



Spring/Summer 2006

Comments from the President and Newsletter Editor

By Arlo Biere

AEM Section has been operating for about six years, now. This newsletter will concentrate on themes from two AEM organized symposia at the annual meetings in Providence. While the AEM sessions were well attended, not all had a chance to attend these two symposia, and I think the topics should continue to generate thoughts and discussions that are critical to the future of AEM. I'd like to thank the authors of the three papers included in this newsletter for their contributions.

The first short paper written by Walter J. Armbruster is an assessment of our profession's current status. The second paper, "Agribusiness Scholarship" by Jay Akridge and Mike Gunderson investigates our professions current ability to meet research needs. I hope that these papers will generate further discussion about our future. The final paper is a summary of the outcome of the session, "Agribusiness Consulting: New Norms and Practices for the Agricultural Economics Profession" by

Randall Westgren. Specifically, what is the relationship between consulting and scholarship and the role of consulting in agribusiness higher education?

Please note the announcement of upcoming elections, a request for suggestions for the hot topics free session, and the announcement on the teaching academy for young professionals. Please encourage young faculty members to consider the academy.

Finally, the AEM track sessions for this summer are listed. There are five organized symposia and a pre-conference. It is time to plan your attendance to the meeting.



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An Appraisal of Agribusiness as a Sub-Profession of Agricultural Economics

By Walter J. Armbruster

I believe that an appraisal of how well agribusiness is performing as a sub-profession of agricultural economics needs to take account of its contributions in research, extension or outreach and teaching. Clearly, the interest in agribusiness in the first instance started out as a focus on teaching at the undergraduate, then graduate levels. Executive education pro-

grams and distance education to reach those working in agribusiness have more recently evolved.

The agribusiness extension or outreach function of the Land Grant Universities involves faculty doing consulting or applied research in collaboration with agribusiness firms regarding strategies for success.

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Suggestions for the Nominating Committee

AEM elections will be conducted by mail. The open positions are past-president and director-at-large: teaching. Send your candidate suggestion to Michael Boehlje, chair of the nominating committee, now. Mike's email address is boehljem@purdue.edu.

Call for "Hot Topics"



It has become a tradition for AEM to hold a "Hot Topic" free session. This mechanism allows us to delay choosing the topic until spring so a newly emerging issue may be included in the program. If you have suggestions for a hot topic session, please send it to Mark Krause at KrauseMarkA@JohnDeere.com or to me at biere@ksu.edu.

Two topics suggested to date are the impact of RFID on the food industry and the economic and business dimensions for agribusiness of the president's proposed initiative on bio-fuels and alternative energy source.

AEM Track for Long Beach Meetings

Organized Symposia

I. Constraining and Enabling Product Differentiation in
(Cross listed with IBES and FAMPS)

Organizer: James Sterns, University of Florida, jasterns@ufl.edu

II. Adapting "Best Practices" from Management Theory Courses for Graduate Courses in Agribusiness Management
(Cross listed with TLC)

Convener: Randall E. Westgren, University of Illinois at Urbana-Champaign, randyw@uiuc.edu

III. Report of National Food and Agribusiness Management Education Commission
(Cross listed with TLC)

Organizers: Michael Boland, Kansas State University, mboland@agecon.ksu.edu, and Jay Akridge, Purdue University, akridge@purdue.edu

IV. Implementing Best Practices for Learning Outcomes in Agribusiness Education
(Cross listed with TLC)

Organizer: Arlo Biere, biere@ksu.edu

V. Hot Topic in Agribusiness:

Organizer: Mark Krause, mark.a.krause@monsanto.com

Pre-conference Workshop

Title: New Food Safety Incentives and Regulatory, Technological, and Organizational Innovations (cross listed with FAMPS)

Workshop Organizing Committee:

Tanya Roberts, chair, TANYAR@ers.usda.gov

Randy Westgren, AEM rep., randyw@uiuc.edu

In addition, AEM will host the Industry Banquet and co-sponsor the Case Study Competition.



Young Professional Teaching Academy

Information for Promotion in the AAEA Annual Meetings Brochure

Cost:

The Academy fee is \$60, and includes lunch, refreshments, and the resource binder.

Sponsors:

The Academy is sponsored by the AAEA Professional Activities and New Products Committee, AAEA Graduate Student Section (GSS), and AAEA Teaching, Learning, and Communication (TLC) Section.

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The Young Professional Teaching Academy is designed to acquaint participants with a wide range of valuable teaching techniques and resources for the university and college instructor. All AAEA members are encouraged to enroll in the Academy, but its primary audience is junior faculty and graduate students (Ph. D.) pursuing an academic position in the near future.

