that to start and run a business is not a simple task. Drawing our attention to these attitudes has some benefit, on one hand, they offer valuable insights into complexity and demanding nature of entrepreneurship. On the other hand, they raise a number of questions. How to approach and handle the abundance of potentially relevant skills? Do these skills apply equally or are some of them more crucial than the others? Are there differences between cases or contexts regarding the relevance of different skills or skill sets? For example, are all these skills needed, if farmers want to be successful in their businesses? Which ones of them would be crucial, or should perhaps some new ones be added because of the farming context? Furthermore, and for us a critical issue, lists such as these assume that the entrepreneurial process is equated with rationality can be codified and mapped. Yet, Bengt Johannison (1992) shows how entrepreneurial knowledge may be soft and personal. Moreover, Robert Chia (1996) believes that the cultivation of entrepreneurial imagination is the single most important contribution of Universities and Business Schools.

Theory and Practices

In this section of the paper we will present some theoretical starting points for approaching the concept of entrepreneurial skills as a general topic in the study of entrepreneurship. We will then focus on the context of the farming business with the help of a case example, and return to the theoretical discussion by offering our interpretations as inspired by this case. We will also attempt to show how the farmer in the case study can be located onto a segmentation framework devised by McElwee (2004).

The variety of entrepreneurial tasks

Let us propose that skill refers to knowing how to do something, or how to carry out a task . Consequently, if we were able to specify what the entrepreneur is supposed to do, we should be able to point out what sorts of skills are involved. To simplify a little, there are two basic ways to describe or define entrepreneurial tasks (Kilby 1971). One way is based on identifying specific categories of activities that are needed in running a business, for example, marketing, production, accounting, financial management, human resource management, and so on. The other way is to identify attributes which may – or may not – characterise these activities, for example innovation, growth orientation, and risk-taking. These kinds of attributes are used, for example, to distinguish ideal entrepreneurs from ‘ordinary’ small business owner-managers (Carland et al. 1984) or in general, to approach the ‘true essence’ of entrepreneurship. In the former case we are talking about entrepreneurial tasks on the level of

specific functional categories of business behaviour, in the latter case on the level of patterns or aspects of such behaviour.

Alertness to profit opportunities, handling uncertainty, coordinating scarce resources, and innovating (see Swedberg 2000) are widely known examples of definitions that approach entrepreneurial task on the level of patterns or attributes of activity. A good example is offered by Stevenson and Jarillo (1991). According to their definition, entrepreneurship means pursuit of opportunities without regard to the resources that are currently under control. They argue that it is quite possible to talk about certain basic skills that are needed in this kind of process. These skills are related, for example, to perceiving, marshalling and managing resources and using interpersonal relations to get access to resources. However, as Stevenson and Jarillo remark, they are not talking about those skills that are normally taught in entrepreneurship courses in business schools, a 'la "how to start a firm". Instead of learning the know-how concerning specific categories of behaviours, they are talking about gaining knowledge and insights on the nature of entrepreneurial process.

Innovation or risk-taking, for example, can encompass all of the ordinary functions or tasks in business, and how these are related to marketing, product development, financial management, or what ever. Similarly, pursuing business opportunities and finding resources that are needed, refers to the processes of constructing and controlling the holistic composition of business, not to any specific part of it, nor to simply a sum or collection of 'ordinary' business management activities. (Jack & Anderson 1999) When entrepreneurial tasks are defined on this higher level of abstraction, the question of skills that are needed in carrying out these tasks is, by necessity, of more complex or abstract nature than that concerning the skills on the lower level of specific categories of business activities.

The essential point is to recognise the distinction between these two ways or levels of defining and describing entrepreneurial tasks, and the possibility of using this distinction as a basis for classifying entrepreneurial skills or skill-sets. The distinction is by no means clear-cut. An example will illustrate this. Chen and colleagues (1998) distinguish six different types of entrepreneurial role or tasks: marketing, innovation, management, risk-taking and financial control. Each of these is further divided into sub-categories. For example, innovation includes new venturing and new ideas, new products and services, new markets and geographical territories, new methods of production, marketing and management.

