

✓ Poultry Growers Speak Out!

A Survey of Delmarva Poultry Growers

An Executive Summary of the Delmarva Poultry Growers Survey Results

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Poultry production is an important part of the economy, history, and tradition on the Delmarva Peninsula. Recently, there has been a renewed concern about the relationship between growers and poultry companies. Tensions over issues of communication, trust, fairness, and contract settlement have been raised in various forums, both on Delmarva and across the country.

Before meaningful change can take place, it is very important to have a clear understanding of the issues and problems facing the industry today. The *Poultry Growers Speak Out* survey gave growers an opportunity to voice their opinions about issues, problems and suggestions for change. A 22-member committee representing sponsor organizations, growers, and companies guided the development of the survey to ensure the questions would be fair. The survey was sponsored by the Delmarva Poultry Industry, Inc., Delaware Poultry Improvement Association, the Maryland Farm Bureau, and the University of Delaware Cooperative Extension.

The following are a few key findings presented in this report.

- Growers expressed relatively high satisfaction with their poultry business, their company, and their flock supervisor.
- While most growers felt they could speak freely with their company, nearly half felt that communication was not adequate, and most feared retaliation if they raised concerns.
- Income was an important issue for growers. Most did not feel that income was adequate to handle expenses or that they were getting a fair return on their investment.
- The top grower priorities were the formation of company grower committees, more information about problems with performance, special assistance for growers who fall below average, and education programs on income and expenses.

The rest of this report provides an overview of the survey findings. To protect confidentiality, only summary information is presented here, without any reference to a person or farm. A complete report is available which contains the survey instrument, the methodology used, comments from the respondents, and a more detailed analysis of grower satisfaction. A copy of this report can be obtained by contacting the authors or the Department of Food and Resource Economics.



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The Survey Process. A mail survey was sent to all poultry operators identified by the companies. In addition, a small number of growers who were not on company lists but requested to participate were also sent a survey. A total design methodology was used which incorporated several strategies to increase the response rate. First the survey was designed and tested for readability, understanding, and appearance. Next, a multiple mailing strategy was used to increase response rate. Growers who had not responded to earlier mailings were given additional opportunities to respond. The mailing process went from September 15 through November 15, 1997. We continued to receive responses until the end of November. In total, 1,344 growers responded to the survey.

Some addresses on the mailing list were undeliverable and could not be corrected. Other addresses were for growers who were deceased, had moved, or were no longer growers at the time of the mailings. Finally, through the course of conducting the mailings we discovered that some names on lists were duplicates with slightly different names or addresses. The remaining number of potential respondents was 2,291. The overall response rate was 51.6 percent while the adjusted rate is 58.7 percent.

Who Are the Respondents? The average age of the respondents was 51 years old. Three-quarters were male and 88.4 percent had a high school degree or better. Over half (54.4%) produced in Maryland while 43 percent were in Delaware. The top three counties were Sussex, DE (36.3%), Wicomico, MD (16.4%) and Worcester, MD (12.2%).

In terms of their operation, the average grower operated 3 houses, with 2.8 under contract. The average capacity in birds was 65,035. The range across growers was considerable. The number of houses ranged from 1 to 15 and bird capacity ranged from 2,200 to 588,000 birds. On average, growers had 19.3 years of experience, but the range was from 1 to 79 years.

SUMMARY OF FINDINGS

General Satisfaction. The vast majority of poultry growers were satisfied with their business as a poultry grower (see Figure 1). Over 73 percent indicated they were satisfied, although most responses fell into the *Satisfied* and *Somewhat Satisfied* categories. Growers who received a greater share of their income from their poultry operation (50 percent or more) were more likely to be satisfied with their poultry business than were those with less than 10 percent income from poultry.

Poultry growers also expressed general satisfaction with their present company. Three-quarters were satisfied with their relationship with their present company. Once again, most of the opinion fell into the *Satisfied* and *Somewhat Satisfied* categories. One-quarter of the growers expressed dissatisfaction with their company.