Most graduate programs in agricultural, resource, environmental and general economics have minimal formal student preparation in classroom instruction, and most graduate students and young faculty members learn to teach by mimicking former instructors and by teaching (i.e. learning by doing). This is often quite challenging and leads to sub-optimal performance. The Teaching Academy focuses on enhancing professional skills and learning in the classroom, and will provide value for Ph.D. students, young faculty, and the students in our classrooms.

Participants will receive a certificate from the AAEA recognizing their successful completion of the Academy and a 3-ring binder containing the resource articles of the tenured faculty speakers and a valuable collection of other professional articles on teaching, learning,

and communication in applied economics.

The Academy curriculum consists of 3 sessions on Instructional Basics (course

design, syllabus preparation, classroom management, student advising, learning styles, grading strategies, active learning) and 2 sessions on Course Specifics (econometrics, environmental economics, agribusiness economics and management, international trade, agricultural development, agricultural policy, marketing and price analysis, agricultural finance). AAEA award-winning graduate and undergraduate instructors will be the instructors for the Academy.

The Young Professional Teaching Academy is scheduled for Sunday, 12 noon to 4:30 p.m. Academy participants are invited

to participate in the TLC annual meeting scheduled from 4:30-6:00 p.m.

The Academy is limited to 40 participants.

The Young Professional Teaching Academy is designed to acquaint participants with a wide range of valuable teaching techniques and resources for the university and college instructor

Agribusiness Consulting

New Norms and Practices for the Agricultural Economics Profession

By Randall Westgren

Last summer the AEM section convened an organized symposium at the AAEEA meetings in Rhode Island entitled, "Agribusiness Consulting: New Norms and Practices for the Agricultural Economics Profession." The topic was motivated by a discussion that emerged at the 2004 meetings that outlined a challenging issue for agribusiness professors and their administrators within the P&T process. The essence of the issue in question was how to treat business consulting. The symposium specifically focused on three questions;

1. Broadly speaking, what is the relationship between consulting and scholarship?
2. Is consulting welcomed in agricultural economics departments along with the new theories and applied methods introduced by agribusiness scholars?
3. If it is welcomed, how might consulting be more formally integrated into scholarship, impact assessment and the mission of the agricultural economics profession?

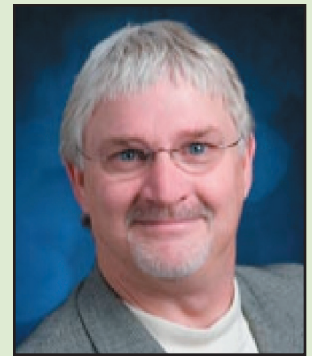
To address these issues a panel was convened and asked to address these questions from their respective academic positions. Edward Mazze, Dean, College of Business Administration, University of Rhode Island, provided the perspective of the business schools. Robert Hauser, of the Dept. of Agricultural and Consumer Economics, University of Illinois, provided the perspective of a department head. Chris Peterson, Nowlin Chair of Consumer-Responsive Agriculture, Michigan State University provided the perspective of a full professor tenured and promoted in the sub-discipline of agribusiness. He also discussed a survey of colleagues he conducted on the subject. Mike Boehlje, agribusiness professor at Purdue University served as the respondent and Peter Goldsmith, associate professor and NSRL Fellow in Agricultural Strategy, was the symposium organizer, moderator, and introduced the session with an overview of business school P&T guidelines regarding consulting.

Some of the key points of discussion were the following:

- Business schools as well as panelists differed on whether consulting was simply a means to good scholarship or a meritable end in itself.
- There are multiple ways consulting can impact P&T documents; as countable scholarship, much like a monograph or research report, as a signal of professional development, as evidence of engagement and relevance, or as service output.
- It is clear that institutional standards vary, in part depending on the goals and mission of a particular university. So P&T documents need to be explicit how to treat consulting activities, and in doing so, be consistent with the norms, goals, and mission of the university.

- The burden is on the candidate to make the case how the consulting activity contributes to scholarship.
- Candidates should be cognizant that as each institution's goals and mission varies, certain activities will be more valued than others.
- Focus on what the university's responsibilities are to its charter and its "owners." For example a federal land grant university has a mission of public outreach, so then how does consulting enhance that mission?
- A survey by Chris Peterson of Land Grant colleagues at IAMA revealed the following:
 - o Consulting allowed and encouraged at most land grants
 - o One day/week
 - o Signal of reputation and quality
 - o Not for the junior faculty member
 - o "Relevance" and "access" affects are real.
 - o Direct research "co-products" occur rarely.

