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Organic Producer Perceptions of the Role of Certification Bodies

This document is based on the results of a producer survey administered as part of the marketing study being conducted by the Project on Organic Agriculture in the Department of Agricultural Economics. The objective of the study is to examine the issues, opportunities and challenges in organic grain marketing and to provide insight to the organic grain industry on what can be done to improve the organic marketing system for the benefit of all participants. These papers are designed to provide industry participants with a brief summary of this information. This document is one of a series that will constitute the complete marketing study.

1. Introduction

Certification Bodies (CBs) are very important institutions in the organic food supply chain. CBs main function is to certify that firms in the supply chain are conforming to organic standards established by standardization organizations. Third-party organic certification also allows producers to effectively communicate the organic attribute of their product to other firms in the supply chain. Most importantly, certification assures consumers that the foods they buy are truly organic.

A survey was undertaken as part of the University of Saskatchewan Project on Organic Agriculture that attempted to find out what organic producers in Saskatchewan think about their respective CBs. Questionnaires were mailed to 90 organic grain producers randomly picked from across Saskatchewan. The sample included producers from 4 CBs (OCIA, Pro-Cert, COCC and SOCA¹). The membership of OCIA is divided into 8 chapters in Saskatchewan, of which 5 participated in the study.² The sample yielded 54 respondents who answered the questions relating to certification bodies. This

paper summarizes the results of the survey and discusses some of the implications of the results.

2. Survey Questions

The questionnaire was based on a list of 10 functions that CBs perform. For each function, the producer was asked to rate the importance of the function to the producer, as well as the effectiveness of their CB in performing that function. Answers were given on a scale of 1 to 5, where 1 was poor effectiveness or importance and 5 was excellent effectiveness or importance.

Functions 1 through 4 listed in the questionnaire are considered basic services provided by CBs. These functions are:

- 1) Providing efficient and timely certification
- 2) Providing objective certification
- 3) Providing affordable certification
- 4) Providing access to the markets that I wish to sell to

Functions 5 through 10 listed in the questionnaire are defined in this study as "extra" services provided by CBs. These functions are:

- 5) Helping producers and buyers to connect with each other
- 6) Providing other marketing information (discussion at meetings, pamphlets, etc.)
- 7) Providing production/agronomic information

¹ OCIA – Organic Crop Improvement Association
COCC – Canadian Organic Certification Cooperative
SOCA – Saskatchewan Organic Certification Association

² Of the three excluded OCIA chapters, one was excluded because it did not certify organic wheat producers, one could not be successfully contacted, and one declined to participate.

- 8) Performing research in agronomy and marketing
- 9) Distributing research knowledge to members
- 10) Participating in the creation of a mandatory national standard

Some producers may perceive some of functions 5 through 10 as unnecessary or inappropriate activities for CBs. On the other hand, some producers may appreciate these extra services. The main reason why some producers do not agree that these extra functions should be performed by CBs is that they feel that the extra functions interfere with their CBs' role as an independent third party certifier.

In order to ascertain producers' opinions on whether or not CBs should or should not perform these extra functions, producers were also asked to indicate how strongly they felt that CBs should undertake functions 5 through 10. As with the previous questions, answers were provided on a scale of 1 to 5. A response of 1 indicated that the producer "strongly disagreed" with the CB undertaking the function, and a response of 5 indicated that the producer "strongly agreed" with the CB undertaking the function.

Regardless of producers' opinions on the extra functions performed by CBs, these extra services are an important part of many CBs' activities. Some CBs hold regular meetings on certification issues, and discuss other issues such as marketing and agronomy after the meeting is adjourned. One CB provides a list of buyers to its members through the Internet. Another CB has recently begun an initiative to conduct organic agronomic research. Since all CBs offer similar basic services, firms can differentiate themselves by offering unique extra services. The ability of CBs to differentiate their service from competitors on the basis of extra services may be an important part of retaining existing customers and attracting new customers. The questionnaires also asked each producer for their years of experience in organic farming, their age, education and income.

3. Results of the Survey

Producer responses on the importance of CB functions, CBs' effectiveness in each function and each function's appropriateness are reported in Part A. Ratings of producer overall satisfaction with their CB follow in Part B. Patterns between producer responses and their characteristics of age, experience, education, income, farm size, and CB affiliation are described in Part C.