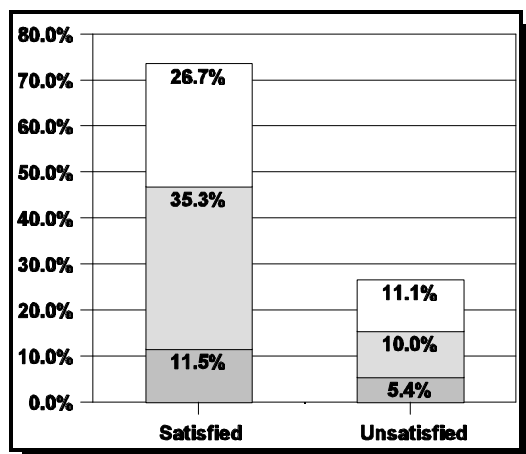


Figure 1: Satisfaction as a poultry Grower

Graph Legend. The graphs show the total agreement or satisfaction of the respondents as well as the relative strength of their opinions. The same relative shadings are used for agreement and disagreement or satisfaction and dissatisfaction. For example, dark gray represents both strongly agree and strongly disagree, light gray represents agree and disagree and white represents somewhat agree and somewhat disagree.

Several other questions reflected general satisfaction with the poultry industry. Over 70 percent of growers were optimistic about the future of the poultry industry on the Delmarva Peninsula (see Figure 2). In addition 86 percent of growers indicated that they were satisfied with their flock supervisor.

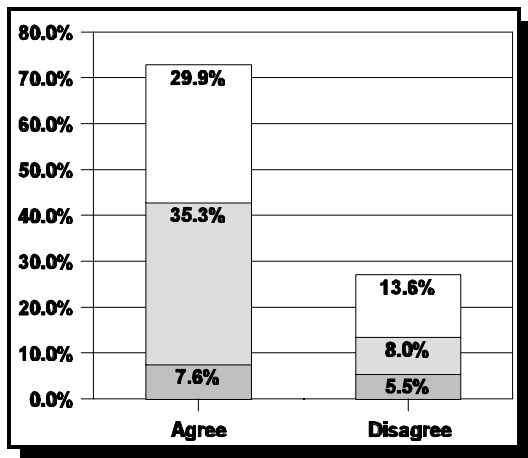


Figure 2: I am Optimistic About the Future of Delmarva’s Poultry Industry

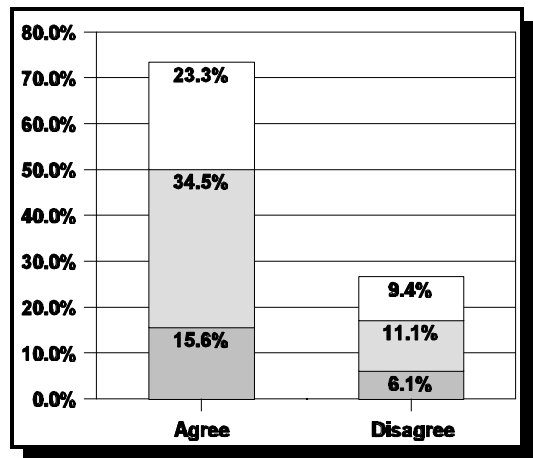


Figure 3: I Can Speak Freely with my Company

Grower and Company Communication. The results for questions concerning communication between growers and their company reveal both positive and negative aspects. Nearly three-quarters agreed that they can speak freely with their company (see Figure 3). The majority of agreement fell into the *Agree* to *Somewhat Agree* categories. In addition, nearly three-quarters agreed with other aspects of communication, including:

- If I have a question I can get a prompt response from my company (72.9%).
- I get the experience and support I need when there is a problem with my flock (72.7%).
- My company provides information I need to know (75.8%).
- When new technology is introduced, I get adequate information from my poultry company with which to make decisions (69.1%).