It is noteworthy that the task of innovation includes innovation in marketing and management, both of which are also listed as separate categories of tasks. So innovation is a potential attribute of some other tasks. Therefore it is evident that innovation as a task is on higher logical level, more abstract, than the tasks of marketing and management. It could be thought of as a meta-level task. The same can be said about risk-taking. This categorisation of the entrepreneurial tasks as basic and meta-level indicates that the list presented by Chen and colleagues (1998) should be divided in two subgroups; it emphasises, on one hand, marketing, management and financial control as essential specific categories of entrepreneurial tasks and, on the other hand, innovation and risk-taking as essential general attributes of entrepreneurial (meta-level) tasks. The authors themselves, however, do not comment on this kind of distinction, although some the empirical results in their study indicate the significance of it.

In addition to innovation and risk-taking, at least growth orientation can be counted as a description of meta-level entrepreneurial tasks. Also the idea of pursuing opportunities without regard to the resources currently at hand, appears as a meta-level task not confined to any particular category of functional tasks. Our purpose is not to present any exhaustive list of meta-level tasks, but those describe above seem to be the most commonly agreed ones in the recent literature on entrepreneurial tasks and functions (Swedberg 2000; Hitt & Ireland 2000; Tiessen 1997). Again, it must be stressed that the distinction between meta-level task

and other tasks is not clear-cut. For example, perception of market opportunities could be counted as one of the basic functional tasks (Kilby 1971) or it could be approached as an aspect of the meta-task of pursuing opportunities regardless of resources. Our main point is that when talking about entrepreneurial skills, the distinction as such is important, regardless of the blurredness of conceptual borderlines.

Skills, social context, and attitudes

From a rhetorical perspective, entrepreneurial skill is important, because the concept of a skill implies the possibility of learning, and consequently teaching, entrepreneurship. In the psychological literature on entrepreneurship, as well as in some theories by economists, entrepreneurs are often described as individuals with certain kinds of stable and enduring characteristics or features. The emphasis is on personality traits, (Brockhaus & Horwitz 1986; Cromie 2000). These traits presumably originate from early childhood, and persist through years. Therefore learning and teaching are not relevant issues. The concept of skill does not necessary imply this kind of innateness, rather the possibility of communication and change (Stevenson & Jarillo). Indeed the entrepreneurial literature until the mid 1980's, focused on these innate traits as a way of identifying entrepreneurship. It was only after such critiques as Gartner (1985) and Chell (1985) that research turned more to seeing entrepreneurship as an organising practice. Of course, in the context of teaching, it is much easier to talk about learning in the connection of skills than in the connection of personality traits.

However, as Stevenson and Jarillo emphasise, one must focus on activity when talking about skills and entrepreneurial skills are defined and described in relation to entrepreneurial tasks. But, as already noted, entrepreneurial tasks are multifaceted (see Smilor 1997). Therefore, the concept of entrepreneurial skill is, by necessity, ambiguous. Furthermore, it appears to be a wide concept, so that it actually covers the whole of entrepreneurial activity as well as various aspects or subcategories of it. One may question whether it is only a question of skills? Indeed, how self-contained is the concept of skill? Moreover, if an attempt could be made to explain entrepreneurial success with the help of the concept of entrepreneurial skills, which would be the most relevant of the other factors needed in such explanation?

Two types of factors can be suggested. First, a skill is learned, mastered and used by somebody. The individual/actor/agent is, therefore, relevant. Secondly, even though an entrepreneur may not only recognise, but also actively construct new business opportunities, he/she cannot do so in a vacuum. Consequently entrepreneurs enact their environment, thus entrepreneurial skills involve dealing with material and social environment; so situational factors are also relevant. Many formulations of entrepreneurial tasks and skills imply the presence of situational factors: markets, customers, investors, or human resources, social networks and ties generally speaking. Many authors approach entrepreneurship as socially embedded activity (Aldrich & Zimmer 1986; Carsrud & Johnson 1989; Granovetter 2000; Jack & Anderson 2002). On one hand, the idea of social embeddedness underlines the importance of skills that are related with dealing with other agents; on the other hand, it emphasises the fact that there are social constraints in the environment, all of which cannot be unilaterally controlled by the entrepreneur, how ever skilful he/she might be.