Randall Westgren earned his Ph.D. from Purdue University in 1979. He is currently a professor in business administration at Illinois University at Urbana-Champaign. Westgren teaches undergraduate courses in strategy and management in the food sector (ACE 231, BADM 438). He also teaches short courses and executive development modules in food marketing and strategic management.



Westgren has focused on strategic management within and between firms in the food and agriculture sector, inter-firm strategy includes the formation and governance of a) co-operatives, b) strategic alliances, c) supply chains, and d) complex horizontal-vertical structures that the French call filieres. He has used a variety of research methods: case studies, system dynamics simulations, semi-structured and structured surveys, latent variable modeling, and agent-based models.

He is also interested in strategic marketing, especially for new physical attributes and credence attributes bundled to create value on-farm and in the marketing channel.

Agribusiness Scholarship

By Jay Akridge and Mike Gunderson

What is the state of agribusiness scholarship? How can agribusiness researchers meet the needs of industry clientele and the academy in the future? One might characterize the current state of agribusiness scholarship as fragmented: it has been difficult to generate critical mass around any specific area; no true agribusiness literature has been developed; and, as a result, it has been difficult to become a reliable supplier to industry clientele or build the reputation of the area within the academy. At the same time, there exists a major opportunity to pursue applied research in collaboration with industry (research which is valued by the academy) given established linkages with food and agribusiness organizations.

Some ideas for capitalizing on this opportunity are offered below:

- Build respect for agribusiness scholarship in the academy – This starts with high quality work published in strong journals. But, it also means claiming good agribusiness work as agribusiness: why should agribusiness research published in the AJAE be considered ‘economics’? There is also an important leadership role here for senior agribusiness faculty to play in the broader profession.
- Broaden the set of outlets considered for publication – Expanding on the first point, there are a variety of agribusiness journals available (most of which have an appropriate applied focus), but why not submit work to the AJAE? Or, why not publish in Harvard Business Review or the journals of the Academy of Management? Rigorous, high-quality agribusiness research will find a home and perhaps the publication goals of agribusiness researchers should be set higher.
- Strengthen the Ph.D./graduate research area in agribusiness – Many schools have strong agribusiness programs at the undergraduate/M.S. levels – can faculty investment at the graduate research level in agribusiness be pursued? New agribusiness positions with a research focus may be impossible at some schools. In these cases, filling the void may mean reaching out to ‘non-agribusiness’ faculty or ‘non-agricultural economics’ faculty (business schools, consumer scientists, etc.). Interesting problems, the potential for funding, and some leadership might help address this area.
- Strengthen communication with industry – Agribusiness researchers should be much more aggressive about communicating their research findings to industry. This may be through the trade press, addresses at conventions/meetings, industry newsletters, etc. Our current academic jour-

nals reach very few of these individuals, and deepening relationships means helping industry understand what we are doing. And, making industry aware of what we are doing can start conversations about what we could be doing.

- Tackle big issues – Agribusiness researchers should pursue some of the big questions facing agribusiness firms. For example, what will be the structure of U.S. corn and soybean production in 10 years and what do the changes mean for the distribution of crop inputs? How can AEM/AEA, IAMA, FDRS play a role in assisting with the coordination required to address big, complex issues?
- Pursue international collaboration – Agribusiness is gaining momentum in many parts of the world, opening up potential research areas and new partners. Again, AEM/AEA, IAMA, FDRS, and others can play a catalyst role here.

In the end, leverage is a key word. Agribusiness researchers have opportunities to collaborate with industry to identify interesting problems which can offer funding and data. Given the opportunity, agribusiness researchers need to deliver a product which will fill an industry need and at the same time make a contribution which will advance the discipline. Perhaps this is a tall order, but at the same time isn’t this the essence of the land grant mission?



Jay Akridge is the James and Lois Ackerman Professor of Agricultural Economics and Director of the Center for Food and Agricultural Business and the Purdue-Kelley MS-MBA in Food and Agricultural Business (MS-MBA).



Michael Gunderson is a PhD student interested in agribusiness management and agricultural finance issues. He worked with Drs. Brent Gloy and Eddy LaDue to complete his thesis, Profitability of Agricultural Lending Relationships. The research considered the revenues and costs associated with agricultural lending relationships.

