

ALINA SIKORSKA

Institute of Agricultural and Food Economics

– National Research Institute

Warsaw

DILEMMAS IN DEFINITION OF FAMILY FARMS (ON THE EXAMPLE OF POLAND)

Abstract

The aim of the paper is to characterise Polish individual farms in terms of compliance of their characteristics with definition of the family farm that is used in socio-economic sciences. The main source of the analysed data were surveys conducted in intervals of several years (most recently in 2011) in the same 76 villages across Poland. The sampling of villages for the surveys was deliberately selected to make the characteristics of the analysed farms pro-portional to the actual structure of agricultural holdings in Poland, both at the national level and across regions. It was found that Polish individual farms (ie. those operated by natural person and with total area of agricultural land of 1 ha and more) fully meet the eligibility criteria for the group of family farms. However, the fragmentation of agrarian structures in most cases does not allow them to achieve income parity and therefore their economic functions are limited.

Keywords: family farm, farm size, farm structure, farm manager, Polish regions, agricultural policy, transformation processes.

Discussions on the principles and preferences under subsequent CAP support programmes stress the role of family farms as the most significant organisational form in agriculture. The commonly accepted priority of this form of farming was recognised by the UN, which proclaimed 2014 as the Year of Family Farming. Almost all of the agricultural policies declare giving due consideration

to the situation of family farms. Apart from their farming value, it is usually stressed that family farms are important from the cultural point of view, and recently their role in agricultural structures for the preservation of biodiversity is being highlighted more and more frequently.

Despite the fact that family farms are very common and that they are a dominant beneficiary group under the agricultural policy, so far a uniform definition of this group has not been developed. In the case of both research and national and the EU legislation there are several different definitions of a “farm” and of its sub-set which fulfils the requirements of a “family farm”. The terms “farm”, “private farm”, “family farm” are often used interchangeably, and their definition varies according to specifically chosen characteristics of the relevant set, depending on the scope of a given analysis. This is true also when it comes to selecting criteria for determining legal and organisational rules of access to individual support programmes under CAP, social insurance for farmers, etc. The most spectacular example of adjusting the terminology to the objectives of the agricultural policy seems to be the definition of a family farm laid down in the Act on the shaping of the agricultural system, which states that only entities not exceeding 300 ha of UAA may be recognised as such. This provision was to increase the chance to buy land for farmers who hold too small utilised agricultural area to be able to scale up their production. Due to the relatively small supply of land for sale and its high prices, it was assumed that this rule for differentiating family farms would allow more farmers to enhance their production potential than in the case when this criterion would not apply, in particular when it comes to land owned by the state.

Apart from the circumstances related to the agricultural policy, the definition of family farms is more and more influenced by the stratification both in terms of production potential and economic power, and in terms of different functions that they were assigned by their users. Although agricultural land fragmentation, typical of Polish agriculture, has always contributed to individual farm groups exhibiting different scale of production, only after the system transformation and the accession of Poland to the EU did the different roles assigned to the owned property become clearly visible. This related mainly to the growing competition in agricultural markets, which contributed to elimination from the markets of the entities with poor production infrastructure. At the same time, economically strong farms were forced to enhance their efforts to increase their market position, which usually required scaling up their production, including increasing the size of their utilised agricultural area.

Studies by the Institute of Agricultural and Food Economics – National Research Institute (the Institute) (Sikorska A. 2013a) showed that from 2005 to 2011 the share of private farms with no market production increased from 13 to 28%. Based on the evidence gathered, it was estimated that entities with no market production together with semi-subsistence farms accounted for about 14% of the total

utilised agricultural area. In this case, although agriculture plays a marginal role in terms of economic activity, usually the management of a farm is not abandoned due to the numerous benefits associated with land ownership (annuity, direct payments, inexpensive social and health insurance). The significance of these benefits for decisions on semi-subsistence farms is reflected by the fact that from 2005 to 2011 the number of entities with no agricultural activity decreased from 4 to 0.3%, while the share of subsistence farms increased significantly, i.e. from 9 to 28%. Considering that keeping land in good agricultural condition is a requirement for obtaining direct payments, it should be assumed that the above changes mostly resulted from efforts to meet the conditions for gaining access to the above benefits. Thus, it should be concluded that some of the agricultural policy instruments not only slowed down agricultural development, but also contributed to the growing divergence of the functions of farms from the activities for maximising agricultural production, with a growing financial focus of the land owned.

