

PRIVATE SECTOR AGRICULTURAL EXTENSION IN SRI LANKA: BUSINESS COMMUNICATION OR FARMER SUPPORT?



While private sector extension contributes significantly to agricultural development in Sri Lanka, their business communication approach focusing on enhanced input use has resulted in confusion among farmers. Government needs to intervene to help farmers distinguish between propaganda and genuine advisory, argues Tharaka Jayasinghe in this blog.

CONTEXT

The Sri Lankan agriculture industry is facing a number of challenges such as slow rate of farm mechanization, low unit land productivity, continuous reduction of labor supply and high cost of production. These drawbacks of the industry have been creating additional pressure on the existing extension system (private, public and NGO) to bring sustainable solutions. Public extension systems even today are fairly centralized and provide only top down blanket solutions and they have a poor understanding of the farmers (Babu and Glendenning 2019). According to Sivayoganathan (2020), lack of a comprehensive national agricultural extension policy, limited recognition of agricultural extension services at all levels, poor linkages among research, extension, and other agri-support services, shortage of competent extension professionals, and inadequate research in extension have further intensified pressure put on the public extension system in Sri Lanka. However, private sector extension services are emerging following a market-oriented approach and integrating their activities into commercial operations such as the sales of farm inputs (Wanigasundara, 2015).



Extension Officer explaining about Fall armyworm trap

There are three main players in the agricultural extension system of Sri Lanka. These individual units have their own objectives and orientation (Fig 1 and 2). For sustainable development of the agricultural sector, these three sectors must work simultaneously without disturbing each other's individual objectives. These three sectors can be categorized as follows:

01. Public Sector - Extension + Service;
02. Private Sector - Extension + Profit;
03. NGO Sector - Extension + Empowerment/Environment.

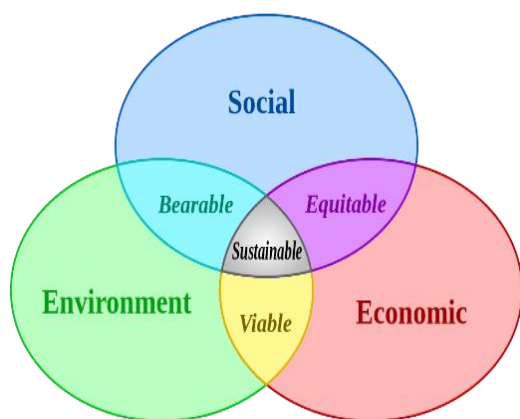


Figure 1. Sustainable approach of agricultural extension



Figure 2. Objectives of the different sectors of extension

TYPES OF PRIVATE SECTOR ENGAGEMENT

The private sector involves in agricultural extension as a social service marketing tool with an orientation towards profit. Therefore, they have modified the existing extension approach as per their business model. The companies deal with the agricultural supply chain directly or indirectly for fertilizers, seeds, agro-chemicals, machinery, equipment, distribution, marketing, certification, financing, value addition, and Export using advisory and extension tools that are modified according to their own requirements.

These modifications can be categorized in to three main approaches:

01. Business to Business Extension Service (B2B approach);
02. Business to Customer Extension Service (B2C approach);
03. Business to Industry Extension Service (B2I approach).

The B2B Approach

The service of extension is directly given in to one business to other business. As example from fertilizer company sales their product directly to other businesses like Tea factories, main distributors or main dealers. So therefore, fertilizer company is given their advisory service directly to customers of the tea factories, distributors or main dealer. Target customers may be end user of fertilizer or may not end user of fertilizer. The main objective of the fertilizer company is to satisfy their immediate customer not end user of the products.



Extension Officer explaining about fertilizer application in coconut

The B2C Approach

The extension service is directly given in to the end user of the product or service. The extension officers of the private company directly visit farmer, estate owner or any of the end users of their product and provide service and advice, conduct training programs, or any other extension activity on farming, agri-business. Also, extension officers give product and service information on their products and services.

The B2I Approach

The service of extension is given to any stakeholder in the company supply chain without considering business objectives of the company. For example extension officers of the company work with certification agencies such as Rainforest Alliance to promote sustainable use of agri-inputs for their farming. The prime objective of this approach is to give service to the entire industry. But it also helps the firm to increase brand awareness and brand recognition in their end users.

These three main approaches can be further discussed based on the specific modifications carried out by the individual private firms.

RATIONALE FOR PRIVATE SECTOR INVOLVEMENT

Brand Awareness

The 'Brand Name' is one of the main intangible assets held by private sector firms. A well-known and reputed brand name always helps the firm to charge additional value for the same product that is available with other competitors. It also helps a firm to acquire higher profit margins as well as create a higher value for itself. Therefore, some agri-input companies in Sri Lanka are having agricultural extension teams to deal with farmer or other stakeholders in their supply chain with the prime objective of raising brand awareness or brand promotion. Extension officers of these companies go to the field to meet farmers and other stakeholders. They share best quality and latest information with

the farmers. Via this strategy, the company expects to indirectly sway farmers towards their product or brand name. The expenses of the extension service will be recovered indirectly by creating brand value and using that to create a premium price for their products or services.



Extension officer visits to grape field

Propaganda Tool

Propaganda is one type of marketing communication with customers. Some companies use agricultural extension as a propaganda tool. The extension officers of such companies follow the hybrid communication approach.

One example: first they help farmers to identify a pest or disease in their crops and then they strongly recommend their own product or solution to farmers. This works like a personal selling option while dealing with a farmer. The extension officers meet potential clients/farmers/estate owners for the purpose of transacting a sale.