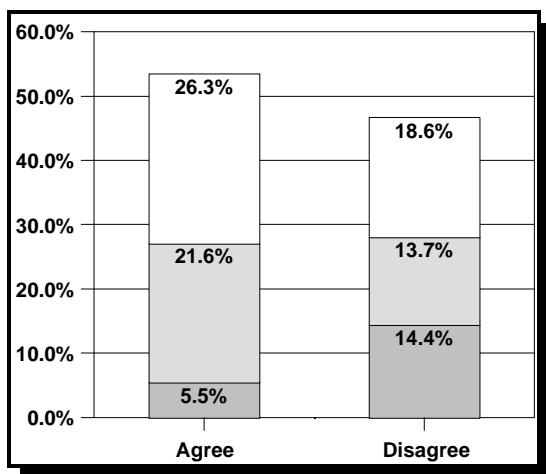


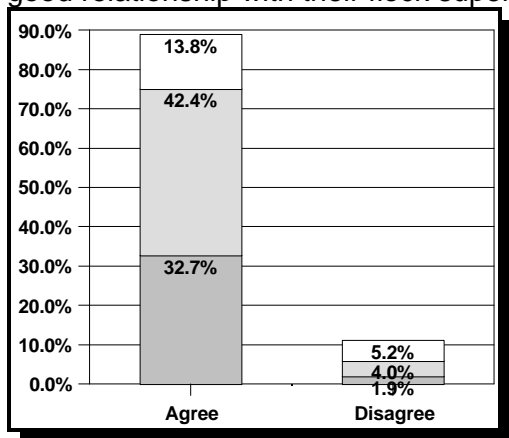
Figure 4: Communication Between Growers and Companies is Adequate

However, growers were split when asked if their communication with their company was adequate (see Figure 4). Fifty-three percent agreed that it was adequate, but 47 percent disagreed. Furthermore, those that disagree felt more strongly, with 14.4 percent indicating they *Strongly Disagree*.

Other communication concerns dealt with the following:

- Only 52% agreed that company management understands the concerns of growers.
- 57.4% agreed that my company will retaliate if I raise concerns.
- Only 53.4% agreed that their company is concerned with helping them increase their profits from their poultry operation.
- Only 43.4% agreed that they were a full and equal business partner with their company.

Grower Relationship with Their Flock Supervisor. Overall, growers were very positive about their relationship with their flock supervisor. The vast majority (88.9%) agreed that they had a good relationship with their flock supervisor (See Figure 5). In addition:



- Four out of five growers agreed that the flock supervisor helps them become a better grower (80.8%).
- The vast majority agree that their supervisor is adequately trained (86.5%).
- 80.3% growers agreed they rely on their flock supervisor for advice.
- 90.6% agreed that their flock supervisor visits at least on a weekly basis.

Figure 5: I Have a Good Relationship with my Current Flock Supervisor

The only negative aspect of flock supervisors involved the use of a rotation system (see Figure 6). Only 43 percent agreed that the rotation of flock supervisors is beneficial. Nearly one-in-five *Strongly Disagreed* with this statement while another 22.6 percent *Disagreed*. Very few *Strongly Agreed* with a rotation system (6.2%).

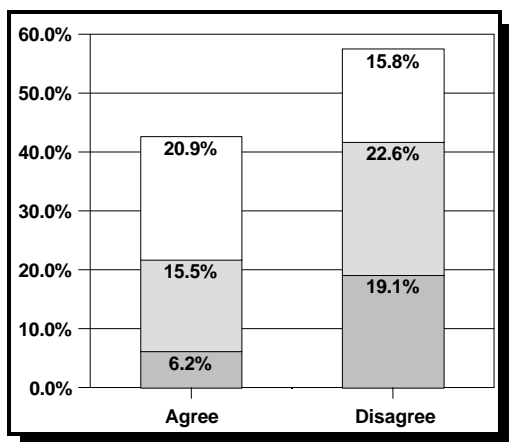


Figure 6: The Rotation of Flock Supervisors is Beneficial

Contracts and Settlement. Most of the growers indicated that they understood their contract when they first signed it (84.7% agreed) and currently (83.8%). Smaller growers (those with one house) tended to agree more than larger growers. However, while growers felt they understood their contract, their understanding of the settlement was less clear. Only 63 percent indicated they understood how their settlement was calculated and only 58.7 percent trusted the figures in their settlement (see Figure 7). In both cases nearly 40 percent, or two-of every five growers, expressed negative viewpoints about the settlement.