Concerning the individual factors, a good example is in the study of entrepreneurial self-efficacy (Chen et al. 1998; Boyd & Vozikis 1994; De Noble et al. 1999). Entrepreneurial self-efficacy refers to the strength of an individual's belief that he or she is capable of successfully performing the roles and tasks of an entrepreneur (Boyd & Vozikis 1994; Chen et al 1998). From the perspective of self-efficacy theory (Bandura 1986), skills are not enough in explaining behaviour, but one needs to take into account cognitions concerning the relation between self and behaviour, such as self-efficacy. This kind of belief can be interpreted also in terms of self-confidence.

One may view self-efficacy, and self-confidence, as behavioural attitudes, comparable to optimism and persistence, for example. These kinds of attitudes are not strictly speaking skills, but it is common sense to conceive them as prerequisites for efficient learning and use of skills. In the literature on entrepreneurship it has been conventional to view these kinds of attitudes as individual dispositions, or personality traits. However, as attitudes that have a specific object – that of entrepreneurial behaviour – they can be approached also as something that can be changed through communication or experience (Shaver 1995). The significance of attitudes might also be extended to cover, not only behavioural attitudes, but also those values and conceptions that an individual might have about entrepreneurship. For example, it is not self-evident that everybody would consider developing entrepreneurial skills as desirable, or even socially acceptable. Individual backgrounds, cultural traditions, social and institutional settings may have considerable bearing on the individual's willingness to learn or use entrepreneurial skills.

We now turn to the context of farming. First we will present a short narrative of a farmer who started a cheese business. The narrative is based on an interview conducted as a part of a project focussing on the development of business diversification on farms as a strategy for rural policy. By interpreting this case, our aim is to consider how the issues of entrepreneurial skills could be formulated in the case of farmers.

The Case Study; “cheesed off with entrepreneurship?”

Context

Mr. Maitonen, the farmer and his wife who both in their mid 30s, own a farm. The farm was transferred to him from his parents in 1999. They have two young children, aged 8 months and 2 years. Their farm is located in a small village in a municipality in Middle-East Finland and has 40 hectares of cultivated land and 32 milk cows. A new cow house and a building for making cheese were constructed in 1997. The farmer started making cheese in 1998, after having completed a course in cheese production arranged by University of Helsinki. He has a college level education in agriculture and has taken additional related courses related to food processing. During his studies he acquainted himself with the legislation about the food industry and prepared plans for establishing a small-scale food-processing firm. He had also considered other diversification activities (e.g., attended a course on berry processing), before finally deciding to move into food processing through cheese production.

Mr. Maitonen employs one person who is on a two-year apprenticeship contract. He has also bought services for marketing purposes from a sales promoter, who has been demonstrating his cheese in Southern Finland. In 2002, he was been awarded a commendation for his special cheese products by the National Finnish Association of cheese makers. Since 2000 he has invested a considerable amount of money and time in promoting the product, which was recognised locally as a brand. His cheese, mainly sold through local and regional shops, market halls and local tourist venues are cited it as an example of good quality local produce. However, despite some initial success the farmer eventually decided to give up cheese business in spring 2004 and to concentrate on milk production. By addressing this question, we try to analyse the theoretical relevance and nature of entrepreneurial skills concept in the context of farming (see Jack & Anderson 1999, 119).

The rise and fall of the cheese business

The farmer comments on the starting of the cheese business thus:

‘Back in the early 90’s there was a lot of talk going on concerning the additional sources of livelihood in the farming sector. Various kinds of activities were promoted, e.g. machine contracting and sawing business were hot topics. I was not at all comfortable with those ideas: primarily since we had dairy cattle, all kinds of machine contracting activities or businesses that because they had to be performed off-farm would have hindered our activities on-farm too much. I thought that the additional business should rather be connected to our activities on-farm.’

‘At that time I was also doing a diploma work in my studies that dealt with the legislation in small-scale food industry. I found out that the legislation was not an obstacle in small-scale food businesses, rather the opposite: it provided a useful framework that seemed to facilitate the starting of such a business. I first applied those ideas in order to facilitate my mother’s bakery business, but the ideas also continued to feel personally fascinating. I then took a course on cheese production, where I for the first time got to see how the whole process related to cheese production actually works, like how the production unit has to be planned and what it requires. It opened my eyes and an idea about starting a cheese business with a speciality cheese occurred to me. At that time our situation on the farm was such that we had sixteen cows but no chance to expand our milk production, since my father who owned the farm belonged to such an age group that he did not get a permission to buy more milk production quota. In such an agricultural-political climate I then started to

plan our cheese production unit according to the knowledge gained on the course, and during the next summer we realized those plans.'