Part A: Review of Producer Ratings

Importance of Certification Bodies' Functions

Producers' responses on the importance of CBs' basic and extra functions are given in Table 1. The first 4 basic functions of efficient, timely, objective certification with access to desired markets were considered very important by most producers.

Producers' responses on the importance of CBs' "extra" functions 5, 6, 8 and 9 were rated lower than the basic functions, although several producers rated these functions as very important. The functions of helping to connect with buyers (function 5) and performing research in agronomy and marketing (function 8) were regarded as the least important, with 40 percent of producers rating the importance of these functions with a 3 or less. The two extra functions that producers overwhelmingly favored were the provision of production/agronomic information (function 7) and the participation of their CB in the creation of a mandatory national standard (function 10).

Effectiveness of Certification Bodies' Functions

Producers' responses on the effectiveness of their CB at basic and extra functions are given in Table 2. The responses for functions 1 and 2 indicate that most producers believe that they are provided with efficient, timely and objective certification. Producers are slightly critical, however, regarding the affordability of certification (function 3). Similarly, producers are not entirely convinced that their CB is providing access to the markets that they wish to sell to (function 4).

Table 1: Importance of Certification Bodies' Functions

Function	Importance (% reporting)						Avg.
	Not important-----Very important						
	N/A	1	2	3	4	5	
1) Providing efficient and timely certification	3.7	0.0	0.0	13.0	11.1	72.2	4.4
2) Providing objective certification	9.3	0.0	0.0	9.3	16.7	64.8	4.2
3) Providing affordable certification	1.9	0.0	3.7	9.3	20.4	64.8	4.4
4) Providing access to the markets that I wish to sell to	7.4	9.3	1.9	9.3	14.8	57.4	3.9
5) Helping myself and buyers to connect with each other	11.1	11.1	9.3	20.4	13.0	35.2	3.2
6) Providing other marketing information (discussion at meetings, pamphlets, etc.)	14.8	3.7	5.6	18.5	16.7	40.7	3.4
7) Providing production/agronomic information	7.4	1.9	5.6	18.5	25.9	40.7	3.8
8) Performing research in agronomy and marketing	9.3	9.3	7.4	24.1	24.1	25.9	3.2
9) Distributing research knowledge to members	9.3	7.4	7.4	9.3	29.6	37.0	3.5
10) Participating in the creation of a mandatory national standard	11.1	3.7	0.0	9.3	20.4	55.6	3.9

N/A – not answered

Source: Organic Producer Survey

Table 2: Effectiveness of Certification Bodies' Functions

Function	Effectiveness (% reporting)						Avg.
	Not effective-----Very effective						
	N/A	1	2	3	4	5	
1) Providing efficient and timely certification	5.6	0.0	5.6	18.5	24.1	46.3	3.9
2) Providing objective certification	9.3	0.0	0.0	7.4	31.5	51.9	4.1
3) Providing affordable certification	3.7	5.6	11.1	25.9	25.9	27.8	3.5
4) Providing access to the markets that I wish to sell to	9.3	16.7	7.4	13.0	18.5	35.2	3.2
5) Helping myself and buyers to connect with each other	9.3	24.1	13.0	14.8	11.1	27.8	2.8
6) Providing other marketing information (discussion at meetings, pamphlets, etc.)	13.0	13.0	7.4	20.4	14.8	31.5	3.1
7) Providing production/agronomic information	5.6	5.6	18.5	22.2	14.8	33.3	3.4
8) Performing research in agronomy and marketing	7.4	24.1	14.8	22.2	11.1	20.4	2.7
9) Distributing research knowledge to members	9.3	18.5	7.4	13.0	24.1	27.8	3.1
10) Participating in the creation of a mandatory national standard	16.7	7.4	1.9	16.7	18.5	38.9	3.3

N/A – not answered

Source: Organic Producer Survey

Producers' have divided opinions on CBs' effectiveness for "extra" functions 5, 6, 7, 8 and 9. Regarding the function of helping to connect with buyers (function 5), one quarter of respondents gave their CB the best rating, while one quarter of respondents gave their CB the worst rating. Producers' responses on the effectiveness of providing other marketing information, performing research in agronomy and marketing and distributing research knowledge to members (functions 6, 7,8 and 9 respectively) were evenly distributed across the rating scale. Most producers, however, believed that their CB was effective in participating in the creation of a mandatory national standard (function 10).

