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Pluriactivity of farming families – old phenomenon in new times

Abstract: *The article is devoted to the pluriactivity of farmers and farming families. It presents a historical outline of this phenomenon, and the conceptualisation of the term pluriactivity and the related term diversification. Then, the scale of pluriactivity in the EU is described on the basis of statistical data, with a special focus on Poland. At the end, the article presents the findings of the author's own research on pluriactivity conducted in the Gródek district.*

Keywords: *pluriactivity of farming families; diversification of farms*

Introduction

We know from economic history that farming was never the only occupation of rural people, although until the mid-20th century most of them relied mainly on agriculture. The rural population was always involved in many different activities, which ensured their economic self-sufficiency. Historical sources describing non-agricultural economic activities in rural Poland in the late 16th century [Piekosiński 1896] provide a long list of occupations, of which many are now extinct, like for example: wheelwrights and sieve makers. Peasants used to take their surnames from their non-agricultural activities and some place names also come from these occupations. An example is the Polish surname Piekarz (Baker) and village name Piekary. Owing to the inefficient transport system of that time, rural economic activities were very local and diversified in nature. Rural people had to have the skills to produce everything they needed in their daily life in the home and on the farm. The peasants of that period can be called producer peasants and craftsman peasants.

This lifestyle changed with the start of industrialisation and urbanisation in the 19th century. Industrial development damaged the foundations for the existence of many small rural workshops. Rural areas became more agricultural in nature while peasants, now turned into narrow specialists producing

agricultural raw materials, were pushed into a new way of life, one which was quite new to them [Pevetz 1994]. This change did not lead to the disappearance of pluriactivity but turned it into a dual activity model. There emerged a new form of economic activity in which farming was combined with work in the industrial sector (part-time peasant farmers working in factories). In the European rural economic system, this phenomenon appeared on a large scale after World War II, with the development of rail and road transport. In Poland, the dual activity model was very widespread. It peaked in 1988, when the number of part-time farmers reached 28% of all people employed in agriculture [Bukraba – Rylska 2008].

The process of industrial restructuring which began in the early 1990s resulted in axing millions of jobs. Farmers were the first to be made redundant because, as decision-makers argued, farmers losing a job in the industrial sector were losing only an “additional” source of income. The period marked the beginning of secondary pluriactivity and a search for new opportunities for other gainful activities. Pluriactivity of today differs from its earlier form in that farmers and members of their families have started to use a wider range of income opportunities, including those beyond farming and agricultural production. The new opportunities are largely associated with services and enterprise. Taking up other gainful activities offers farming families a chance to stay in the countryside, keep the farm, even if a small one, and generate an income high enough to enable them to fulfil their financial aspirations at least to some extent.

Pluriactivity and diversification – conceptualisation of terms

In world literature, there are two terms describing the practice of taking up other gainful activities by farmers and farming families: pluriactivity and diversification. Durand and van Huylenbroeck [2003] define pluriactivity as the combination of agricultural and non-agricultural activities performed by the farmer or members of the farm household. In other words, there are non-agricultural sources of income. Meanwhile, they associate diversification with the workplace. It means that the scope of products and services produced and sold is enlarged. In most cases, diversification is done to give or ascribe value or validity to existing production factors such as labour, land, equipment, or to reduce risk to existing products. Diversification can of course be accomplished by adding non-agricultural activities. In this case, diversification and pluriactivity are combined [Durand and van Huylenbroeck, 2003].

Knickel et al. [2003] also think that diversification is a term with a narrower meaning than pluriactivity. According to them, diversification means a new form of agricultural production, one oriented at non-food use. The typical sub-categories are energy crops, fibre crops, herbs for medicinal use, agro-forestry (for wood and biomass production), horse breeding, etc. Another kind of pluriactivity are new on-farm activities, i.e. farm-based activities (industries, services) that are not related to food, agricultural production or tourism. Other

important forms are all sporting activities (not linked to tourism), equestrian activities (e.g. horse-breeding), hunting, fishing, bike rental, school farms, offering of workshops/courses, care farms, haulage, etc. Most researchers are agreed that diversification refers exclusively to activities undertaken on the farm or based on the farm's land and capital resources. In this meaning, diversification may be seen as a sub-group of pluriactivity, a wider term which covers all forms of generating non-agricultural income, i.e. both on-farm and off-farm activities.