Studies on the changes in farming structures show that today, more than ever before, these processes are significantly more strongly connected with the organisation of the food chain and with changes taking place in immediate agricultural environment. As a result, the differentiation of farms is not limited to differences in terms of production assets of individual entities and the scale of their production, but also it includes multifaceted diversification of the functions assigned to the farms by their owners. Therefore, distinguishing universal characteristics of family farms is very difficult. This study aims to compare the characteristics of the existing farms with the definition of family farms applied so far in social studies (economics, sociology), and to identify similarities and differences between them.

The definition of family farms

From historical perspective, the characteristics of family farms are strictly connected with peasantry. According to *Encyklopedia agrobiznesu* “peasantry” means: “small agricultural producers who own the land and other means of production, work at their farm together with their families, and share the income between their family members according to needs.” Although today peasantry is considered more commonly in the context of cultural analyses and it is stressed that their attributes disappear, mostly as a result of the professionalisation of agricultural work, yet many characteristics of this group are still valid today. They include in particular: nature-dependant character of agricultural work (natural succession of seasons) and successive generations living in the same arable landscape and in the same local community. At the same time, numerous attributes of peasantry have disappeared or have clearly weakened. This applies mainly to the diminished isolation of this group as a result of dispersal. Development of the means of communication and of the mass media, as well as institutionalism all contributed to uniformisation of cultural attitudes. In turn, the development of

production techniques, the use of machinery and the growing role of knowledge in defining the effects of farming all contributed to the loosening of the relationship between the needs of the farm and the career choices of individual family members. Therefore, the frequently stressed values of peasant culture, in particular those traditionally related to assigning activities on a farm according to family ties, are not relevant any more. As a result, for example, children in a family are no longer brought up in a traditional way involving their participation in agricultural activities, which was supposed to prepare them for their future social roles.

The circumstances weakening the attributes of peasantry, which had developed over the years in the past, are in line with the changes in the functioning of family farms, where the farm and the family form a complementary whole with intrinsically interrelated characteristics. This is reflected in the classic definition of the family farm, which strongly stresses the ties between the farm and the family using it. According to *Encyklopedia agrobiznesu* the “family farm” means: “an independent production entity where the basic means of production belong to the owner (the head of the family) who performs managerial functions; work is done mostly by the owner and his family; ownership and management of the farm are passed from one generation to another; the household is not separated from the production facility, and the management results in income.” (*Encyklopedia agrobiznesu*, 1998). In this case, ownership relationships, the succession of generations and the benefits of joint work are the decisive factors of joint family interests.

When analysing one by one the individual characteristics of family farms, priority is given to the aspect of ownership of production assets, in particular ownership of land.

The principle of farm ownership

Today, as in the past, the users of family farms are assumed to be the owners of their production assets. However, in the past full ownership was assumed, but today it is possible that the users own a larger part of the land. According to this criterion, in general almost all of the Polish private farms are classified as entities with family qualities. Representative studies on this group carried out by the Institute in 2011 showed that the majority of the respondents owned only their own land (82% of the respondents), while only less than one fifth had both their own land and land under lease. Only individual cases of farms comprising only leased land were reported, i.e. less than 1% of the surveyed set.

However, it should be noted, that leasing land plays an important role in land concentration processes, making it possible to scale up the production for certain farms. This is reflected by the growing share of farms with land under lease among entities of relatively larger size. On average, in the sample surveyed about 18% of farms used both their own land and leased land, while this applies to more than 50% of farms of more than 20 ha of UAA.

Regardless of the distribution of leased land between farms of different sizes of arable land, generally in all cases the utilised agricultural area under lease did not exceed the area of land owned. On average, it covered 38% of arable land, and the share was significantly larger only in the case of entities of 50 ha of UAA and larger, but still slightly smaller than 50% of the whole utilised area.

Only in the case of the population of the smallest farms with land under lease the area under lease was dominant and significantly larger than the area of land owned. This is a unique situation, which should be seen as occurring in special (and often temporary) circumstances related to changes in the socio-economic status of the family, for example when heirs not living on the farm are not interested in accepting their part of the estate, while they do not intend to waive their right of ownership. Such situations usually are not related to running market agricultural activities and, which should be stressed, relatively seldom occur, which is evidenced by the fact that only about 5% of farms of 1-2 and 2-5 ha of UAA covered leased land.

Additionally, the fact that 70% of all the entities of 1-2 ha of UAA did not sale their produce, and for another 30% of farms in this group such commercial activities were marginal (i.e. they accounted for not more than one fifth of the average value for the whole set), should be taken into account. An analogical group of commercially inactive farms was relatively large in the population of farms of 2-5 ha of UAA, of which 40% did not sale their produce at all, and in 43% such activities were marginal. Therefore, some entities in this group did not fulfil the criteria laid down in the definition of family farms not only due to the specific ownership relationships.

