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## **ENTREPRENEURSHIP OF AGRICULTURAL PRODUCERS – DETERMINANTS OF DEVELOPMENT**

Key words: entrepreneurship, agricultural producer, development factors

**ABSTRACT.** The aim of the research was to identify and group conditions affecting the development of entrepreneurship among agricultural producers. The article presents opinions of a purposefully selected group of farmers taking part in the work of a team appointed by the voivode for the preparation of a diagnosis of the socio-economic situation of agriculture in the Warmian-Masurian Voivodeship. Using the technique of a focus group interview, among others, opinions on the forms and areas of entrepreneurship of agricultural producers and conditions for its further development in the Warmian-Masurian Voivodship were obtained. Barriers have been defined, including the poor innovative nature of commenced undertakings, low interest in cooperation with other economic entities and low social capital, especially in interaction with the socio-cultural and economic environment. The obtained assessment by means of the FGI method allowed to classify factors influencing the development of entrepreneurship of farmers into five groups including the conditioning, stimulating and maintaining character of determinants having an impact on farmer entrepreneurship as well as those with an indirect and local impact on entrepreneurship development. In the case of factors conditioning the development of farmer entrepreneurship, the following proved important: individual predispositions of entrepreneurs (including creativity, optimism, commitment), competition on the market (market niches, mobilization for operation, healthy competition), the state of equipment of farms with machines, devices, buildings and structures and the possibility of obtaining financial resources (EU funds, loans, own resources).

### **INTRODUCTION**

Entrepreneurship, due to its complex nature and interdisciplinary character, is the focus of many disciplines, including economics and management [Popowska, ed. 2015]. It still occupies an important place in scientific, political or economic discussions.

It can be assumed that entrepreneurship is combined with the practice of functioning of small enterprises, whose owners, as well as management personnel, reveal attitudes, behaviour and personality traits conducive to expanding a business and conducting changes from within [Wiatrak 2006].

Entrepreneurship is still identified, as it was in the first years after transformation, with an effective way of thinking and acting, with the intention of making independent economic decisions and with the ability to act rationally and achieve tangible benefits. Going further, one can agree with the opinion that entrepreneurship defines attitudes and

action process for the development of existing activities or for the emergence of new business ventures, based on seeking market opportunities, as well as management strategies and the management of its implementation [Brzozowska et al. 2012]. It can also be assumed that entrepreneurship concerns the implementation of such undertakings that bring tangible economic effects to both the initiators and the environment. This property of entrepreneurship makes it possible to distinguish its various types, including corporate, independent, garage, intellectual, social, evolutionary, systemic or family entrepreneurship [Klonowska-Matynia, Palinkiewicz 2013]. According to this classification, farmer entrepreneurship is mainly of family and independent character.

In relation to farmers, the entrepreneurship of representatives of this professional group is widely analysed in the literature on the subject and mainly concerns characteristics and attitudes considered entrepreneurial, the scale of the phenomenon of entrepreneurship, the possibilities of financial support and the substantive development of entrepreneurship among agricultural producers, or the multifunctional development of farms [McElwee 2006, Kahan 2013].

Bearing in mind that entrepreneurship is a kind of human attitude, characterized by an innovative and creative approach to solving various problems, Agnieszka Kurczewska [2013, p. 32] notes that this concept includes creativity, innovation and risk taking, as well as the ability to plan and manage projects in order to achieve set goals. Thus, entrepreneurial behaviour can be reduced to a few basic issues including:

- taking risks related to running a business,
- organizing economic resources and their allocation,
- initiating processes related to the introduction of new, innovative products, production techniques, as well as forms of business organization,
- activities aimed at improving the efficiency of management.

## MATERIAL AND METHODS OF RESEARCH

The aim of the research was to identify and group conditions affecting the development of entrepreneurship of agricultural producers. In practical context, an attempt was made to indicate the main directions of entrepreneurship development of agricultural producers and its barriers in the Warmian-Masurian Voivodeship.

Primary data were collected using the focused group interview (FGI) technique, in which 18 intentionally selected entrepreneurial farmers, running farms in the Warmian-Masurian Voivodeship, participated. Several sessions with farmers took place at the Centre of Advisory Service in Warmia and Mazury headquarters in Olsztyn, at the turn of 2018 and 2019. Farmers were participants of a team preparing a diagnosis of the socio-economic situation of agriculture, rural areas and fisheries for the Strategy for Sustainable Rural Development, Agriculture and Fisheries which was being developed by the Ministry of Agriculture and Rural Development. Sessions with farmers were moderated and had a discussion character. The assessment of the influence of groups of factors on the development of entrepreneurship of agricultural producers was made using the Likert scale.