Agribusiness and Ag Econ

By David Zilberman

Scientific disciplines are evolving. Some, like mathematics and physics, grow all the time and develop new fields. Some split, and others die (astronomy). Changes in knowledge, technology, and institutions result in new disciplines. Computer science, chemical engineering, and genomics are young, but they have grown very fast. Ag econ is the crossing of farm management and farm economics. It has suffered from a decline in the farming population, but over the years it has developed new areas of emphasis, e.g., economic development and the economics of natural resources and the environment.

Ag econ has also contributed to the evolution of other disciplines, and most of the research in marketing was originated by ag economists. Ag economists have contributed in the early days to the field of finance, since future contracts and other complex marketing transactions were emphasized in agriculture. The evolution of scientific fields is following the money. It follows funding opportunities by governments and private institutions, and it follows the interest and willingness to pay and attend classes by students. There aren't many kids on the farm anymore, and those who are interested in management and money would rather have business training than basic economics. Moreover, while the farm sector is getting smaller, the food sector is getting bigger. The linkage between farming and industry is sophisticated, exciting, and offers many employment opportunities, thus providing the base for education and research in agribusiness.

The departments that have emphasized traditional ag econ are facing a challenge. How can they take advantage of existing knowledge and skills and adapt them to different subject matters? How can they take advantage of their economic background when competing with business schools in developing programs for agribusiness? Some may argue that the agribusiness niche is too small, and the business school may not get into it. But I think that ag economists can actually provide exciting and innovative programs that can compete and even exceed what business schools can offer. That is the big challenge of agribusiness programs.

The key to designing agribusiness programs is recognizing where economics has relative advantage, and where we have to rely on what business schools have to offer. Economics has become diverse and is developing tools and fields of research that are applicable to a wide array of agribusiness programs. For example, the fields of consumer economics, econometrics, and industrial organization provide a strong foundation for research on education in marketing and consumer behavior. The quantitative skills that good econometricians obtain, combined with some of the tricks developed in environmental economics to assess preferences and willingness to pay, are very useful in assessing consumer preferences for food in both the market and in the lab. New industrial organizations and tools of mechanism design and game theory are very useful in understanding the evolution of food and input markets when

the number of players is small and there is growing emphasis on contractual relationships. The new development in international trade that emphasizes noncooperative behavior provides a good basis for studying and understanding international agribusiness. The new tools of experimental economics, combined with new behaviorism, provide a good starting point for understanding how people will respond in real life to new products as well as new types of contracts and arrangement. Therefore, the new field of economics can provide the foundation for investigating many of the problems facing agribusiness. Actually, some of the techniques used in business schools can help take advantage of the new advances of economics. Case studies can apply economic thinking to explain and address situations based on reality. Internship programs can help well-trained students augment and take advantage of their skills in the real world.

David Zilberman has been a professor in the Agricultural and Resource Economics Department since 1979. He is currently the director of the Giannini Foundation and a fellow of the American Agricultural Economics Association. His research interests are in agricultural and nutritional policy, economics of technological change, economics of natural resources and microeconomic theory. He received his B.A. in Economics and Statistics from Tel Aviv University in Israel and his Ph.D. in Agricultural and Resource Economics from U.C. Berkeley.

Executive seminars can be a useful mechanism in contributing to the community and in obtaining some contact and real-life knowledge to improve future research and educational efforts. Working on problems of businesses and addressing issues of marketing, supply chain management and product development will lead to research that can be published in business journals. I believe that quality standards between economics and business journals are not that different. Eventually, as the field of agribusiness evolves, scholars working in the field will be able to publish in ag econ journals, specialized agribusiness journals, economic journals, and business journals. Ph.D. programs in ag econ departments will develop fields in agribusiness that will take advantage of the appropriate tools of economics and the emerging specialized knowledge in agribusiness.

The growth of agribusiness programs provides a unique opportunity to revitalize ag econ and to expand its boundaries. Agribusiness should not be seen as an area that provides mostly instructional opportunities but, rather, it is a new field that provides intellectual talent and new avenues for research and growth for our profession.

An Appraisal of Agribusiness as a Sub-Profession of Agricultural Economics Continued from page 1

This involves various degrees of sophistication in analysis and involvement with firm managers in developing strategies to strengthen their business.

The growing emphasis on research in agribusiness is the most recent significant element of this sub-profession, drawing not only on the traditional agricultural economics research tools, but also those of the business school. The International Food and Agribusiness Management Association (IAMA) provides a home for discussion of the latest research results, as does Regional Research Committee WERA 72, that is focused on exchange of research findings and coordinating with colleagues on future research projects.

