

The Impact of Organic Farming on the Rural Economy in England -

Direct marketing and business diversification are key to organic farming's success

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A thriving picture of entrepreneurship and real business savvy amongst English organic farmers has emerged in a new study from Exeter University.

The DEFRA commissioned report – The Impact of Organic Farming on the Rural Economy in England – set out to determine the extent to which organic agriculture generates additional benefit to the rural economy over and above conventional agriculture.

But it seems that the economic differences spring not from the contrast in farming systems or methods but from the way that produce is marketed and the amount of other business interests woven into organic farm operations.

Lawrence Woodward of project partner Elm Farm Research Centre highlights the degree of diversification evident on the organic farms in the study.

“Some 21 per cent of organic farms had diversified trading enterprises on them compared to just 5 per cent on non-organic farms. And on organic farms that diversification is far more likely to be connected to added value food processing and retailing rather than the conventional model of farm contracting or other services,” he says. And he points to a greater level of uptake of grant aid by organic farmers in helping fund diversification (64 per cent) compared to less than 50 per cent in conventional farm businesses as a sign of the business awareness and focus amongst the organic sector.

In trading terms, organic farmers are making the most of direct retail sales to consumers with very short supply chains. All farms in the study (conventional and organic) with direct sales showed a much higher value of sales per hectare, but this increase was far more pronounced in the organic sector.

“On average organic farms with direct trade generated sales of £4983 per hectare. That is three times the level of sales, recorded at £1654 per hectare, for all farms without any direct sales,” says EFRC’s Lawrence Woodward.

Not surprisingly, as a result the study found that diversified and direct trading organic farms also supported the greatest number of jobs and provided the most diverse range of employment opportunities. Within the Exeter study, organic farms accounted for 46 per cent of the sample but employed 57 per cent of all people employed in it.

However, while employment levels are generally higher on organic units, a much greater proportion of it is casual (50 per cent) compared to 33 per cent on non-organic farms.

Says Lawrence Woodward - “ This new economic and employment data on organic farming in England shows clearly that the close links to consumers and local economies, the diversified nature of organic farming businesses and other multiplier effects all make an enhanced contribution to rural development. We now have, for our 21st century English countryside, the data to define closely the distinctive socio-economic footprint of the wider organic movement.”