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«The grumpy farmer»

The effect of administrative burden on farmers' perceptions of the cross-compliance based direct payment policy

Christian Ritzel, Gabriele Mack, Katja Heitkämper & Nadja El Benni

November 3rd 2020

Content

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1. Motivation

Cross-compliance based direct payment system

- Farmers have to fulfill cross-compliance standards (Mann, 2005)
- Farmers participate in voluntary agri-environmental programs (Mack et al., 2020)

Administrative burden

- Farmers have to provide various documentations to prove eligibility for direct payments (El Benni et al., 2020)
- Administrative burden: "The experience of policy implementation as onerous" (Burden et al., 2012)

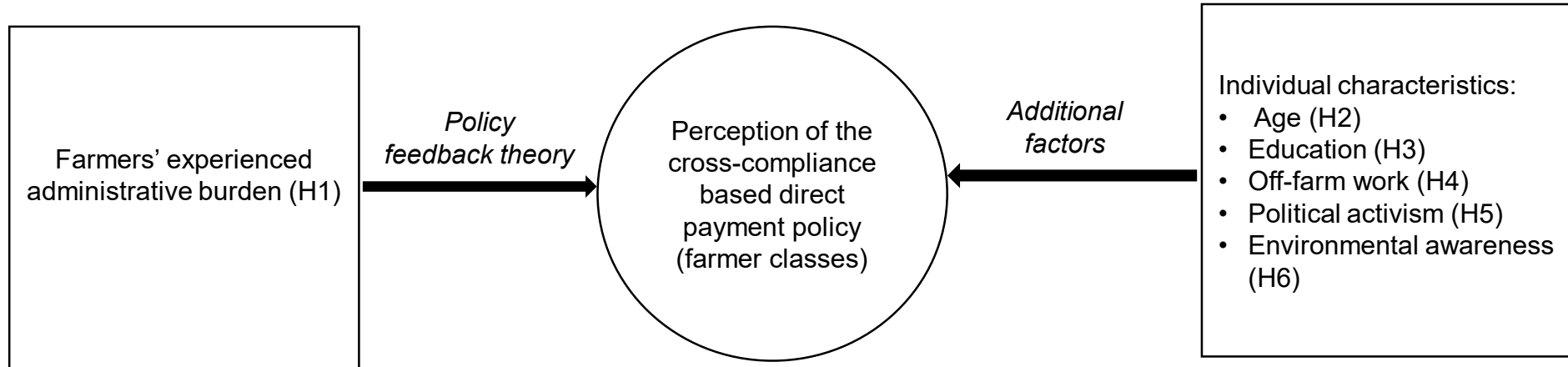Gabriele Mack, Christian Ritzel, Katja Heitkämper & Nadja El Benni

2. Research questions

1. How do Swiss farmers perceive the cross-compliance direct payment system?

2. Does the experienced administrative burden influence the farmers' policy perception?

3. Which further individual characteristics of farmers' influence their policy perception?

3. Conceptual framework and hypotheses

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┌────────────────────────┐              ┌──────────────────────┐
│                        │   Policy     │ Perception of the    │   Additional   Individual characteristics:
│  Farmers' experienced  │  feedback    │ cross-compliance     │   factors      •  Age (H2)
│  administrative burden │  theory      │ based direct         │   ◄─────────   •  Education (H3)
│  (H1)                  │  ─────────►  │ payment policy       │                •  Off-farm work (H4)
│                        │              │ (farmer classes)     │                •  Political activism (H5)
└────────────────────────┘              └──────────────────────┘                •  Environmental awareness
                                                                                   (H6)
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- H1: A high administrative burden leads to a negative perception of the direct payment policy
- H2: Younger farmers perceive the direct payment policy more positively
- H3: Better-educated farmers perceive the direct payment policy more positively
- H4: Farmers with a high share of off-farm work perceive the direct payment policy more positively due to more social exchange
- H5: Politically active farmers perceive the direct payment policy more positively
- H6: Farmers with an environment-friendly attitude perceive the direct payment policy more positively

Literature on «policy feedback theory» see Wichowsky & Moynihan (2008); Moynihan & Soss (2014)