However, despite the promising results and recognition the business was not without troubles. The farmer comments on his experiences in running the cheese business.

'So things were looking quite good, we hired an employee based on a two year's apprenticeship. The special cheese was obviously a good choice for us, we were awarded third prize in special cheese -category in the cheese exhibition arranged by the National Association of cheese makers in 2002. It was a bit surprising since all the nationally biggest producers were also taking part in that category. So we had quite a strong product, we devoted much time, money and effort in order to develop our cheese brand and to facilitate its marketing.'

'In a sense it surprised us how laborious the marketing gets and how much effort it requires. But we nevertheless had confidence in our business and planned to intensify our marketing and improve our packaging concept. We also hired a local sales promoter in order to facilitate the broadening of our market area. This was partly due to the fact that the nearby region of Middle-East Finland does not offer many opportunities to increase our sales, and hence the majority of the trips related to marketing and customer contacts that were located further away in Southern Finland. Such activities require so much time that it would get really difficult for us to manage our dairy cattle at the same time without the aid of hired workforce. Actually we worked hard towards these goals until the early spring 2004. But during the spring we lost our sales promoter to a large competitor, or more precisely this large cheese producer started to regard us as a competitor and demanded that the sales promoter quit her cooperation with us. We began to think that if our future really looks like that, that such large companies start to regard us as competitors, that the structure of the trade becomes more centralized and we become more dependent on this production chain, then who are going to survive in such a battle?'

'Another, decisive backlash occurred later this spring, when our employee told us that he intended to quit. His apprenticeship contract ended then, but his quitting was unexpected, although I had had some forebodings during the latest weeks. At that time the seeding season kept us busy, and it was simply impossible for us to imagine that we could manage to find and train a new employee. I critically evaluated the situation and thought that we should have progressed exactly in the opposite direction: we should have grown as an enterprise and started to build contacts with new actors and production chains. So the things would have become more laborious even if our employee would have continued with us. In this situation we simply did not have the capability. So I decided to give up the cheese business in spring 2004 and to concentrate on milk production. I believe that this is was quite a good choice for us; I have been clearing few hectares of additional land for cultivating and I would be willing to buy or rent more land, but unfortunately there is not much land available in the village. We have a quota for both selling the milk to dairy and for direct sale, and this combination may provide some potential opportunities for us. We sort of get rid of all the unessential activities and concentrated on our core business. Since I really think that also the actors operating in conventional farming should be regarded as entrepreneurs, and even more importantly: they should run their enterprise as entrepreneurs do.'

Explanations for closing the cheese business

The farmer gave several accounts or explanations for quitting the cheese business. These seem to fall into three broad themes:

1. The employee resigned when the apprenticeship contract time ran out. This announcement was a surprise. The farmer and his wife are busy in taking care of the basic milking business; they also have two young children. The Cheese business demanded increasingly more of the farmer's time in marketing. It would have taken a long time to train a new employee.
2. Marketing of the cheese was becoming more and more important, because the business was increasing all the time. The sales promoter renewed her contract with another client, a larger food processing company, and this client demanded that the sales promoter quit working for the farmer (whom this client now considered as a competitor).
3. Local markets were not enough for profitable business, but the logistics and marketing required for the expansion of the market area would have taken more money, time and effort. The attempt to utilise ordinary a typical food chain marketing channel would have been necessary, but the benefits of a niche product would have been lost. The competition would have become harder if they had followed the "natural" growth curve of the enterprise and the cheese industry.