Table 1

Distribution of leased land in private agriculture

Area groups in ha of UAA	Total of surveyed farms	Share (in %) of	
		farms using leased land	land under lease in total UAA
Total	3310	17.6	37.6
1-2	632	4.6	71.8
2-5	939	6.0	47.9
5-10	769	12.9	38.6
10-15	386	23.1	34.9
15-20	206	37.4	35.1
20-30	199	51.3	33.0
30-50	126	75.4	32.0
50 and more	53	69.8	48.2

Source: survey of the Institute of Agricultural and Food Economics – National Research Institute, 2011.

Regardless of the rare situations described above, when the majority of utilised land did not belong to those managing it, the analysed data showed prevalence of private land ownership. According to this criterion, it should be assumed that private farms in Poland meet the requirements of family-based entities.

The requirement to own production assets, in particular land property, is strictly connected with another characteristic of a family farm laid down in the definition. The characteristic in question consists in handing down the farm to the next generation, which a priori requires legal act confirming the ownership.

Handing down the farm to the next generation

Handing down private farms from one generation to another is one of the most important indicators of family farms, as it is decisive for the durability of this form of farming structure. In the past, when the whole family of the farmer participated in agricultural work, which was the basic source of income, people were more motivated to multiply their assets, as it not only determined the economic status of the users and their position in the local community, but also was relevant to the situation of their successors. At the same time, the rules of succession and participation of individuals in the distribution of assets played a very important role. With the industrial revolution, the professionalisation of farming, the use of machinery and other changes in production techniques, as well as the opening of the non-agricultural labour market to rural population, the farm gradually ceased to be the place of economic activity for family members. In their attitudes and goals they became more focused on their individual aspirations and plans, and paid less and less attention to the needs of a farm. Life plans of individuals started to depend more and more on macroeconomic conditions and factors related to the socio-economic policy.

In the times of the Polish People's Republic, the influence of the above-mentioned factors on the attitudes of the young generation to take up the career of a farmer and run a farm depended mainly on the state policy, which with varying intensity implemented the strategy of collective farming. At the same time, macroeconomic conditions were conducive to the popularisation of earning outside a farm and of migration processes. The surveys from that period showed that prior to the system transformation nearly 40% of family farm managers were 60 and older, and most of them did not have successors (60%). The scale of this phenomenon was territorially diverse, and in some regions 80% of farms run by older farmers declared no successors. Some of those people decided to transfer the land to the state in exchange for an annuity (at that time this was a requirement for obtaining the benefit). However, such plans were declared only by one in five farms without a successor, run by people aged 60 and older, which means that even in the face of very unfavourable perspectives for private agriculture development most farm owners in this age group decided to continue their function and pass the accumulated assets to their natural heirs. Entities with no successors accounted for 14% of all the farms. Field studies on

structural transformations of the countryside and agriculture, carried out by the Institute on a systematic basis, showed that the system transformation and the change in management rules, including the changed agricultural policy, resulted in a decrease in the number of farms declaring no successors, whose share in 1990-2000 was about 7 to 9%. Apart from policy measures, such as the introduction of the constitutional provision on the durability of family farms, this huge increase in the number of people intending to accept farms was mainly influenced by the macroeconomic situation, and in particular by the stepped reduction in the number of people with two professions (they lost their jobs first) and by the growing unemployment. In many cases, in particular in the context of the loss of economic stability and of the previous (mainly non-agricultural) sources of income, the traditional function of family farms, i.e. securing the basic livelihood of the family, has become more visible. It should be noted that following further changes in economic conditions, resulting from the accession of Poland to the EU, the percentage of farms with no successors increased again and in 2011 reached the level from before the system transformation, i.e. 14% (Karwat-Woźniak B., Chmieliński P. 2014). This resulted from both the increasing income opportunities (the opening of external labour markets), and the growing competition in agriculture excluding economically weaker entities.

Based on the examples cited above, illustrating the scale of the phenomenon of farms with no successors in varying exogenous conditions, it is possible to very clearly define the factors that influence the stability of or change in the number and structure of family farms.