Several questions shed light on what growers want from their settlement statement. Nearly 44 percent indicated that they did not get enough information from the settlement or their flock supervisor to improve their performance. In addition, nine out of ten growers want more information when there are problems with their performance (91.6%).

Trust was also an area of concern by many growers. Only a slight majority indicated that: they trust the figures in their settlement statement (58.7%), arbitration procedures are fair (59.7%), and the feed weight ticket match the feed delivered to the farm (56.6%). In each of these questions at least two out of every five growers expressed distrust with procedures. This level of distrust is another indication of the breakdown in communication.

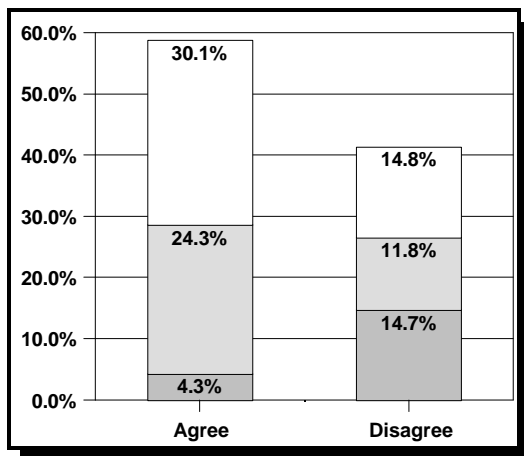


Figure 7: I Trust the Figures in My Settlement Statement

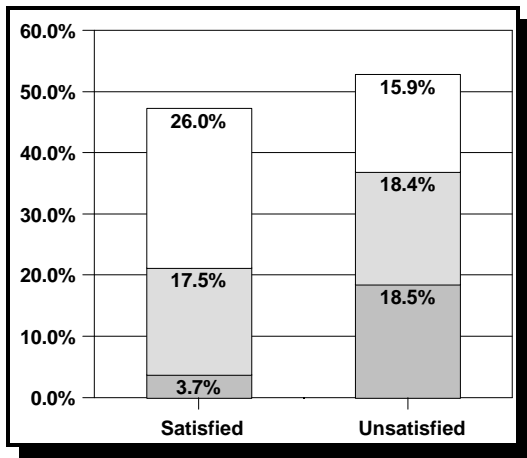


Figure 8: Level of Satisfaction with Income from Poultry Operation

Concerns About Income. The majority of growers were unsatisfied with the income they receive from their poultry operation (52.8%). Dissatisfaction was particularly strongly held with 18.5 percent indicating they were *Very Unsatisfied* and 18.4 percent *Unsatisfied* (see Figure 8). In addition, growers also expressed other concerns regarding income:

- 63.2 percent disagreed that their cash flow improved over time.
- 60.4 percent disagreed that they were getting a fair return on their investment.
- 54.8 percent disagreed that their average payment was adequate to handle their expenses.
- While growers were concerned about payments, most still wanted competitive settlements. Two-thirds indicated that payment tied to performance should be kept (66.1%). When asked about a noncompetitive square foot contract, growers were nearly equally split over their response (49.4% agreed). However, many growers commented that they did not understand square foot contracts.



Figure 9. Ratings on Average Chick Quality

Chick Quality. The majority of growers felt their average chick quality was either fair or poor (53.2%, see Figure 9). Nearly 57 percent felt chick quality was somewhat variable and 17 percent felt it was highly variable. Growers were asked about their opinion on the distribution of chick quality among all growers. Most growers were uncertain as to whether chick quality was evenly distributed among all growers (51.9%).

Where Do Growers Turn for Information? Growers rely on several sources of information, but they do not rely on one single source for all their information needs. In the survey, growers were asked to indicate if they relied on their company, other growers, DPI, suppliers, lenders, and extension for general poultry information, information on new technologies, and one-on-one assistance. For general information, growers relied on their company (73.2%), other growers (60.7%), and DPI (55.5%). For new technologies, they relied on suppliers (54.6%), their company (44.1%), other growers (32.8%), and DPI (31.3%). Finally, for one-on-one assistance growers turned to their company (56.4%), other growers (27.0%), and their lender (19.9%).

SUMMARY: WHAT DO GROWERS WANT?

