



Business Studies

And the Poultry Industry

In association with



A case study of Home Farm

INTRODUCTION

In the UK we eat a lot of chicken! Although some of it is imported, we grow a large number of birds here too - we import approximately as much white meat (breast) as we export brown meat (wings, legs, thighs). For example, in just one month - August 2018 - the UK produced 146.4 thousand tonnes of poultry meat (this includes chicken, turkeys and ducks¹). There are many different kinds of farms which grow birds for poultry meat in the UK, and hundreds of food products which contain the meat they produce.

The UK Poultry Industry can offer a wide range of interesting case studies for Business Studies. By the end of this project you will have learnt how Finance, Ethics and Environment and Human Resources, amongst other Business Studies topics, are important in the early stages of the poultry industry story; a modern UK poultry farm.

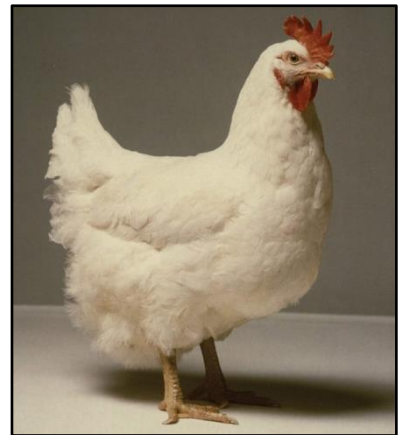
DID YOU KNOW.....?

Chickens grown for meat rather than eggs are known as *broiler* chickens.

Some people refer to “battery” chickens but broiler have never been raised in cages in the UK – only egg laying chickens.

Types of broiler farms include Indoor Reared, Free Range and Organic. In the UK approximately 93% are indoor reared and the balancing 7% are either Free Range or Organic

At Home Farm the chicks are a breed of bird called Ross which arrive from the hatchery on the day they are hatched. They are fed a mix of wheat, soya, rape seed, vitamins & minerals, and weighed every 3-4 days before being sent away for slaughter approximately 5-6 weeks later.



FINANCE

The basic essentials a poultry farmer needs to provide to ensure young chicks grow into healthy birds are shelter, food, water, heat, ventilation and a lot of attention to detail.

Farmers also provide clean bedding (e.g. sawdust, straw,) and if the chickens are kept in sheds, they must be kept at a suitable temperature, humidity (heating & ventilation) along with periods of light & darkness (time outdoors or artificial light).

(See Appendix A for the 'Five Freedoms' developed for the welfare of broiler birds by the Farm Animal Welfare Committee for the UK Government).

Other costs include veterinary fees, vaccinations, labour, contractor's fees, insurance along with weighing equipment, automatic feeders and of course the chicks themselves if the farm does not hatch them on site. Most are not hatched on site but are raised in a hatchery. To comply with the regulations of certification, farmers also provide perches and if it is a free range or organic farm, the farmer would also need high or electric fencing to stop the chickens getting out, and foxes getting in! Inspection and certification are additional costs e.g. Environment Agency, Red Tractor, Free range or Organic.

Study the data below.

Costs per annum	
Chicks	342,000
Feed	945,000
Bedding	26,000
Heating	55,000
Electricity	12,000
Water	36,000
Cleaning Out	50,000
Veterinary	30,000
Certification	3,000
Insurance	18,000
Buildings maintenance	40,000
Salaries & Wages	50,000
Rent	24,000
Loan Interest	25,000
Alarm, Protective Clothing, etc	11,000
Value of Shed & all equipment	1,000,000
Total Costs	

Which costs are fixed?

Which costs are variable?

If the farm's total income was 1,698,000 in 2017-2018, did the farm make a profit, a loss, or break even?

What external factors might affect a chicken farmer's profit?

What internal factors might affect a chicken farmer's profit?

ETHICS & ENVIRONMENT

Ethics

The Environment Agency classify poultry farms as "intensive" if they can house at least 40,000 birds. At Home Farm there are 4 chicken sheds housing a total of 140,000 birds.

A few years ago, partly due to pressure from consumers, many of the major UK supermarkets asked farmers who grew birds indoors to install windows in all their sheds, so the birds would have some natural daylight. The sheds at Home Farm are relatively new so were built with windows already installed. Older farms spent around £15,000 to install them.

Some people argue that all farmed chickens should be free range, or given the ability to express their natural behaviour such as using perches or scratching the ground in search of insects. In fact, these are now standard in all broiler houses and the increased cost is absorbed by the farmer.

How much extra would you pay for the highest animal welfare? (See Appendix B for sample price differences in 2018).

Data on the daily mortality rates is recorded digitally and closely monitored along with water consumption and analysed to give early warnings of any infections in the sheds. Biosecurity is the frontline of preventing disease entering the sheds and this is in the form of allowing entry only to authorised personnel (stockmen, vets), clothing is shed specific (ie not allowed in any other shed), foot dips, hand sanitizers and boot barriers.