The dependence of this phenomenon on the development stage of the family is equally important when determining the impact of the generation replacement on agricultural development. Traditional family farms were taken over after the decision of their manager who due to his age (illness) could not continue to perform his function. Usually the person managing the work on a farm was also the head of the family and thus the person's decision-making role concerned not only production issues, but also family matters. In contemporary family farms those two functions are almost universally combined. The representative studies conducted in 2011 showed that this situation concerned around 82% of respondents. It should be emphasized that exceptions from this rule most often concerned the work of the family head outside the farm and happened on low-income, non-commercial farms, usually with a relatively small utilised agricultural area. The function of the manager was most often then taken over by the spouse, and sometimes also by persons from the older generation who due to their age ceased to perform the role of the family head and added to their pensions by trade in own products on nearby markets.

On traditional family farms, the taking over of the function of a farm manager as a result of generational change usually resulted in putting off the independent start of the young successor, compared to his peers working in non-agricul-

tural professions. This resulted in a number of social and economic problems which had a varying impact on the functioning of the farm as a production unit. The prolonged wait for taking over the farm resulted in adult children being financially dependent on parents, which motivated them to seek jobs outside of a farm and was conducive to the so-called negative selection when choosing the profession of a farmer. During the dawn of the activity of the farm manager, the farm often fell into stagnation and/or regression. Today, the majority of those problems were to a large extent marginalised. Adult children decide to pursue the profession of a farmer only when the production assets held ensured income parity at the level of other social groups. On units where such conditions are met the work is characterised by high professionalism, formalised contacts with the market, and managerial skills acquire even greater significance in farm management. In this group, the pressure to stand up to competition and achieve specific economic benefits have an increasingly strong impact on decisions concerning the managerial functions.

On farms where the production assets do not ensure satisfactory income, the majority of potential successors seek alternative sources of income and, even staying in the same household, the functions related to running a farm are left to the older generation. Such situation happens most often on farms where the production is used only for family purposes. In 2005-2011, the percentage of units producing only for their own needs grew from 9% to 28% among the population of agricultural holdings with an area of up to 1 ha of utilised agricultural area. On such farms, the period of succession and the moment of taking over the function of the production manager are not interrelated, and the relations in this regard are primarily determined by the decision concerning the community or division of the household. Therefore, non-agricultural professional activity of the young generation, thanks to eliminating their economic dependence on parents, neutralises the main conflict of interest when replacing the person performing the function of the production manager.

The generational conflict related to the family development stage, when children become independent earlier than their parents finish their professional activity, is also alleviated by agricultural policy instruments (structural pensions, support for young farmers). In Poland, where agricultural structure is very fragmented and main functions of agricultural holdings are diversified, the positive impact of those instruments concerns a relatively small (around 30%) group of farms.

In view of diversified motivations for taking over the farms, which at present is not always tantamount to the intention to start agricultural economic activity, and the increasing role of managerial skills in conducting agricultural production, it should be stated that the traditional approach to the issue of the generational change in using a farm has lost its previous characteristics. This is also visible in trends regarding trading in agricultural land. Although, as it has already been said, the majority of agricultural holdings were founded based on

inheritance, the importance of market transactions is increasing in the changes of ownership of agricultural land. The studies conducted by the Social and Regional Policy Department of the Institute of Agricultural and Food Economics – National Research Institute showed that the land from farms liquidated in 2005-2011 most often were placed on the market (Sikorska A. 2013a). This trend is also confirmed by the records on changes in land ownership kept by the notary officers. In recent years, the share of non-market (family) takeovers significantly decreased among such contracts. In 2012, their number was by over 12% lower than in 2011 and represented 42% of all land ownership changes at that time (in 2011 they accounted for 45%) (Rynek ziemi rolniczej... 2013).

The observed decrease of the share of non-market contracts in the entire trade in agricultural land is perceived mainly as a sign of rationalisation in land management. The studies also showed that the creation of new farms was almost in all cases related with inheriting the family assets. The persistent traditional forms of transferring the production assets do not change the fact that the relation of such takeovers with the intention to start economic activity involving agricultural production is getting weaker. This is demonstrated among others by the fact that over 60% of farms taken over consist of up to 5 ha of utilised agricultural area, among which over 80% of new owners obtain their entire or almost entire income from outside the farm (income from farming accounts for less than 20% of its average value compared to all private farms). It should also be taken into account that by eliminating small commercial farms from the market and limiting their economic activity to nearby markets, the current agricultural business structures force the producers to maintain the scale of production that is strictly defined in terms of quantity and quality. This requires adequate skills and good work organisation on a farm, and thus inheriting an agricultural holding is not the only condition for active business activity in the sector. Determinants resulting from the growing market requirements and progressing professionalisation of work in agriculture also influence the changes with respect to another characteristic of a family farm included in the definition, namely the reliance of agricultural activity on employment of persons forming a household together.