Opinions on rural entrepreneurship

During the interview, the farmer presented his views and opinions about rural entrepreneurship. His views deal with the roles of diversified farmers, conventional farmers and actors in the public sector:

1. He claims that diversification is a reasonable alternative to some, but that these are a minority. To be successful a diversification business needs to be well based and planned. There ought to be a clear insight concerning the business idea and the demand in markets. He also states that the business needs to be profitable and gain enough volume. It is not enough to have an innovative product. In addition, marketing and selling demand certain skills and lots of time and effort which should be taken into account when planning business diversification. For example, management of dairy cattle is difficult to combine with the demands of marketing and active customer orientation, unless there are different people to take care of each activity.
2. He claims that it is possible to be entrepreneurial in conventional farming, and utilise rational business thinking in making the farming profitable; he does not talk about subsidies. He emphasises the importance of long-term investments and risk-taking. He sees that both a large industrial company and a conventional farm should obey the same principles, i.e., concentrate on their essential activities and core competences.
3. He mentions several kinds of possibilities that might be realistic for farmers, including production of social services in the rural area, subcontracting for metal industry, providing services for leisure inhabitants etc. He sees that the public bodies, such as the municipality, counselling organisations and financiers should encourage people to take up the sort activities that are clearly demanded in the long run, rather than to promote diversification as a general solution.

Entrepreneurship in conventional farming and in diversification

In our narrative, farmer Maitonen comments on the activities related to both diversified farming (i.e., the cheese business) and conventional farming (i.e., the dairy cattle farming). Referring back to the ideas regarding entrepreneurial skills presented earlier in this paper, we note how Maitonen comments on his activities both on the level of functional tasks and on the level of meta-tasks. For example, he talks about rational business planning, production, product development, sales and marketing on one hand, and on the other hand he talks about risk-taking, growth orientation, and recognising business opportunities. We can make an interesting comparison between the entrepreneurial tasks identified by Maitonen in conventional farming and in diversified business. For example, production and growth orientation are connected both to conventional farming and diversified business. Notably however, in many respects the entrepreneurial tasks associated with conventional farming appear different than those associated with diversified business. For example, product development and marketing related functional tasks are mentioned only in the case of the cheese business. In addition, the meta-tasks of identifying business opportunities and achieving the resources that are needed in pursuing these opportunities are connected solely to the diversified business. Thus our farmer makes a clear distinction between the categories of skills.

According to some studies, conventional farmers are not as entrepreneurial as non-farm business owners, or other farmers involved in business diversification (Carter 2001; Vesala & Peura 2003). On the other hand, it has also been emphasised that entrepreneurial behaviour is quite possible to identify among conventional farmers (Salamon 1992). Nonetheless, at least according to our narrative, the entrepreneurial tasks are considered to be somewhat different in conventional farming than in a diversified business. This does lend some support for our argument that different kinds of entrepreneurial skills are needed in conventional farming than in diversified business.

The core of this difference seems to be in the market relation; functional skills such as salesmanship and marketing, as well as meta-task-level skill of gaining access to resources are emphasised in diversified business. Yet they do not seem to be crucial in conventional farming – if needed at all. These skills are directly connected with social resources, social ties or networks, (clients, customers, employees, sales promoters and so on). Hence, the questions of – not only social skills - but of skills implied by the perspective of social embeddedness (Jack & Anderson 2003; Granovetter 2000) and of social capital (Markman & Baron 2003) are most relevant in this connection.

In addition to entrepreneurial skills, there are also other factors in the farmer's narrative that affect the success of diversified and conventional farming. Some of these factors can be seen as characteristics of the individual, Mr. Maitonen; others appear as characteristics of the business context. Certain demographic factors were of importance. In his mid-30's, the farmer was a father of two young children and owner of the family farm. He had a college level education in agriculture and additional education related to the manufacturing of cheese. In addition, attitudes were mentioned, for example, self-confidence (he had a strong faith in his product and believed from the start that his unit is able to produce a quality cheese brand) and his attachment to the farm.

Even though these personal factors help us to sharpen the picture of the forces at play in diversified and conventional farming, there are still some important dimensions in the narrative that are missing from the classifications sketched thus far. In addition to personal factors, Mr. Maitonen mentions several situational factors that had strong impacts on the success of cheese business and conventional farming. On the part of the cheese business, the farmer emphasises strongly the situational factors related to marketing and available

resources; for example, competitors and the vertical food chain, outlying location of the farm, and the availability of work force and collaborative partners in sales promotion.