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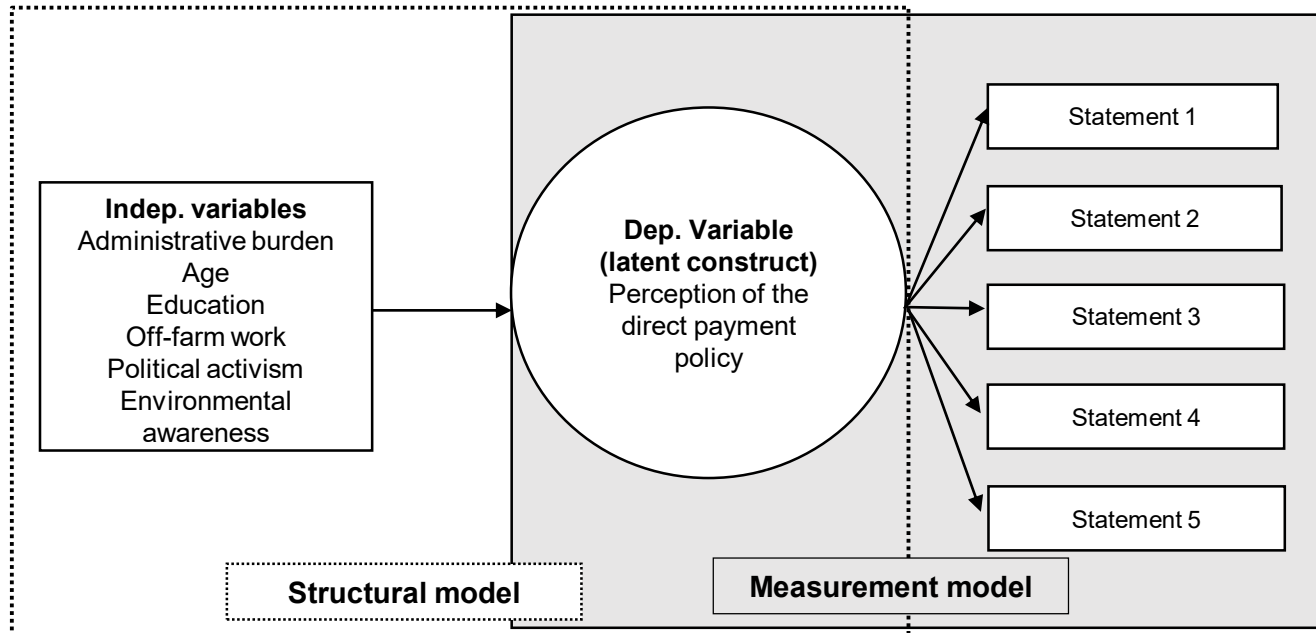
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4. Database

■Survey data

- A written survey of 2,000 randomly selected Swiss farmers was conducted from February to April 2019 (Mack et al., 2019)

- The response rate was approximately 40% (N=808)

- Questions on farmers' experiences of administrative requirements, administrative compliance and learning costs and statements on agricultural policy...
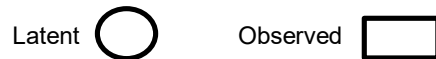
4. Empirical approach

- Latent Class Model (Combination of LCA and regression analysis)

Legend:

Latent ◯   Observed ▭

- **Measurement model:** Latent Class Analysis (LCA) based on five 7-point Likert scale items → optimal class solution AIC, BIC & LR-Test

- **Structural model:** Regression analysis → ordinal logistic regression

StataCorp. (2019)

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5. Results – Measurement model (LCA)

Class 1 «indifferent» (53% of the total population)

Items	1 = not correct at all	2	3	4	5	6	7= fully correct
"I identify myself with the federal direct payment system."	4%	18%	23%	32%	16%	7%	0%
"I believe that the current monitoring and inspection measures of the direct payment system are important."	0%	8%	22%	36%	23%	12%	0%
"I consider the current obligations to provide proof for becoming eligible for direct payments as appropriate."	2%	11%	28%	35%	21%	4%	0%
"I feel restricted in my entrepreneurial freedom by the direct payment monitoring and inspection system."	1%	9%	12%	18%	25%	26%	9%
"The sanctions/fines in case of non-compliance with cross-compliance standards are justified."	3%	17%	21%	32%	19%	7%	2%