Work on a farm

In the classic definition of a family farm, the work of family members is the basis of its functioning. In the past, the scope and type of work was closely related to demographic characteristics of individual persons (sex, age), their position in the family and type of kinship. The family head and the spouse were called the farmer and the farmer's wife, and the duties were divided between practically all family members. This concerned also children who, by means of their age-adjusted duties, underwent a type of agricultural training and were prepared to perform their future social roles. At present, such structure is obsolete, and it ceased to exist due to a number of factors, both endogenous and exogenous,

occurring over the years in the economic and social sphere. Currently, it is assumed that the main labour resources on a family farm should comprise the persons constituting a household together.

The analyses on changes in employment in agriculture emphasize the decreasing demand for labour force due to widespread mechanisation of work, simplification of agricultural production and the related increasing requirements regarding agricultural skills (Karwat-Woźniak B. 2011). As a result of the disappearing pressure to subject one's life aspirations to the needs of the farm, and the growing economic and social mobility of the rural population, the traditional multigenerational model of the farmer family has changed. The studies conducted by the Institute in 2011 (Sikorska A. 2013b) showed that only a half of the surveyed families related to agricultural holdings were the so-called full families due to their structure. They were most often two-generation families, i.e. parents with at least one child (38.2%), while the number of three-generation families (parents, children, grandparents) was much lower, since they account for only 12.2% of the entire analysed group. One in twelve households consisted of a single person. The largest number of such cases was recorded in the central and eastern Poland macroregion covering Łódzkie, Mazowieckie, Lubelskie and Podlaskie voivodeships. In those regions, one in ten households consisted of a single person.

Despite the changes in the composition of facilities related to private farming and the increasing diversification in their economic activity, the persons working on farms come from among the family members. Hired workers represent only 3.7% of all labour force in private farming. Although the situation varies depending on area groups of farms, only on relatively large farms, with an area of 50 ha or more of utilised agricultural area, hired labour force accounts for approximately one fifth of full employment (Karwat-Woźniak B. 2011). However, such farms account for only 1.6% of all private farms (*Charakterystyka gospodarstw...* 2012).

The studies on family labour force, conducted by the Institute in 2011 showed that in terms of full-time employees, there was slightly less than one person per farm on average. In relatively the smallest holdings (from 1 to 2 ha of UAA), there was one full-time employee per two farms, while in the holdings with an area of 50 ha and more – three persons per 2 holdings.

The quoted data document mainly the limited needs of private farms with regard to labour force in its traditional meaning.

The analysis of the data from survey by the Institute (Table 2 and 3) showed explicitly that the fact of entering the family having a farm was not tantamount to involvement in agricultural activities. It was relatively most often imperative for persons who were heads of the family. Nevertheless, only in one in three analysed farms on average the person performing this function was permanently employed in agricultural production. On holdings with an area exceeding 15 ha of UAA such attitudes concerned a half of persons from this group, i.e. the situation in one in two farms.

Table 2

*Permanently employed on a farm, by function in the family
(% of all persons from a given group)*

Area groups in ha of UAA	Percentage of persons permanently working on a farm among				
	family heads	spouses	total	other persons	
				of whom aged	
				15-20 years	60 and more years
Total	37.9	29.3	11.0	1.4	2.8
1-2	10.9	7.8	1.8	-	1.7
2-5	21.8	17.2	7.2	1.3	2.5
5-10	42.4	29.2	14.1	0.3	4.1
10-15	59.1	46.4	16.6	2.3	3.1
15-30	71.4	50.3	13.0	2.7	1.0
30-50	74.6	56.4	23.1	1.7	5.9
50 and more	83.0	51.2	25.8	0.7	-

Source: as in Table 1.

At the same time, approximately 11% of persons who were family heads did not work on a farm at all. Such situation was the most common on farms with a relatively small area, when the nature of non-agricultural economic activity was not conducive to interest in production activity. Regardless of the described cases, it should be emphasized that the overwhelming majority of persons performing the function of family heads performed some farming activities, but not full time, or only seasonally and ad hoc (in total it concerned around 52% of the family heads). Therefore, it must be concluded that the function of the family head is related, to a much greater extent than in the case of other family members, to obligations with regard to the owned farm. Nevertheless, they are not always a priority and often must give way to other forms of allocation of the economic activity.

People from farmers' families usually make professional choices taking into account the possibility to fulfil their life aspirations, and in the case of work in agriculture they depend mainly on the owned production assets. In view of the fragmentation of Polish private farms, the importance of this factor is particularly visible in the division by area groups of farms.