By their responses, growers indicated things they liked about the poultry industry and things that they wanted changed or addressed. In asking what growers want, it first is useful to state what they don't want. Overwhelmingly, growers indicated that they do not want more government regulations. In response to the question, "The poultry industry needs more government regulation," over two-thirds disagreed (68.5%). One-third *Strongly Disagreed* with this statement (see Figure 10).

Growers were also able to articulate programs or changes that they did want to see (see Figure 11). The following is a list of items that at least four of five growers indicated that they agree with. Some of the support is very strong with one-quarter to one-third in the *Strongly Agree* category. Many of these items do not involve radical changes in the relationship between growers and their companies.

- 94.6% want a company grower committee to discuss issues and concerns with company representatives.
- 91.6% would like more information about problems with their performance.
- 91.0% want a special company program for growers who have fallen below average with emphasis on problem identification and resolution.
- 85.3% want a special company program for new growers with more frequent visits and support.
- 83.7% want educational programs to help producers better estimate income and expenses.

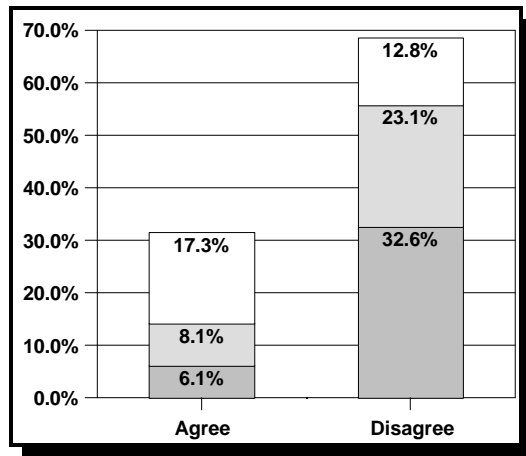


Figure 10: The Poultry Industry Needs More Regulation

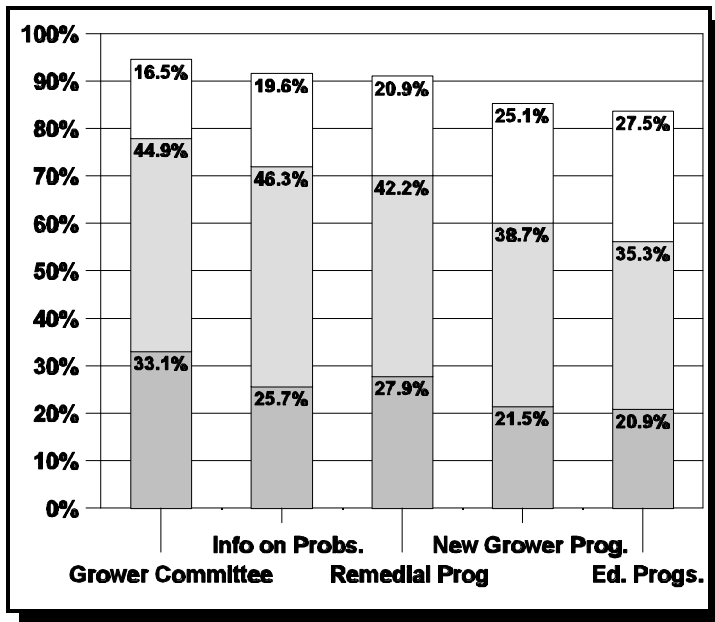


Figure 11. Top Priorities of Growers for Programs

In addition, nearly 80 percent of growers wanted settlement comparisons that matched similar growers by size (i.e., large growers with large growers, and small growers with small growers), two-thirds wanted to keep payments tied to performance, and 57.5 percent did not want to have flock supervisors rotated. Finally, growers wanted attention paid to issues of income, including increasing the level of trust and understanding of the settlement.

The results of this survey provide an opportunity for discussion among growers and their companies. Ultimately, the usefulness of this effort will depend upon their willingness to respond and change. A full report of

the survey results along with grower comments and the results of two focus groups will be available in January of 1998. In addition, information from the survey will be presented at public meetings and conferences to growers, company officials, and interested parties. Each company will also receive summary results. For additional information please contact:

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