## FINDINGS

Among the 18 agricultural producers participating in the research, 61.1% completed higher education, while others had a secondary education, mainly technical. As far as the profile of agricultural activity is concerned, 66.7% of research participants specialized in crop production, 11.1% of farmers ran plant and animal production, and 22.2% specialized in animal production. 4 farmers belonged to trade unions, and 5 people belonged to the agricultural producer group, with two of them participating from the very beginning the group was formed. Regular cooperation with other entities from the agribusiness sector was declared by 11 participants of the research. The respondents ran commercial farms ranging from 18.2 ha to 247 ha. Participants of the research are people who use consultancy services with extensive professional experience.

One of the first tasks of the focus group (FGI) was to define activities they perceive as attractive forms of entrepreneurship undertaken by agricultural producers. The obtained statements allowed to indicate the following areas of farmer activity:

- running a family farm that generates income that enables further modernization and production development. It was acknowledged that production using extensive methods (e.g. ecological) may also be of entrepreneurial character;
- running a non-agricultural business using the farm's production resources. This form of entrepreneurship was perceived by farmers participating in the research as a phenomenon of farm economic diversification, and among the most frequently mentioned examples of activity in the province, research participants indicated agritourism, services using agricultural equipment and farm buildings, agri-food production and processing, trade in various scales and form as well as energy production;
- economic activity completely unrelated to the holding and its facilities, including transport services and activities for the benefit of the local community contributing to raising funds for public purposes and projects.

The view that mainly funds obtained from agricultural activity allow for the launch and development of non-agricultural enterprises among of the focus group is significant. It is worth noting that income from non-agricultural activities is, in turn, allocated to the modernization and development of a farm. It can, therefore, be assumed that success in agriculture provides agricultural producers with the opportunity to develop economic activity in other industries, the income from which is transferred to an agricultural holding.

During the FGI session, the entrepreneurial behaviour of agricultural producers was also outlined, which according to the farmers participating in the study designates:

- increasing competitiveness of farms thanks to improved management efficiency and market relations,
- implementing innovative solutions (technological, product, process, organizational and marketing),
- diversifying sources of income, including starting non-agricultural activities,
- developing various forms of integration and shortening the food chain,
- implementing pro-environmental activities, including the principles of integrated production, or development production using ecological methods,
- undertaking social activity.

As noted by Wojciech Józwiak [2009], among others, there are indications that every other farm owner is not interested in improving the efficiency of farming, and among a significant part of other farmers, there is a lack of knowledge in the field of management, marketing, as well as modern techniques and technologies of agricultural production. It seems that an appropriately high production scale stimulates farmers to increase economic activity both in agriculture and outside of it.

The implementation of new technological solutions and new ideas is an opportunity to improve the organization and management of an agricultural holding [Kielbasa, Puchała 2015]. It should be noted that the introduction of, for example, satellite techniques, elements of integrated agriculture, new varieties and groups of plants, solutions improving energy efficiency of production technologies, etc., is the domain of highly commercial farms.

The diversification of economic activity includes both the diversification of agricultural production and the use of land, capital and labour resources for conducting non-agricultural activities [Rak, Multan 2015]. From the research of Katarzyna Żmija [2016], carried out in small farms, it results that farmers most often develop activities unrelated to an agricultural holding or activities in industries close to agriculture. As can be seen, in the case of highly commercial farms, the entrepreneurship of agricultural producers is determined mainly by the possibilities of using resources and facilities offered by the agricultural holding.

With regard to farmer activity regarding their organization in groups (the scale of the horizontal integration process) and establishing cooperation with entities in the sector of supplying production and from the processing-distribution sector (state of advancement of vertical integration), research participants admitted that there are phenomena that have a pathological character and the main factor influencing decisions regarding joint ventures is external benefits, mainly the possibility of obtaining additional support. This socio-professional group is not much aware of the fact that horizontal and vertical integration processes in the agribusiness sector contribute to a reduction in production and distribution costs, which, in turn, improve management efficiency. The intertwining of these two forms of integration contributes to the shortening of food chains. In practice, however, a lack of cooperation experience, individualism and willingness to be independent noticed by the participants of research, constitute a serious barrier to integration processes, and thus inhibit the process of shortening the supply chain. According to, among others, Anna Szelağ-Sikory and Aneta Oleksy-Gębczyk [2013], as well as Aleksandra Chlebicka et al. [2014], the development of collective entrepreneurship in agriculture is mainly determined by the human factor (social capital), followed by capital, technology, technical equipment or strategy adopted.