The analysis of involvement of individual family members in farming activities reveals interesting findings about farmers' wives. It is a widely known fact that men deciding to take over a farm and work in agricultural production have difficulties in finding wives (Rosner A., Stanny M. 2014). For women, the decision to become a farmer's wife most often entails still limited opportunities for paid work outside the farm (Wrzochalska A. 2013). One of the reasons is that the limited offer of the local labour market and time-consuming commuting is

usually difficult to reconcile with running a household. On a traditional farm, the duties of the wife of the family head were related mainly to keeping the animals, i.e. arduous work, requiring being always at the disposal. Although, as earlier stated, on contemporary private farms the demand for labour force and the requirements for its qualifications have changed significantly, the role of the farmer's wife still means hard work and numerous sacrifices (Gutkowska K., Tryfan B. 2005).

The most recent studies show that, despite the increasingly strong trend to separate housework from work on a farm, almost one in three farmer's wives on average worked permanently in agricultural production. It should be emphasized that such situations were more frequent on larger farms than on small farms, which confirms the claim that private farms rely mainly on own labour force.

Although for a major part of rural families, being a wife of a farmer meant the necessity to perform farming activities (Table 2), one in four such women were not engaged in farming activities at all (Table 3). It happened most often on relatively the smallest farms, where almost half of wives did not work on the farm.

Unlike persons who are heads of the family and farm users' wives, the other family members rarely engaged in farming activities. Only every tenth person from this group engaged in such activities, and when it comes to the youth (15-20 years) and the elderly (60 years and more), such situations happened very rarely regardless of the farm size. Most persons within these age ranges did not engage in farming activities even periodically or ad hoc. Thus, it needs to be considered that the tradition of teaching the younger generation to work on a farm is in fact disappearing.

The disproportions in the level of engagement in farming activities of the persons of various family status do not change the fact that Polish private farms still rely mostly on the work performed by family members. Thus, they have not lost one of the basic attributes differentiating this community from other forms of agricultural production organisation. At the same time, a relatively small preoccupation with agricultural activities needs to be noted. They are performed mostly by heads of the family supported by their spouses. However, even in those groups, persons permanently employed on a farm constitute less than a half of persons belonging to a given farm. This is linked to agricultural land fragmentation and the resulting polarisation of farms which – mostly due to their small production potential – do not generate income at the level which secures the livelihood of the family.

Table 3

Farming families' members not employed on a farm (as % of all persons in a given group)

Area groups in ha of UAA	The share of persons not working on a farm according to family function				
	head of the family	spouse	total	the other persons	
				of whom aged	
				15-20 years	60 and more years
Total	10.6	25.3	56.9	77.0	79.6
1-2	11.1	45.0	62.6	84.3	78.2
2-5	11.0	26.9	58.8	79.5	81.9
5-10	13.0	22.0	54.4	80.6	78.4
10-15	9.3	16.5	55.6	76.4	78.0
15-30	6.9	15.0	57.0	67.2	84.1
30-50	7.9	17.0	42.9	58.6	64.7
50 and more	5.7	16.3	52.8	66.7	85.7

Source: as in Table 1.

Source of livelihood of private farms' families

In a typical definition of a family farm, income from agricultural production constitutes the basic source of livelihood and the correlation between the standard of living and its maximisation was the main motivation while taking investment actions and engaging in farming activities (Styś W. 1959). Currently, given the diversification of sources of livelihood of families using farms, this part of definition was modified to a certain extent and usually it is only generally highlighted that obtaining income is an economic result of agricultural activities (Tomeczak F. 1997). Referring directly to the income criterion, family farms may be divided into agricultural and auxiliary farms, however (mostly when it comes to the latter), the used rules of division are not uniform and do not clearly define the meaning of the sources of income while classifying family units (Zegar J.St. 2009).

Studies conducted by the Institute indicate a significant level of diversification of farms according to their users' sources of income and show that only almost 16% of families owning farms live on one source of income, while approx. 10% of income comes only from agriculture. Taking into account the relations between the amount of income from many different sources, a group of families living mainly on agriculture constitutes around a third of the surveyed community. According to the dominant income criterion, the largest group by far are families who make a living mostly by way of gainful employment. It needs to be underlined that – when contrasted with similar studies conducted in 2005 on the same sample – a significant increase was noted in the share of families whose main source of income are earnings (45.9% in 2011 as com-

pared to 37.2% in 2005), and a decrease was noted when it comes to people making a living off agriculture (38.5% in the past) and in the share of people gaining non-salary income (previously – 23.7%).