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5. Results – Measurement model (LCA)

Class 2 «supporters» (27% of total population)

Item	1= not correct at all	2	3	4	5	6	7=fully correct
"I identify myself with the federal direct payment system."	4%	13%	10%	23%	22%	16%	12%
"I believe that the current monitoring and inspection measures of the direct payment system are important."	0%	0%	2%	9%	28%	43%	17%
"I consider the current obligations to provide proof for becoming eligible for direct payments as appropriate."	2%	1%	2%	12%	26%	42%	16%
"I feel restricted in my entrepreneurial freedom by the direct payment monitoring and inspection system."	16%	26%	14%	11%	12%	12%	8%
"The sanctions/fines in case of non-compliance with cross-compliance standards are justified."	3%	3%	4%	21%	18%	29%	22%

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5. Results – Measurement model (LCA)

Class 3 «grumpy» (20% of total population)

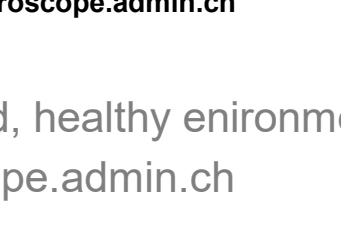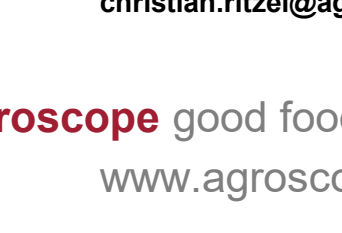| Item	1= not correct at all	2	3	4	5	6	7= fully correct
"I identify myself with the federal direct payment system."	43%	17%	10%	17%	4%	5%	4%
"I believe that the current monitoring and inspection measures of the direct payment system are important."	26%	34%	14%	16%	6%	2%	3%
"I consider the current obligations to provide proof for becoming eligible for direct payments as appropriate."	38%	35%	11%	10%	3%	2%	2%
"I feel restricted in my entrepreneurial freedom by the direct payment monitoring and inspection system."	8%	6%	5%	8%	6%	14%	54%
"The sanctions/fines in case of non-compliance with cross-compliance standards are justified."	45%	20%	16%	10%	1%	5%	3%

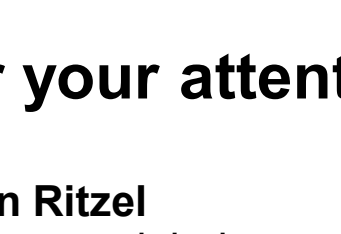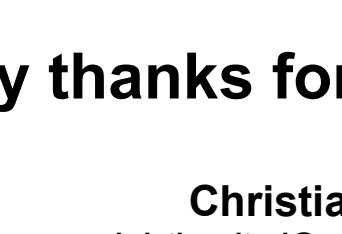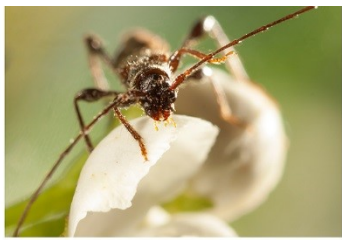# 5. Results – Structural model (ologit regression)