The region covered by the research is an area predestined for using pro-environmental production methods due to a much larger than average area of farms in the country, but also due to production conditions (varied terrain, high biodiversity of the environment). Therefore, adapting profile and production techniques to environmental conditions should be considered entrepreneurial behaviour. During the discussion, focus group participants noticed that numerous recorded cases of farmers implementing an agri-environmental programme, without linking production with the market, despite it bringing measurable benefits to farmers (agri-environmental payments), is difficult to define as entrepreneurial behaviour.

The social activity of farmers concerns their commitment to obtaining support for social purposes, acquiring new knowledge and new skills and establishing contacts. Identifying these initiatives as entrepreneurial refers to work analysing the role and importance of social capital in stimulating the development of rural areas. The high level of social capital, especially the bridging type, improves access to information, thus initiating innovative processes.

The economic and social significance of agriculture in the region, covered by the study, according to farmers participating in the panel, is not limited to food production or viability preservation of rural areas. Its place and role determines the impact on other, non-agricultural spheres of activity of rural residents. The favourable agrarian structure and concentration of production in larger area farms favours the productive nature of production, which in turn motivates farmers to invest in non-agricultural enterprises, thus contributing to the diversification of income sources. Identified barriers, including the poor innovative nature of commenced undertakings, the low interest of farmers in cooperation with other economic entities and the low level of social capital, especially in interaction with the socio-cultural and economic environment, can be overcome by defining the conditions for entrepreneurship development as a contribution to future instruments of regional strategy for agricultural and rural development.

The proposals and evaluations obtained during FGI methodology enabled the identification of five main groups of factors determining the entrepreneurial behaviour of agricultural producers. In the first group of factors determining the *sin qua non* of entrepreneurship development, the following were indicated: individual predispositions of entrepreneurs (including creativity, optimism, commitment), competition on the market (market niches, mobilization to operation, healthy competition), the state of equipment of farms with machines, devices, buildings and structures, as well as the possibility of obtaining financial resources (EU funds, loans, own resources). The next group are factors stimulating the development of entrepreneurship. In this group, apart from farm equipment and the nature of the environment, there were also personal characteristics of an entrepreneurial farmer. In turn, in the case of a group of factors supporting the development of entrepreneurship, the following can be considered important: access to information, the level of education and qualifications of agricultural producers, the level of technical infrastructure development, farmer willingness to work hard, over-standard work and the promotion of local products and services (Table 1).

Factors which, in the assessment of farmers participating in the FGI panel, obtained the lowest scores were defined as determinants with an indirect and local impact on the development of entrepreneurship of agricultural producers. In the group of factors with an indirect impact, institutional support was identified, including facilitations and simplifications related to the start-up and running of an enterprise, assistance in formalities regarding obtaining support and the level of innovation of undertaken business enterprises and the age structure of agricultural producers. In turn, the group of local factors indicated a favourable agrarian structure, the developed cooperation of agricultural producers, a favourable location of the enterprise, an institutional environment as well as family traditions concerning entrepreneurial attitudes and behaviours (Table 1).

Table 1. Evaluation of conditions affecting the development of entrepreneurship of farmers in the Warmian-Masurian Voivodeship

Specification	Grade
The scale of grades: from 1 to 5, where 1 is the smallest factor, and 5 the biggest concerning the impact on the development of entrepreneurship	
<b>Factors determining entrepreneurial behavior</b>	
Individual predispositions of the entrepreneur (including creativity, optimism, commitment, diligence)	5
Competition on the market (market niches, mobilization for action, healthy competition)	5
The state of farm equipment in machinery, equipment and buildings and structures	5
Possibilities of obtaining financial resources (EU funds, loans, own resources)	5
<b>Factors stimulating entrepreneurship</b>	
Farm equipment with machinery, equipment and buildings and structures	4
The multifunctional nature of rural areas	4
Practical knowledge and ability to draw conclusions from acquired experience	4
Searching for new opportunities and niches	4
Ability to acquire co-workers	4
<b>Factors supporting entrepreneurship</b>	
Access to information	3
Level of education and qualifications of agricultural producers	3
Level of technical infrastructure development	3
Heavy, excessive self-employment of the farmer	3
Promotion of local / regional products and services	3
<b>Factors with an indirect impact on the development of entrepreneurship</b>	
Facilitates and simplifies the start-up and running of the business	2
Assistance in formalities regarding obtaining support	2
Level of innovativeness of commenced business undertakings, including the farm	2
Age structure of agricultural producers	2
<b>Local factors affecting the development of entrepreneurship</b>	
Favourable agrarian structure of farms	1
Developed cooperation of agricultural producers	1
Beneficial location of the farm	1
Institutional environment	1
Family traditions	1