Table 4

Farm-related families according to their main source of income

Specification	% of families
Total surveyed	3310=100
making a living mostly of:	
agriculture	34.1
of which:	
• agricultural income constitutes 50% and more of the total income	32.0
from gainful sources	45.9
of which:	
• own business	4.5
• employed activity	41.4
from non-salary sources of income	20.0
of which:	
• disability/retirement pensions	19.4
• other	0.6

^a Direct subsidies included in the income.

Source: as in Table 1.

The decreasing significance of agricultural income in the budgets of farm-related families is both a result of changes in the attitudes of the family members – who most of all fulfil their own aspirations – and of an increasing competition selecting farms by their ability to fulfil the conditions relating to the size and quality of sold agricultural products.

Diversification in the area of production capability and – as a result – the income of individual groups of farms are still strongly affected by the fragmentation of the Polish agriculture. On the basis of the collected materials, it may be calculated that there is a strict correlation (correlation ratio of 0.8159) between the size of the owned agricultural area and achieving an agricultural income of 50% and more of its value. In consequence, the percentage of families living mainly on agriculture is diverse both depending on the farm's area and due to the spatial diversities in the regional area structure (Fig. 1 and 2).

The described inequalities are linked to significant differences in the characteristics of private agriculture in particular areas of the country. For instance, in the south-east macro-region (comprising of Świętokrzyskie, Małopolskie, Podkarpackie and Śląskie Voivodeships) the average farm area is approx. 4 ha

of UAA, the agricultural income is approx. PLN 19 thousand, and the share of persons living mainly on farming is less than a fifth of the crop (17.4%). On the other hand, in the second region, which is characterised by high intensity of agricultural production, the average farm area is approx. 14 ha of UAA, the average agricultural income of a farm is PLN 37 thousand, and 57% of farm users' families live mainly on agricultural production. In the northern region, which has the most advantageous agricultural structure (where an average farm area is almost 20 ha of UAA), the average agricultural income reaches PLN 38 thousand and 47% of families live mostly on farming.

Differences between the features of farms located in different parts of the country have been documented historically and numerous characteristics – both endogenous and exogenous – make them still valid (Poczta W., Bartkowiak N. 2012). It translates into e.g. differences in the size of the group of families living mostly on farming, however, the general trend indicates that this community decreases everywhere (Sikorska A. 2006). The classification of Polish farms according to the criterion of ensuring the livelihood for the family allows to assume that many of them do not fulfil this criterion.

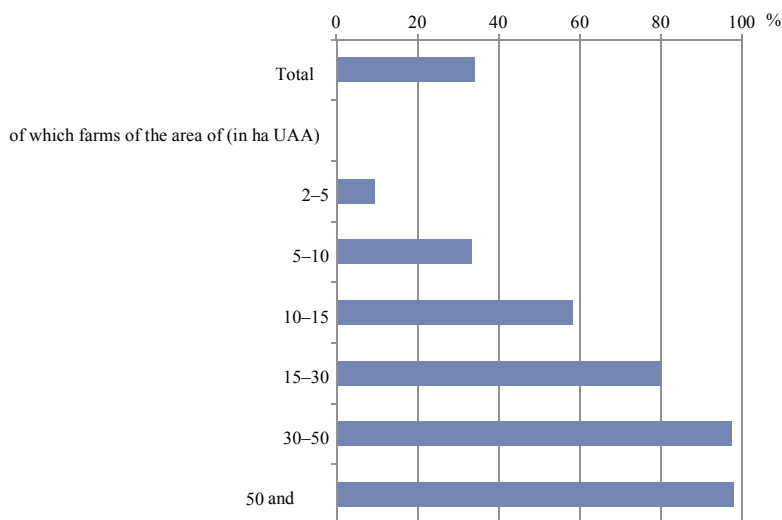
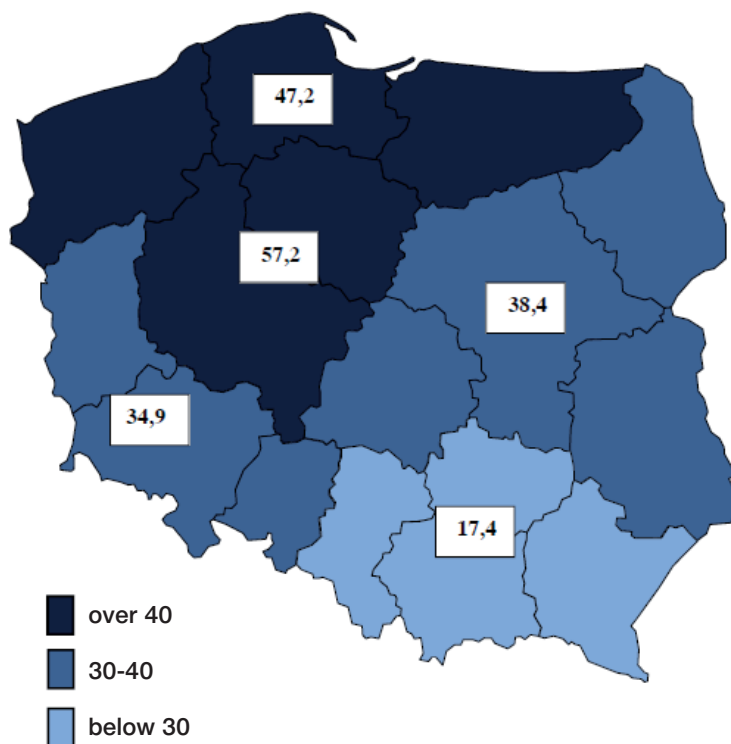