The picture of the relevant situational factors is quite different when we look at those factors Mr. Maitonen mentions regarding conventional farming. In his dairy business he did not need extra labour force and the existing resources on farm – machinery and buildings – are well suited to dairy cattle farming. The most relevant partners were the Finnish interest group of farmers (MTK), and his client, the largest Finnish milk processing company. Moreover, in terms of the situational factors, according to our narrative, there is a remarkable difference between conventional farming and diversified business. This difference is analogical and consistent with the difference observed in the entrepreneurial tasks and required skills.

Explaining the ending of the cheese business

By analysing the data we could propose three different explanations or interpretations of the events that led Mr. Maitonen to end the diversified business.

Explanation 1

The farmer himself attributes his quitting of the cheese business to the situational factors. According to his account, the obstacles encountered by the cheese business became insurmountable and hence he thought that he made a wise move by focussing solely on conventional farming. He faced hardening competition, loss of important social resources and so on. Put more romantically, but poignantly, he was like a Don Quixote facing the powerful forces of vertical integration in food chains.

Such an account does not imply that the farmer would have lacked any critical entrepreneurial skills. Indeed, this is very much the tone of the farmer's own words when he is making sense of the events: he presents himself as a skilful entrepreneur. He identified a potential niche product, which gained some initial success at least in the local markets. He learned the skills and techniques of cheese production and product development well and no serious obstacles were encountered in that area. He was able to assess the expected workload and to hire the required labour force. During the interview he demonstrates that he is able to carefully analyse the needs of business growth and the demand related to different markets. This account fits well with the model of the managerial competencies need.

The farmer emphasises that his decision was based on a critical evaluation of the different options. He also claims that it is possible to be entrepreneurial also in conventional farming and utilise rational business thinking in making the farming profitable. He also suggested that farmers in general should concentrate on their core competences rather than distribute their efforts too much. According to this kind of rhetoric, the quitting of the cheese business was – as a matter of fact – not a failure at all. At least, it was not a fault of the farmer, and not a question of lack of entrepreneurial skills.

Explanation 2

However, an alternative explanation could be suggested on the basis of the vast social psychological literature on attributions. Numerous studies have shown that there is a tendency to attribute failures to situational factors and positive outcomes to person's own efforts and characteristics. (Augoustinos & Walker 1995: 90-93); Ross 1977) This kind of attribution bias has a self-serving function. For example, it may protect the sense of optimism, capability, and self-confidence of an entrepreneur (Gatewood et al. 1995). Applying this idea to the case of Mr. Maitonen, a competing explanation for the decline of the cheese business emerges. One could argue that the quitting of the cheese business may be viewed as a failure and that Maitonen accounts should not be taken at a face value. Perhaps the cause can be attributed,

after all, to himself. As master of the entrepreneurial organisation, the responsibility was his, thus indicating some shortcomings in his entrepreneurial skills.

One reason to question his skills was the fact that he was not able to make the employee stay; the other that he was not prepared to respond positively to the loss of his sales promoter. More generally, if one looks for potential entrepreneurial skills that the farmer might have lacked, and whose absence might have accounted for the failure to continue the cheese business, the skill of pursuing opportunities regardless of the current resources seems to be a strong candidate. Once he lost his familiar social resources, he was unable to compensate for this unexpected twist of events by pursuing business opportunities despite these initial losses. This also suggests that he might have lacked some (social) skills that are related, for example, to collaboration and labour force management. Further, in spite of his strong emphasis on growth orientation, he was not able to respond to the tightening competition.

Explanation 3

We thus have some reasons to argue that the decline of the cheese business could be attributed to the lack of particular entrepreneurial skills of the farmer. However, there is still a third possible explanation for the events. The third interpretation draws on the individual factors, which cannot be considered as entrepreneurial skills. Again, in contrast to the farmer's own situational attributions, we may propose that there were some decisive personal factors that might as well account for the farmer's choice to give up the cheese business and to return to conventional farming.