Source: own study based on the assessment made by FGI participants

Despite a lack of direct indications, farmers repeatedly stressed that the main motive of entrepreneurial attitudes and behaviour is to obtain economic benefits. What is characteristic is the general opinion expressed that entrepreneurial farmers mainly undertake activities independently.

## SUMMARY

The FGI method is qualitative research conducted in the form of a moderated discussion. Its results cannot be generalized, however, the selection of assessed determinants of entrepreneurship development of farmers, identified based on the results of consultations conducted by the Ministry of Agriculture and Rural Development as part of the work on the assumptions for the diagnosis of the socio-economic situation of agriculture and rural areas, allows to indicate future directions of support. The study was attended by farmers with knowledge and experience in business management, therefore, based on their own experience, they could define both the entrepreneurial areas of farmers and the main determinants of its development.

The proposals and evaluations submitted during FGI research enabled the identification of three groups of factors conditioning, stimulating and maintaining farmer entrepreneurship and two groups of determinants with an indirect and local impact on the development of entrepreneurship.

In the case of a group of factors determining the development of farmer entrepreneurship, the following proved important: individual predispositions of entrepreneurs (including creativity, optimism, commitment), competition on the market (market niches, mobilization to operation, healthy competition), the state of equipment of farms with machines, devices and buildings and possibilities of obtaining financial resources (EU funds, loans, own resources).

Among factors stimulating the development of farmer entrepreneurship one can indicate: farm equipment, the multifunctional character of rural areas, practical knowledge and skills available to agricultural producers, seeking new opportunities and niches, and the ability to recruit co-workers.

The farmers participating in the panel perceive entrepreneurial behaviour of representatives of their social and professional group as a way of raising funds for building sustainable foundations of diversified business activity, with the individual's source of success found in operability, creativity and resourcefulness. Individualism, as a source of success of a multi-branch enterprise developed by a farmer, is built on the conviction of the need to work without a set time frame, based on the desire to have influence and full control over commenced undertakings.



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## PRZEDSIĘBIORCZOŚĆ PRODUCENTÓW ROLNYCH – DETERMINANTY ROZWOJU

Słowa kluczowe: przedsiębiorczość, producent rolny, czynniki rozwoju

### ABSTRAKT

Celem badań było zidentyfikowanie i pogrupowanie uwarunkowań mających wpływ na rozwój przedsiębiorczości wśród producentów rolnych. Przedstawiono opinie celowo wybranej grupy rolników biorących udział w pracach zespołu powołanego przez wojewodę ds. opracowania diagnozy sytuacji społeczno-gospodarczej rolnictwa w województwie warmińsko-mazurskim. Wykorzystując technikę zogniskowanego wywiadu grupowego (focus) uzyskano m.in. opinie dotyczące form i obszarów przedsiębiorczości producentów rolnych oraz uwarunkowań dalszego jej rozwoju na terenach wiejskich województwa warmińsko-mazurskiego. Zdefiniowano bariery, w tym m.in. mało innowacyjny charakter podejmowanych przedsięwzięć, małe zainteresowanie współdziałaniem z innymi podmiotami gospodarczymi, niski kapitał społeczny, szczególnie w interakcji z otoczeniem społeczno-kulturowo-gospodarczym. Uzyskane w trakcie badań metodą FGI oceny pozwoliły zaszerzegać czynniki mające wpływ na rozwój przedsiębiorczości rolników do pięciu grup obejmujących determinanty warunkujące, stymulujące i podtrzymujące przedsiębiorczość rolników oraz o pośrednim i lokalnym oddziaływaniu na rozwój przedsiębiorczości. W przypadku czynników warunkujących rozwój przedsiębiorczości rolników ważne okazały się: indywidualne predyspozycje przedsiębiorców (w tym kreatywność, optymizm, zaangażowanie), konkurencja na rynku (nisze rynkowe, mobilizacja do działania, zdrowa konkurencja), stan wyposażenia gospodarstwa w maszyny, urządzenia oraz budynki i budowle oraz możliwości pozyskania środków finansowych (środki unijne, kredyty, własne zasoby).

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