“Propaganda is the dissemination of information—facts, arguments, rumors, half-truths, or lies—to influence public opinion. Deliberateness and a relatively heavy emphasis on manipulation distinguish propaganda from casual conversation or the free and easy exchange of ideas” (<https://www.britannica.com>).

The expenses of the advisory will be recouped indirectly by motivating farmers to buy their product or service.

Buyback System

A buyback is also known as a share repurchase system. The company signs an agreement with a farmer to supply all agri-inputs, including advisory service, wherein the farmer must supply labor and/or land for crop cultivation. Then the company will buy their harvest at a pre-agreed market price or current market price.

In the buyback system, advisory and extension service is considered as a main input where extension officers will visit a farmer and give advice on agronomic practice throughout the cropping season.

Farmers must fully follow their advice. The extension services are charged from the farmers at the time of pricing of the product as per the agreement.

Supply chain management

Most supermarkets in Sri Lanka are trying to maintain the quality of their produce, especially fruits and vegetables. Also, they use that quality and standard of agronomic practice as a competitive advantage to win more customers. The supermarkets have their own registered farmers, their own farming lands, their own collection centers (e.g., for vegetables/fruits). The extension officers of the supermarket supply chain visit their registered farmers or unregistered supplier and advise them about Good Agricultural Practices (GAP), Good Handling Practices (GHP), Good Hygienic Practices (GHyP), Good Transport Practices (GTP), and Good Packaging Practices (GPP). Such advice helps them to maintain product quality all the way up to end customers; these practices also help in minimizing post-harvest losses. The costs of the extension and advisory service and post-harvest losses will be covered by the premium prices charged at the supermarket.

Quality Certification

Some companies need quality certificates to export their product to foreign markets. For this they must maintain quality standards of the input supplier. So they use their advisory team to deal with farmers. The advisory team goes to the field and puts up awareness programs for the farmers on quality standards and certification requirements. Most of the quality certificates – Organic, GAP, Rainforest Alliance Certificate – have to be renewed annually, therefore extension officers are always kept busy with maintaining the quality requirements for particular certificates of these companies. The prime objective of the extension team is to communicate and motivate farmers on quality standards.



Method demonstration on fertilizer application in coconut

Maintaining input quality standards

The main role of extension officers while dealing with this kind of approach is to maintain the input quality of their manufacturing process. One example is of black tea manufacturing in Sri Lanka. Main input for black tea manufacturing is fresh green immature tea leaves. If the quality of the green leaves is poor it will lead to the manufacture of poor-quality black tea. Therefore, tea factories have their own extension team that visits tea smallholders, estates and plantations to advise them about green leaf quality. Also, extension officers will help in coordinating with other input suppliers who have a direct impact on the quality of green leaves.

Strategic Business Tool

Some multinational companies in the agricultural value chain are always trying to integrate – horizontally or vertically – through their supply chain. Also, some companies want to show they are investing in the development of the local industry. Therefore, they use agricultural advisory services to achieve their strategic objectives. Most of time they use this extension tool to minimize public resistance to their main business.

Advertising Platform

Some communication and mobile service supplying companies have their own advisory and extension teams. The main objective of such teams is to attract more numbers of stakeholders to their platform to find solutions related to agriculture. They have developed mobile Apps, websites or other digital solutions for agriculture extension. Farmers will subscribe or login to these platforms to find a solution for their problems. The communication companies will use these platforms to advertise many products and services. Sometimes they will also charge subscribers on a monthly basis.

Customer retention and motivation

This approach is being followed by companies providing local financial assistance. These companies support small and medium enterprises dealing in agribusiness. Most of the time they give loan or micro finance facilities to farmers or investors. The extension officers of those firms visit the farm or business and give advice related to agribusiness development as well as financial management. That approach guarantees bank repayment of their loans. Also, extension officers give positive and negative feedback to the bank on their performance.

There are many other types of modification being used by different private sector companies to achieve their business objective while developing their suppliers or farmers through the use of agricultural extension as a business tool of communication.

Agricultural Consultancy Service

Individual private practitioners as well as private companies are giving advisory service as a form of consultancy service. Most of the time small and medium scale agri-entrepreneurs, medium and large-scale farmers, farmer groups, and farmer societies are using consultancy services. Furthermore individual consultancy service providers are working as visiting agents – they visit every week, or once a month as part of a routine system to the farm and give advice to the farmer or business owner. They are paid a monthly allowance or pre-agreed amount per visit. The consulting companies provide a range of services according to the requirements of the farmer/estate owner/business unit. Most of the time consulting companies come to an agreement with large-scale farmers or estate or agri-business unit and they pre-agree on a system of payment.

CONCLUSION AND RECOMMENDATION

The companies that are practicing agricultural extension have their own model and objectives. Effectiveness and efficiency of their operations vary according to the model and situation. But most

of them have achieved their business objectives very well. However, due to their use of agricultural extension as a tool for marketing, many are unable to demarcate business propaganda and genuine extension support. Some firms have also used agricultural extension to unethically and aggressively promote their products or service. In the long run, this will be unhelpful, and therefore, those engaged in private sector extension should follow some discipline to use extension in ethical ways.

While private sector investment in extension will help the Sri Lankan Government to reduce or rationalize public sector funding in extension, it should intervene, advise and regulate private sector extension in order to maintain and protect the sustainability of its agricultural systems. Also, we must reform the agricultural extension system by developing demand driven and market oriented advisory services and develop new funding mechanisms to achieve greater impact on farmers.

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