To start with, personal involvement in the management of the family farm was important to him and at the same time the family duties kept him attached to the farm. Similarly, his education was focused on activities performed on-farm and he felt that his efforts in the production activities on-farm were decisive for both the cheese business and the dairy business. Since his parents were living on the farm area, too, the whole farm environment represented for him continuity of important, traditional values, which he strived to maintain. Taken together, one could argue that on the level of personal attitudes, he strongly preferred the elements associated with conventional farming; his whole life-style conformed to the farming environment rather than to the demands of the business environment. As he stated himself, the continuation of the cheese business would have demanded more of his own time in activities outside the farm, such as sales promotion, transportation etc. This kind of conclusion is, of course, in line with the image of conventional farming as family business associated with traditional rural values (Gasson & Errington 1993, 97-99).

Such personal factors related to the farm background might well serve as a third credible explanation for the events described in the case. This explanation is further supported by the farmer's views on situational factors in his business. Namely, his attitude towards these factors seemed interestingly in line with the farm background just mentioned.

For the cheese making business, the farmer emphasised strongly the restricting role of situational factors related to marketing and available resources. First of all, the farmer saw that larger, superior competitors and integration to the vertical production chain inevitably threatened the cheese business. He was aware that other actors regarded him as a competitor. Similarly, he stated that the location of the farm was a disadvantage; when the local demand was saturated, he would have to search for new market areas within the more competitive Southern Finland. Again this would require more resources and require him to spend considerable time off-farm. In short, the whole new business environment was filled with threats from the farmer's perspective. Yet another threat faced him even more directly; he had lost his employee and his sales promoter almost at the same time and he could not find a way to compensate for these losses. In the face of tightening competition and the emerging market

situation, he felt that the losses of key labour force and collaboration partner were just too much for the continuity of the business.

In his milking business he relied strongly on his current resources; he was prepared to manage the farm with the work efforts provided by himself and his wife. His parents as well as his own children were living on the farm. So the whole farm environment represented for him a presence and a continuity of important, traditional family values, which he strived to maintain. Other sources of reassurance in the context of farming were his confident relationships with the Finnish interest group of farmers (MTK) and his customer, the largest Finnish milk processing company. Consequently, in the context of farming he did not have to bother much about the marketing of milk or the tightening of the market situation. He expected that with the aid of good client relationships and strong interest group backup, the future of milking business would not get too turbulent.

So the situational factors related to cheese business represented threats to the farmer both on closer and longer ranges, whereas the situational factors related to conventional farming represented sources of reassurance and confidence. In all, his decision to withdraw from the cheese business and concentrate on conventional milk production seems entirely understandable, if viewed in this way from the perspective of his attitudes.

Applying a Segmentation Framework

We append a segmentation framework, which has been developed to classify farmers by their personal characteristics, the characteristics of the farm enterprise, activities and processes undertaken by the farmer and specific needs of the farm enterprise. We have applied this framework to this case study. Criteria from this framework are chosen to identify different types of entrepreneurial farmers. The resulting segmentation framework illustrates how the strategic orientation of the farm can be mapped and shows how the entrepreneurial capacity can be gauged. .

Different strategic orientations in farming may require different skills. The segmentation framework will provide the opportunity to determine what these skills are. In this way a gap analysis of the core skills which farmers possess and the skills and support, which they need in order to become more entrepreneurially successful, is provided.

This framework has been utilised for two reasons. Firstly, because it offers a comprehensive mechanism for analysis of a particular sector and secondly, the support segmentation framework is a device, which enables the classification of farmers by: their personal characteristics; the characteristics of the farm enterprise; activities and processes undertaken by the farmer and specific needs of the farm enterprise. Furthermore, the framework identifies different types of entrepreneurial farmers. The resulting segmentation framework shows different types of entrepreneurial farmers reflecting the strategic orientation of the farm.

Different strategic orientations in farming may require different skills. It is anticipated that the segmentation framework, will seek to determine what these skills are. In this way a gap analysis of the core skills which farmers possess and the skills and support, which they may need in order to become more entrepreneurially aware, is provided.

Conclusions

To call these conclusions is perhaps wrong; they are more in the nature of concluding questions! Nonetheless, these questions present our theoretical case about the nature of entrepreneurial skills in an applied format.

Should we recommend that Mr Maitonen ought to develop his entrepreneurial skills, or that he ought to change his attitudes; or should we regard his decision to stick to conventional farming as entrepreneurial, managerially responsible or otherwise sensible?