Dependent variable: membership of latent class q		(1) Base Outcome Class: Indifferent		(2) Base Outcome Class: Supporter		(3) Base Outcome Class: Grumpy	
Indifferent (53%)	Administrative burden			0.162**	(0.065)	-0.166**	(0.071)
	Age			-0.020*	(0.012)	-0.007	(0.012)
	Education			-0.038	(0.079)	0.055	(0.086)
	Off-farm work			-0.003	(0.003)	0.015***	(0.005)
	Political activism			-0.183	(0.243)	0.538*	(0.285)
	Environ. awareness			-0.626***	(0.124)	0.254***	(0.077)
	_cons			5.559***	(1.122)	-0.566	(0.795)
Grumpy (20%)	Administrative burden	0.166**	(0.071)	0.325***	(0.078)		
	Age	0.007	(0.012)	-0.011	(0.014)		
	Education	-0.055	(0.086)	-0.091	(0.097)		
	Off-farm work	-0.015***	(0.005)	-0.017***	(0.005)		
	Political activism	-0.538*	(0.285)	-0.721**	(0.313)		
	Environ. awareness	-0.274***	(0.077)	-0.833***	(0.130)		
	_cons	0.566	(0.795)	5.560***	(1.233)		
Supporter (23%)	Administrative burden	-0.162**	(0.065)			-0.325***	(0.078)
	Age	0.020*	(0.012)			0.011	(0.014)
	Education	0.038	(0.079)			0.091	(0.096)
	Off-farm work	0.003	(0.003)			0.017***	(0.005)
	Political activism	0.183	(0.243)			0.721**	(0.313)
	Environ. awareness	0.626***	(0.124)			0.833***	(0.130)
	_cons	-5.559***	(1.122)			-5.560***	(1.233)

*** $p \leq 1\%$, ** $p \leq 5\%$, *$p \leq 10\%$
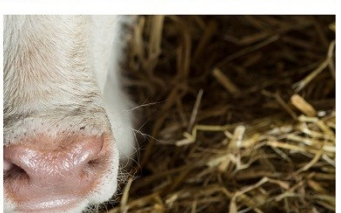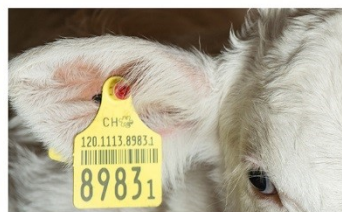Standard errors in parentheses

6. Conclusions

- Only 20% of Swiss farmers have a negative perception of the cross-compliance based direct payment policy

- Experienced administrative burden has a significantly negative effect on their perception of direct payment policy

- Policy-supporting and indifferent farmers have more social exchange than the grumpy ones

- Farmers with a high awareness of the environmental dimension of agriculture tend to be policy-supporting

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Many thanks for your attention!

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Overview of administrative regulations imposed on Swiss farmers due to the cross-compliance based direct payment system

Ongoing records required to demonstrate animal welfare (livestock farms)
- Accompanying document for cloven-hoofed animals
- Udder health report
- Treatment journal
- Inventory list of veterinary medicinal products
- Animal movement notifications
- Manure flow report and cleaning journal
General annual records (all farms)
- General information form
- Land survey form
- Animal survey form
Annual records to demonstrate cross-compliance standards (all farms)
- Nutrient balance sheet and documentations
- Land plot registry
- Crop rotation report
- Biodiversity area report
Annual records for voluntary agri-environmental programs (all farms)
- Biodiversity area report (biodiversity programs)
- Feed balance sheet (grassland-based milk and meat program)
- Documentation of regular outdoor exercise of animals (regular outdoor program)
- Registration for voluntary agri-environmental programs in the following year
Monitoring and inspections by the government (all farms)
- At least every four years, area records every eight years

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Statements 1 to 5

Variable	Unit	Obs	Mean	Std.	Min	Max
"I identify myself with the federal direct payment system."	Likert scale from 1= "not correct at all" to 7="fully correct"	792	3.60	1.63	1.00	7.00
"I believe that the current monitoring and inspection measures of the direct payment system are important."	Likert scale from 1= "not correct at all" to 7="fully correct"	793	4.19	1.57	1.00	7.00
"I consider the current obligations to provide proof for becoming eligible for direct payments as appropriate."	Likert scale from 1= "not correct at all" to 7="fully correct"	797	3.90	1.63	1.00	7.00
"I feel restricted in my entrepreneurial freedom by the direct payment monitoring and inspection system."	Likert scale from 1= "not correct at all" to 7="fully correct"	797	4.52	1.88	1.00	7.00
"The sanctions/fines in case of non-compliance with cross-compliance standards are justified."	Likert scale from 1= "not correct at all" to 7="fully correct"	783	3.83	1.74	1.00	7.00

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