HUMAN RESOURCES

Today's modern farms in the UK employ far fewer numbers of people than in previous centuries, but there are still numerous employment opportunities within the Poultry Industry as a whole. The story of a chicken may begin on a farm, but a whole range of people are employed to ensure our food reaches retailers which is ready to be bought and eaten.

The family's work around the farm is very varied and includes many tasks from cultivating land, drilling seeds, harvesting crops to accounts, health & safety, human resources, education as well as rearing broiler chicken.

Home Farm is very diversified so we employ 13 members of staff covering farming, chickens, lorries, education, office. However, the standard level of employment is one person per 100,000 birds.

For more information about jobs in the industry see the accompanying document: Careers in the poultry industry

How could a farmer recruit and motivate a young person as an apprentice on their farm?

How might a farmer retain staff, and why is it important for both the farmer and the employee?

After viewing a poultry farm (either on a visit or online), what areas of employment law do you think a poultry farmer in particular have knowledge of?

Examples of employment connected to the poultry industry

Stockmen, bird breeders & transporters, vets, health inspectors, feed merchants, feed nutritionists, machinery design, machinery manufacture & sales, accountants, lawyers, specialist building contractors, taste tester, renewable energy manufacture & installation, air conditioning installation, technological support, marketing, product design, certification inspectors, web design, data analysis, retail sales negotiator, menu design.

Which of these jobs would be suitable for students interested in:

- Science, English, Maths, Food & Nutrition, Engineering, Animal Care, Design, Retail?

THE INTERDEPENDENT NATURE OF BUSINESS

Many areas of a business are interlinked and this is certainly true on a farm. Action taken in one area of the business has a 'knock-on' effect on another. This could be a benefit or a cost to the overall business.

We have looked at Finance, Ethics & Environment and Human Resources;

How could a change in the law in the area of Environment have an influence on Finance?

How could a decision in the area of Finance have an influence on Human Resources?

How could a decision in the area of Human Resources have an influence on Ethics?

Which other Business Studies topics could we link to a poultry farm? (Enterprise & opportunity, Operations, Marketing, Growth, globalisation & the economy, Law & Legislation)

Appendix A

(UK) The welfare of meat chickens and meat breeding chickens is considered within a framework that was developed by the Farm Animal Welfare Committee (FAWC) and known as the 'Five Freedoms'.

1. FREEDOM FROM HUNGER AND THIRST by ready access to fresh water and a diet to maintain full health and vigour;
2. FREEDOM FROM DISCOMFORT by providing an appropriate environment including shelter and a comfortable resting area;
3. FREEDOM FROM PAIN, INJURY OR DISEASE by prevention or rapid diagnosis and treatment;
4. FREEDOM TO EXPRESS NORMAL BEHAVIOUR by providing sufficient space, proper facilities and company of the animals' own kind;
5. FREEDOM FROM FEAR AND DISTRESS by ensuring conditions and treatment to avoid mental suffering.

Appendix B – Sample supermarket prices, November 2018

British Chicken	Aldi	Tesco	Sainsburys	Waitrose
Organic & Free range	n/a	£11.12 – 1.6kg (£6.95 per kg)	£12.30 – 1.77g (£6.95 per kg)	£11.43 – 1.45kg (£7.89 per kg)

Free Range - Grass pasture	£3.29 - 1kg (£3.29 per kg)	unavailable	£12.87 – 2.2kg (£5.85 per kg)	£9.98 – 1.67kg (£5.00 per kg)
Medium – Barn, bales & daylight	£3.09 – 1.65kg (£1.87 per kg)	n/a	£3.65 - 1.6kg (£2.28 per kg)	n/a
Standard Large	£2.99 (£1.81 per kg)	£5.00 – 2kg (£2.44 per kg)	£4.65 – 1.9kg (£2.45 per kg)	£4.75 – 1.75kg (2.72 per kg)
Standard Small	£1.59 1kg (£1.59 per kg)	unavailable	£2.75 - 1.2kg (£2.29 per kg)	n/a

FURTHER RESOURCES

<https://pork.ahdb.org.uk/media>

[/273704/poultry-pocketbook-2017.pdf](#)

<https://www.gov.uk/government/publications/poultry-on-farm-welfare/broiler-meat-chickens-welfare-recommendations>

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/694013/meat-chicken-code-march2018.pdf

<https://www.ciwf.org.uk/media/5235306/The-life-of-Broiler-chickens.pdf>

https://assurance.redtractor.org.uk/contentfiles/Farmers-6803.pdf?_id=636733867607456006

REFERENCES

1. UK Office of National Statistics, published October 2018;
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/749309/poultry-statsnotice-20sep18.pdf