I will raise a few issues or questions related to each of these themes.

Teaching

As Boland and Akridge have argued, agribusiness degree programs must differentiate themselves from business degrees, and make that well known to potential employers. In agribusiness teaching, attention to the competence of graduates to serve the needs of clientele should be premier. Competence may be defined by academic excellence in the traditional publish or perish mode or by the ability to apply analytic techniques to real world problems. I believe that the latter is the appropriate focus. Use of advisory boards, including strong representation from the private sector to provide input to the structure of your curriculum can help assure this goal is achieved. Using advisory board members as guest lecturers in your classrooms and to provide internship opportunities to add to the classroom education will improve the educational experience of your students.

Let me elaborate a bit, drawing on the work of the National Food & Agribusiness Management Education Commission as report on by Boland & Akridge. Interpersonal and communications skills are increasingly necessary in this era of more team-based practices in business. Courses need to put heavy emphasis on written and oral presentation skills. This means hiring faculty with that expectation, and presenting classes, coaching students, and grading assignments with attention to developing those skills.

Critical thinking skills are especially valued in teamwork and individual assignments. Can team-based assignments with challenges to critical-thinking skills be incorporated

into classes? Perhaps AEM, through an AAEEA preconference workshop or other session can facilitate sharing of strategies for doing this. The whole sub-profession needs to do this, not just one or a few universities if agribusiness graduates are to be valued by industry and sought as employees.

There is need to differentiate agribusiness management programs from business school management and from agricultural economics programs. At least they must not be viewed as inferior programs. Some concerns identified by Boland and Akridge included: too-narrow a view of the world, students are less assertive and aggressive than business school graduates, lack of familiarity with other cultures, and similar somewhat vague concerns. My suggestions to overcome these perspectives include tailored courses taught by liberal arts faculty or requiring several electives that take students well outside their technical agribusiness courses; more emphasis on study abroad, or at least an inter-term travel learning program; internships; and courses that require loss of oral presentations with critiquing by fellow students.

Extension, Applied Research and Outreach

Applied agribusiness research must produce results useful for decision makers in the private sector. It needs to incorporate major trends in the economy and offer insights useful to develop management strategies to adapt to those changes. In the June, 2005 Chicago IAMA meetings, many sessions focused on such issues as food labeling, consumer food purchasing behavior, brands and their implications, customer relations issues, food security and quality, food security and bioterrorism and supply chain management. All addressed topics highly oriented to decision maker needs.



Walter J. Armbruster joined Farm Foundation in 1978 and became president in 1991. He previously worked in the U.S. Department of Agriculture on marketing efficiency, institutions and policy issues. The Indiana native received B.S. and M.S. degrees in agricultural economics from Purdue University and a Ph.D. in agricultural economics from Oregon State University. His research position in USDA's Economic Research Service was followed by two years as the staff economist for USDA's Agricultural Marketing Service.

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Topics such as reinventing the food chain in different market segments, and vertical coordination issues and international relationships and strategies are getting lots of attention within the sub-profession, so it seems to me we are generally on track. How effectively results are communicated to agribusiness leaders is a question that only you can answer. Short communications in publications read by them are an obvious opportunity. Creating brief one or two page summaries that can be e-mailed, posted to the web pages or printed for distribution will get more readership than the original 20-30 page journal article or proceedings paper. They can be used in extension programs and various outreach channels.

Academic Research

To what extent is agribusiness research publishable in the top business school journals? To what extent is it publishable in our own AJAE?

Is the International Food and Agricultural Research and Management Journal of IAMA viewed as a quality publication for tenure purposes?

To the extent that the widely recognized land grant model of pursuing the acclaimed academic excellence role is driving the agribusiness research agenda, there may be a problem. If the profession's recognition of research contributions is the driving force for the agribusiness sub-profession, and this pushes toward excessive scientific rigor in research versus more pragmatic tools directly useful to agribusiness, it may be weaken the uniqueness of the product. It is critical that agribusiness research is recognized proportionally in our professional associations relative to the number of participants or number of members focused on the sub-profession. Does AAEE provide that recognition or is it primarily left to IAMA?

The Challenge

These brief remarks identify some questions that you are in a better position to address than I. I have an observer's knowledge of what is going on and I think that most of the points I make here are being dealt with to various degrees within the profession. I believe that the work that Jay Akridge and colleagues did last year addresses these issues. Ignore it at your peril!

Continue to grow and evolve your programs to meet the needs of the agribusiness community in our global economy.