Fig. 1. The share of families living mostly on farming according to farm area group.
Source: as in Table 1.



Note: The designated macro-regions comprise of the following Voivodeships:
 Central-Western Region – Kujawsko-Pomorskie and Wielkopolskie
 Central-Eastern Region– Łódzkie, Mazowieckie, Lubelskie and Podlaskie;
 South-Eastern Region – Świętokrzyskie, Małopolskie, Podkarpackie and Śląskie;
 South-Western Region – Opolskie, Lubuskie and Dolnośląskie;
 Northern Region – Zachodniopomorskie, Pomorskie and Warmińsko-Mazurskie.

Fig. 2. The percentage of farms whose users live mostly on farming.

Source: as in Table 1.

Conclusion

Characteristics and the most common definitions of a family farm resulting from these characteristics have been changing over the years, accordingly to the changes in the organisation of the agricultural production and to the ad hoc goals of the implemented agricultural policy. In practice, the distinguishing features of this group were selected mostly based on the need for their compatibility with the used instruments for the support of certain developmental changes and the protection of interests of the selected groups of agricultural producers.

While conducting research concerning the transformation processes in rural areas and in agricultural structures, defining family farms focused mostly on their social characteristics, i.e. specific relationships between a family and the

owned production assets. It is mostly underlined that family farms are distinguished by handing down assets from generation to generation, linking managerial functions to the type of kinship, living on the farm and the fact that persons belonging to the family and living on the farm perform duties on the farm (Gasson R., Erington A. 1993). The performed analysis of empirical data from representative studies conducted by the Institute (Sikorska A. 2013b) showed that Polish private farms are fully in line with this formula.

The role of income for determining qualification criteria of the family farm group seems more complicated. Given the various forms of economic activity of family members and the changing relations of particular sources of household income depending on the demographic development phase of a family, it is difficult to decide about the nature of a farm based on the dominance of non-agricultural income. Even in extreme cases, where no agricultural production designated for sale is produced, the farm is always a potential safeguard of the family's basic livelihood in the event of force majeure. In Poland, this function of farms was very visible during the system transformation, when falling industrial plants firstly made redundant people with two professions, i.e. persons who owned farms.

Apart from the sustainability of social criteria, when determining the characteristics of family farms, the criteria concerning their economic features are usually determined less stringently. The requirement to own the entire used land has been replaced with the requirement to possess most of the production assets, and full engagement of family members in agricultural production activities was replaced with the majority of family workforce (Hoppe R.A., Banker D.E. 2010). Polish private farms may be classified as family farms also in view of these features.

However, the most doctrinal definitions still underline the function of farms as the primary source of livelihood. Currently, this requirement is often determined by the size of the production assets owned, especially land resources necessary to ensure an appropriate level of income (Headlee S. 1991). According to this concept, where the motivation for earning is the lack of possibility to gain income parity from the land owned, it may not be considered that a farm fulfils the family farm criteria. According to the survey conducted by the Institute of Agricultural and Food Economics – National Research Institute in 2011 only approx. 15% of private farms received at least parity income from agricultural activity (in 2005 it was 12%).

A further expansion of this group depends on the dynamics of agricultural changes, however, both for social reasons and due to the need to preserve the existing settlement pattern, it is necessary to maintain the evolutionary nature of these changes. Nonetheless, assuming that at least 20% of agricultural land (that is the amount of land at the disposal of private farms belonging to the group of farms of up to 5 ha) is not effectively used – agricultural policy instruments need to be revised in view of the differentiation of support programmes for different types of private farms, both depending on their functions for the family needs as well as on their position and role in the food chain.

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