Appropriateness of Certification Bodies' Functions

Producers' responses on the appropriateness of CBs' extra functions are given in Table 3. Helping producers and buyers connect (function 5) and performing research in agronomy and marketing (function 8) were rated as the least appropriate, with about half of respondents rating a 4 or 5 and half rating a 3 or less. Twenty percent of respondents reported that they "disagreed strongly" with CBs performing the function of connecting them with buyers.

Providing production/agronomic information, distributing research knowledge and participating in the creation of a mandatory national standard (functions 7, 9 and 10) were rated as appropriate functions for CBs to perform. The results suggest that the functions of connecting producers with buyers and performing research are the most contentious issues in the eyes of producers.

Part B: Overall Satisfaction Ratings

The overall rating of producers' satisfaction with their respective CBs can be calculated into a single number. A satisfaction value for a single function can be made by multiplying the effectiveness and the importance value together. By repeating this process for functions 1, 2, 3 and 4 and adding the numbers together, one arrives at a total satisfaction rating. Table 4 reports the overall ratings for all respondents and for different demographic characteristics. Functions 5 through 10 are more a matter of opinion and therefore were not included in the satisfaction rating calculations.

Table 3: Appropriateness of Certification Bodies' Extra Functions

Function	Appropriateness (% reporting)						Avg.
	Strongly disagree-----Strongly agree						
	N/A	1	2	3	4	5	
5) Helping myself and buyers to connect with each other	1.9	20.4	9.3	13.0	22.2	33.3	3.3
6) Providing other marketing information (discussion at meetings, pamphlets, etc.)	1.9	9.3	11.1	11.1	37.0	29.6	3.6
7) Providing production/agronomic information	1.9	7.4	1.9	13.0	33.3	42.6	4.0
8) Performing research in agronomy and marketing	1.9	13.0	5.6	29.6	20.4	29.6	3.4
9) Distributing research knowledge to members	1.9	7.4	1.9	9.3	25.9	53.7	4.1
10) Participating in the creation of a mandatory national standard	1.9	3.7	1.9	0.0	16.7	75.9	4.5

N/A – not answered

Source: Organic Producer Survey

Overall, it appears that the characteristics of farm size, experience and CB have an effect on the satisfaction ratings. Producers that farm more than 1280 acres or have the least experience appear to be much less satisfied with their CB. Less experienced producers may be more frustrated by the process of certification than more experienced producers, while larger producers may be more business-focused and therefore may have their own set of frustrations with the certification process. There were also large differences in satisfaction across different CBs.

There is very little difference in satisfaction ratings for education attained or age. Income does not appear to have an effect on producers' satisfaction with their CB.

Table 4: Overall Satisfaction Ratings for Certification Bodies (/100)

Characteristic	Group	Rating
All Producers		62.3
Age (years)	20 to 40	58.2
	41 to 50	58.1
	>51	68.8
Education	High School	62.7
	Technical School	65.3
	University	56.6
Experience (years)	1 to 3	51.1
	4 to 5	71.2
	6 to 10	56.8
	11 to 20	70.0
Income (annual)	-\$10000 to \$20000	63.2
	\$20001 to \$50000	60.6
	>\$50001	63.9
Farm size (acres)	1 to 320	66.2
	321 to 640	67.7
	641 to 960	72.2
	961 to 1280	63.4
	>1281	49.1

Source: Organic Producer Survey

Part C: Analysis of Controversial Functions

Connecting buyers and sellers (function 5) and performing agronomic and marketing research (function 8) were the most contentious issues according to the survey. Because of the controversial nature of these CB functions, this section analyzes the responses further by breaking the data down by demographic characteristics of age, education, experience, income and farm size.

The data provided interesting results based on the importance and opinion ratings. The effectiveness ratings were not worthy of note, except that one CB consistently received the highest effectiveness ratings for functions 5 and 8. The ratings of each CB are not reported in order to maintain confidentiality.

Function 5: Connecting Producers and Buyers

The importance and appropriateness ratings for CBs connecting producers and buyers are given in Table 5. The importance of CBs being involved in connecting with buyers is slightly greater for younger producers, less experienced producers and producers with lower incomes. It makes sense that these producers want to have help from their CB with their marketing, perhaps because they have difficulty finding buyers themselves. Producers with large farm sizes and with university education, however, felt that this function was not very important. Larger, more educated producers may feel more confident that they can find their own buyers. There were also large differences in the importance rating across different CBs.

