

The Example of Small Herd Shepherds in Greece: Problems and Solutions towards Financial Stability

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Inherent in the animal husbandry is the risk. The risk is connected to the production and the means of production. It is correlated with the diseases which usually appear in a herd, the diseases that occur due to factors irrelevant to the herd and the management of the herd but it is also interconnected with the approach to the production and the financial decisions that are made through the fiscal year and of course during the course of years.

Shepherds with only small herds are usually set on the produce of only one product, especially in cases where the product is of higher economic value compared to others. e.g. Milk is the primary product of small ruminant herds in Greece due to the fact that it can provide a steady income throughout the year, in comparison to meat where the market only requires it twice a year in amounts capable to provide a good income to small herd shepherds.

This approach is correlated with higher risks. Although the mindset is in general for risk aversion, the ultimate result is the undertaking of higher risks in every production cycle. Diseases that may occur and hinder the production in one year may be too difficult to overcome or prove to be serious setbacks in the forthcoming years in matter of financial security or in the planning of the improvement of the general production.

The poor finances and in many cases poor financial planning has led to a production chain that uses outdated methods and thus resulting in lower production, increasing number of health issues among the herd and a general disability to determine the goals of production during the year culminating to a vicious circle of poor income, lacking of resources for the improvement of production and ultimately a lower production that leads to impaired income.

Another issue is that small herd shepherds work as isolated units, avoiding any collaboration with others that are in the same line of business. This has detrimental effects on the price leverage for their final product. Long workhours that are demanded by their outdated production methods forbid the allocation of certain workhours for better connections and deals for vending their final product. Instead they are settling with what is immediately available in terms of vendors and raw materials in order to alleviate the constant economic pressure but also settling with the prices that are set by others both in means of production and price. The correlation between the two is the key to financial freedom and profitability and the current status leads only to the aforementioned vicious circle.

In most cases the problem is further accentuated due to the fact that most small ruminant shepherds are not properly educated for the work at hand. The majority follows a family tradition of shepherds without considering special training and relying only on passed down knowledge from one generation to another. Improvement of production by the introduction of new methods is often met with disbelief as it in many times meets the long-lasting prejudice that anything that worked in the past needs not to be changed. Problematic also to the situation is the lack of information concerning the production and the marketing of the product. The free market dictates that the famers

themselves will seek the opportunities to increase the production and sell their product under the optimal conditions. However, the lack of any educational background halts them from acquiring any information regarding available resources and market affiliations thus resulting in the dependence from a large number of middle men with an increasing depression on the price of the final product. What also needs to be considered is the pressure on the production occurring from the climate change. Extended periods of drought lead to scarcity of raw materials and fodder. The result is the creation of a need for external acquisition of the needed fodder and a subsequent increase in costs of production which does not always, if never, correlates to an increase of the price of the final product. In addition to that comes often the decrease in production for those lacking the monetary resources to acquire the needed material and the further pressure on their income.

In order for this vicious cycle to end and to achieve better production under more advanced means and in order to reflect that on the final product both in price and quality, actions are needed to be taken. These actions however, should be made by the shepherds and farmers themselves and not to rely on government actions that would appear as magic solutions. Collaboration between shepherds is the first step towards a viable solution.

Collaboration can provide the means to lobby the market for better product pricing and the concurrent elimination of the numerous middle men. Instead by selling their product in small amounts as single production units, larger amounts can be vented in to the market and by appointing specialized representatives, markets further away from the original place of production can be sought and a consistent standardization can be achieved leading to a product of higher quality.

The same principle applies to the acquisition of raw materials and even medication. A collaboration can lead to better pricing as the bulk amounts would support lower prices instead of them trying to gain access from specific vendors praying on their poor financial status. Some may argue that for that particular reason a collective instead of a collaboration would be a better solution. However, through this method poor financial planning would be promoted against others that seek to achieve steady production. Critical is also the change from a single-minded production goal to a more diverse production chain. Instead of focusing on a product, which can have fluctuations in price and in cases, difficulties in finding an optimal market niche, it would be better to seek the diversification of production towards the production of several products that would appeal to several markets, even if these are not close to the original place of production.

Finally, what is left for the state to do, is to attend to the education of the people that are the workforce of the livestock production. Although that seems like a prerequisite for the unhindered function of the productive base and chain, often is left neglected and the shepherds rely on their own resources to seek advice and education which is often inadequate to help them. Through educational programs long-lasting prejudices can be left behind and new methods of production can be adopted in favour of old ones.

As a conclusion, it is important to remember that sound financial planning is essential to achieving steady production and especially for small herd farmers, where the monetary and other resources are scarce, it is important to understand that financial freedom is achieved through the change of the correlation between costs of production and final product price.

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