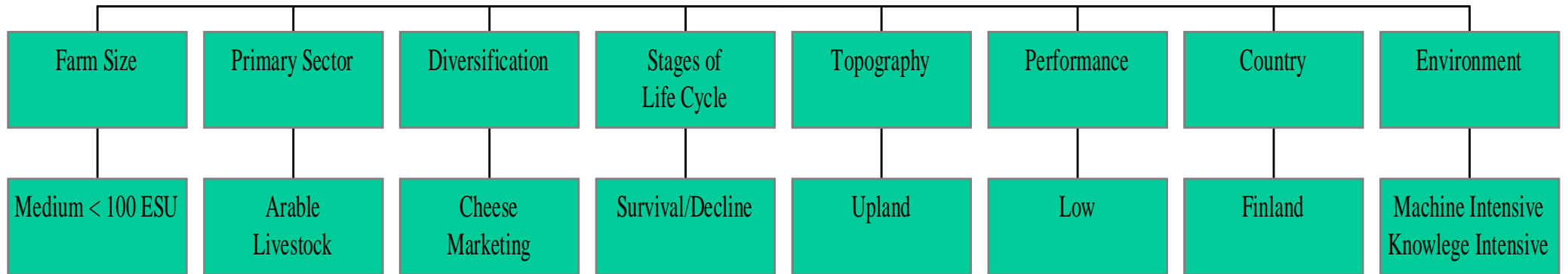
On the basis of our narrative, it is controversial what actually is entrepreneurial; different kinds of entrepreneurial tasks – and consequently skills – are relevant in conventional farming and in diversification. Furthermore, and critically, we believe, skills are not all that is required; situational factors and attitudes are also important. It must be remembered, of course, that our narrative is only about one case; even this case may have many aspects that the narrative does not uncover; other cases might reveal different kinds of viewpoints on the matter. However, our case represents one possible version of the state of affairs, and not even an exceptional one.

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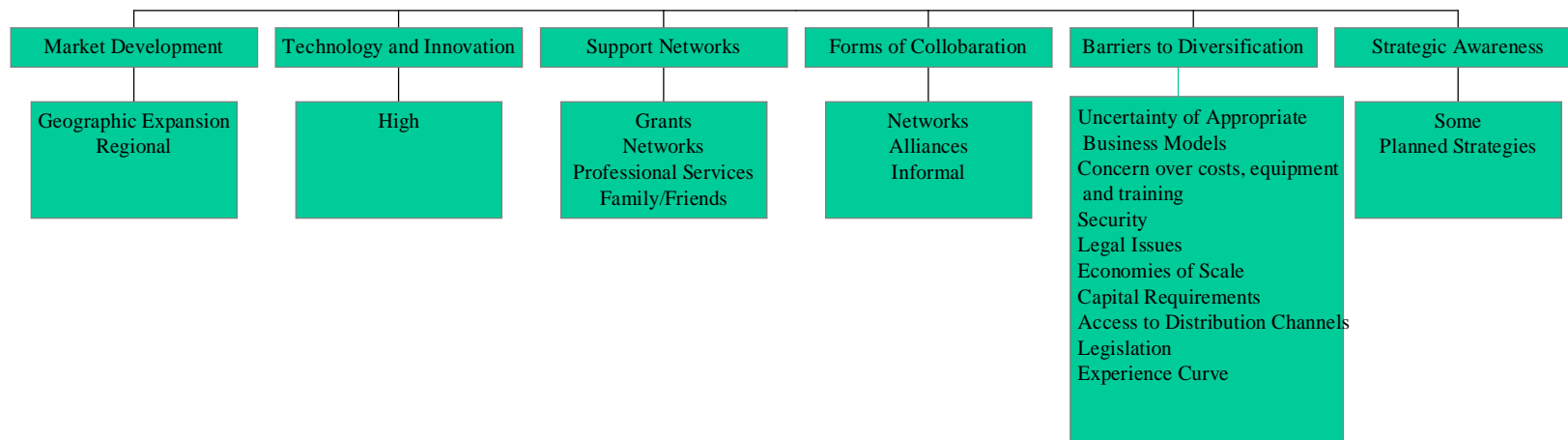
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Business Characteristics



Business Activities and Processes



Personal Characteristics of Farmers