The appropriateness of CBs being involved in connecting with buyers is considered to be lower by university educated producers. The data also revealed that there is a very large difference of opinion between producers of different CBs regarding the issue of CBs providing information on marketing. Comparing appropriateness ratings across age, experience, income and farm size did not yield conclusive results.

Table 5: Connecting Producers and Buyers

Characteristic	Group	Importance	Appropriateness
All Producers		3.2	3.3
Age (years)	20 to 40	3.4	3.4
	41 to 50	3.3	3.4
	>51	3.0	3.2
Education	High School	3.2	3.3
	Technical School	3.6	3.8
	University	2.7	2.7
Experience (years)	1 to 3	3.3	3.7
	4 to 5	3.4	3.5
	6 to 10	3.1	2.4
	11 to 20	2.9	3.6
Income (annual)	-\$10000 to \$20000	3.4	3.2
	\$20001 to \$50000	3.1	3.4
	>\$50001	2.9	3.3
Farm size (acres)	1 to 320	3.5	3.7
	321 to 640	3.7	3.9
	641 to 960	3.0	2.5
	961 to 1280	3.4	2.9
	>1281	2.2	3.0

Source: Organic Producer Survey

Function 8: Performing Research in Agronomy and Marketing

CBs had a significant impact on the importance and appropriateness ratings of function 8. Producers from one CB appear to believe that it is more important and appropriate for their CB to perform research in agronomy and marketing. Comparing importance and appropriateness ratings across age, education, experience, income and farm size did not yield conclusive results.

4. Discussion and Implications

The first part of the paper reviewed producers' responses on the importance, appropriateness and effectiveness of several CB functions. The results illustrated that producers' opinions are somewhat divided on the importance and appropriateness of

several extra functions apart from CBs helping to create a mandatory national standard. Producers were most divided on the issue of CBs helping them to connect with buyers and performing agronomy and marketing research. The division of opinions amongst producers on the role of CBs is very apparent in the results.

The paper also compared producer satisfaction ratings across the demographic characteristics of age, education, experience, income, farm size and CB affiliation. The results illustrated that larger farms and less experienced producers are less satisfied with their CB. CBs may want to be aware of these patterns of satisfaction in their membership. There were also large differences in satisfaction across different CBs.

The analysis of the two most controversial CB functions, which are connecting producers with buyers and performing research in agronomy and marketing, yielded some interesting results. The major highlight is that producers certified by one particular CB believe that it is very important and very appropriate that their CB be involved in connecting them with buyers and performing agronomic and marketing research. It is interesting to note that these same producers gave the highest appropriateness rankings for all of the extra functions. Moreover, these producers gave the highest effectiveness ratings for their CB in these two functions.

After examining the results of the study, one may ask, "Why are there such large differences in opinion across different CBs?" It is likely a combination of reasons. Firstly, organic producers may choose their CB that reflects their own philosophy on the role of third party certification. Secondly, being a part of a particular CB may affect the opinion of that producer, as ideas are shared within the membership/customer base through meetings and other forms of communication.

Overall, the results illustrate that there are very large differences in producer opinions on the role of their respective CBs. An open discussion on the issues of CB functions may be beneficial so that all organic producers may be aware of these issues.

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The marketing study consists of the following papers:

- Number 1: Introduction*
- Number 2: Organic Producer Perceptions of their Marketers*
- Number 3: Organic Producer Perceptions of Organic Regulation in Canada*
- Number 4: Organic Producer Perceptions of Market Information Availability*
- Number 5: Organic Producer Perceptions of the Role of Certification Bodies*
- Number 6: Analysis of Organic Wheat Buyers in Saskatchewan: A Vertical Coordination Approach*
- Number 7: Contracting in Organic Grains*
- Number 8: Priorities and Problems in the Organic Grain Supply Chain*
- Number 9: Organic Regulation in Canada: Opinions and Knowledge of Producers, Marketers and Processors*
- Number 10: Information in the Organic Grain Market*
- Number 11: The Performance and Role of Certification Bodies*
- Number 12: Costs in the Organic Grain Supply Chain*
- Number 13: Organic Grains and the Canadian Wheat Board*
- Number 14: How Retailers Procure Organic Products – Opportunities for Saskatchewan*
- Number 15: Organic Wheat Supply Chain Profile*
- Number 16: Organic Oats Supply Chain Profile*
- Number 17: Organic Flax Supply Chain Profile*
- Number 18: Organic Lentils Supply Chain Profile*
- Number 19: Summary*
- Number 20: SWAT Analysis, Conclusions and Recommendations*