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IS AGRIBUSINESS ANY DIFFERENT?

Comments by Otto Doering*
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<u>The Viability of Specialized Fields</u>

As one thinks about any field of specialization, the critical question for longevity is, what makes it special? Some examples illustrate how specialties emerge, how they change, and what makes them viable over time.

Industrial and labor relations emerged as a specialty in the first half of the last century. The Railway Labor Act, Norris/ Laguardia, and the Wagner Act created the institutions necessary for labor relations to emerge as a specialty and for the practice of labor arbitration and mediation. Part of the institution building occurred during the First World War to prevent strikes. The War Labor Board during the Second World War settled labor disputes without strikes. It also was the proving ground for the new specialty along with institutions like the Bureau of labor statistics

In 1946 the School of Industrial and Labor Relations was founded at Cornell, with a faculty that included Frances Perkins (former Secretary of Labor), Jean McKelvie, and Alice Cook - all of whom had extensive experience with labor and labor relations. They were joined by others including Maurice Neufeld, George Brooks, George Hildebrand and others with similar hands-on experience. Industrial and Labor Relations (I&LR) began as a specialty taught by practitioners. Graduates became union representatives or business managers, entered management in human relations, became mediators or arbitrators, or entered federal or state service in Departments of Labor or labor statistics/economics. The path of training and faculty experience was similar for other I&LR schools at Wisconsin, California, etc.

In the 1970s, Industrial and Labor Relations began to see itself as a more academic discipline. The faculty now at Cornell contains few who have actually served in labor unions or the appropriate counterpart positions in management or had previous experience in arbitration. There is not now the opportunity to be mentored in arbitration or mediation that existed for students with the school's original faculty. The generational transfer has involved a change in the mission of the specialty. For students, goals are now things like pre-law and management based human relations.

Those involved in the I&LR specialty will make sure that it continues for some time. However, its reason for existence, its view of what is important, and the training and education given to students is vastly different from the first thirty years of its existence. Now it is less clear that what an I&LR program has is really unique – as compared to political science for pre law, sociology, organizational behavior, social psychology, sociology, etc. for general undergraduate education. The I&LR life cycle is waning.

***With assistance on business typology from Frank Wayno, Cornell University**

There are other examples. Resource Economics was just benefit cost analysis in the 1960s – with the exception of the program at Oregon State and one or two other places that treated this subject more comprehensively. Now, as a sub disciplines, contingent valuation, experimental economics and other techniques have become part of an expanded tool kit for resource economics. Theoretical underpinnings have more of a focus on such things as welfare economics, property rights and market failure. The expanded view by resource economists has allowed more applicability to a broader range of problems. There is both more academic content and a broader range of application. The specialty is still emerging.

Agricultural Finance came out of the creation of public agricultural credit institutions during the depression. The combination of unique public role and the different nature of the sector are what allowed this specialty to develop. The distinction with "finance" is less and less meaningful for students. The specialty is waning.

Regulatory economics grew out of the institutions of railroad and utility regulation (not EPA rulemaking). Recent experiments with deregulation in the utility industry as well as concerns with monopoly power resulting from such things as airline deregulation will keep "regulatory" economists in business for some time. The field has remained mostly a practitioner's art. The specialty is currently needed and will continue to self train many practitioners.

Industrial economics appears to have gone through its life cycle. The question is whether our current trend towards de-industrialization will cause a resurgence in industrial economics, if, for no other reason, than to assess the consequences of being a service economy dependent upon the rest of the world for manufactured goods.

What all of these examples bring to focus is a set of basic questions about any specialty.

- **What is the reason for its existence?**
- **What are the outputs of the specialty?**
- **What is the usefulness of the outputs?**
- **Who will bear the cost of the specialty?**

Beyond these, what does the life cycle of a given specialty look like, and what phase might a given specialty be in now?

<u>Is Agribusiness Any Different and Is There A Place For It?</u>

As background for our discussion of this we need to recognize that Business education today has a high perceived value. Undergraduates who major in business command salaries well in excess of others essential for any process the business graduate is supposed to "manage". The contrasting low salaries for and scarcity of domestic engineers attests to this. At the beginning of the last Century, engineering was the wave of the future, the means by which we were to build the U.S. into a world leading economy. Business management now claims that role.

Business education today has its focus on analysis. Implementation, people skills, and leadership are not a focus. In addition, the process of business education is held hostage for the "job" as the ultimate goal. Finally, in business education "the inmates appear to be in charge of the Asylum".

Borrowing from people like David Kolb, we can look at the focus of business education and see how this corresponds with the practice of business. (See figures 1 & 2 in the presentation)

Business schools tend to focus on convergence – in the quadrant between abstract conceptualization and active experimentation. Yet, historically the business world fits best into the accommodators category. In essence, the focus of much of business education partially ignores what goes on in business. For example, business schools do not appear to help their graduates to learn to process and benefit from the experiences of others.

If we believe what we are being told (in business school) about the future of business, it would appear that the skills of divergence will be critical. Divergence implies an understanding of the parts and looking at the world from multiple perspectives.) We do have a number of business executives who are divergers (in the quadrant between concrete experience and reflective observation). These individuals are often seen as visionary leaders. Yet, what happens to a diverger when that individual goes to business school and is surrounded by unyielding convergers?

Especially at the graduate level, why do business schools not adjust to the nature or learning style of the student (a "student" who has already proved successful in business or he/she would not have been admitted). At the same time we see business schools catering slavishly to other student whims.

Is agribusiness any different from a business education, research, or outreach program today? One response from some graduates of agribusiness programs in Agricultural Economics Departments is that it is different. This response sees the direction of their training starting with basic economic principles, through quantitative methods, and finally to experience in applying economics and quantitative methods to business problems. In contrast, "business" education is seen as a process of learning some short-cut analysis packages and then making management decisions based on that analysis and past business successes or failures.

I do not see agribusiness education, especially at the undergraduate level, as terribly different from business education today. I see a primacy of analysis in both cases to the detriment of learning the skills of divergence (understanding the parts, looking at the world from multiple perspectives) and learning to process and take advantage of the experience of others.

I believe there is a place for agribusiness if it creates a focus more aligned with what will go on in business. Agribusiness has an opportunity to:

- **understand and respond to the different characteristics of business management and reflect this in the approach to the different learning styles and skills of its students. This will give students a more relevant experience and link successfully to the different skills necessary in the workplace. It will also reduce culture shock for students entering a business program if they are not convergers.**
- **recognize divergers as the wave of the future for a critical cadre of business leaders. (So give all students some exposure to this view of the world and some of the skills necessary for its practice.)**
- **in fact, think differently from business programs about business education and research. It is this that will provide a lasting place (long life cycle) for agribusiness as a specialization.**