Bessant [2006] presents an interesting description of the evolution of the term "pluriactivity." He writes that the term "part-time farming" was initially used to refer to other gainful activities, both on farm and off farm. Part-time farming was associated with the "marginality" and "insufficiency" of agricultural activity (at present, pluriactivity has become the norm). Part-time farming was (and still is) often associated with strategies for the survival of farming families and farms (strategies for coping with poverty), and treated as a way to secure farmers' incomes and give them a sense of security.

In the wake of industrialisation and agricultural intensification - consolidation and specialisation – agriculture saw the emergence of very large commercial farms on the one hand and small part-time farms on the other. This gave support to the opinion that pluriactivity is a phenomenon which concerns less productive, or inefficient, farms (pluriactivity as an antidote to the farms' financial problems). But after some time, there appeared a tendency to depart from this understanding of the term pluriactivity and instead regard it as "a stable component of the farm's structure and a relatively well-established lifestyle," which is shared also by farmers who have larger farms [Bessant, 2006].

In the 1980s researchers started to use the term "multiple jobholding," which was later replaced by pluriactivity in order to accommodate a wider range of activities and income sources, for example off-farm wages or salaries, self-employment, work on other farms, on-farm activities (i.e. agricultural or non-agricultural) and investment income. Generally, pluriactivity is used to denote situations in which individuals or households combine farm and non-farm employment or revenue streams, regardless of their origin or location.

Pluriactivity in EU-27 with a special focus on Poland

Data collected by Farm Structure Survey (FSS) provide a rich source of information on pluriactivity in the European Union. They cover other gainful activities, either at the level of the farmer or at the level of the holding. The Farm Structure Survey are the only source of harmonised information on the structure of agricultural holdings in the EU. According to the methodology of the Farm Structure Survey, a family farm manager is considered as pluriactive if he/she carries out activity other than farm work for remuneration. Other gainful activities are defined as every activity other than activity relating to farm work, carried out for remuneration. This corresponds roughly to three cases:

the family farm manager is employed in a non-agricultural enterprise; is employed on another agricultural holding; or has set up diversification activities that do not include any farm work (e.g. tourism, handicraft) on his/her holding.

Pluriactivity is assessed at the level of the farmer while farm diversification is assessed at the level of the holding. Diversification is understood as the creation of any gainful activities that do not include any farm work but are directly related to the holding, i.e. use its resources or products, and have an economic impact on the holding. This concerns tourism, accommodation and other leisure activities, handicraft, processing of farm products, wood processing, aquaculture, production of renewable energy for the market, contractual work using equipment of the holding and so on.

The 2005 Farm Structure Survey found that 36% of the managers of EU family farms had another gainful activity, ranging from 17.1% in Belgium to 74.4% in Slovenia (for Poland this share was 39.0%) [Other gainful activities...2008]. Overall, pluriactivity of farmers seems to be more widespread in the Northern and Eastern member States than in the Western and Southern ones. It is mainly managers of farms which are small in terms of their economic potential who have other gainful activities. Namely, at EU-27 level, 44% of farmers with a farm of less than 1 ESU had another gainful activity. This share decreases when the economic size of the farm increases, which means that pluriactivity is mainly a feature of small farms. Looking only at spouses doing farm work on the holding, 35% had another gainful activity [Other gainful activities...2008].

One option for a farming household to generate non-agricultural income is to set up diversification activities on the farm. In 2005, 12% of EU-27 farms had a diversification activity. The share of farms with a diversification activity ranged from 1% in Lithuania to 29% in Finland (5.4% in Poland). Therefore, farm diversification is not so common. Generally, larger farms are proportionally more diversified than smaller ones. With farms with less than 5 ha representing 69% of all farms with a diversification activity, small farms constitute the bulk of holdings with diversification. Nevertheless, the share of farms with diversification increases with the size of the farm: more than 20% of farms with a physical size of more than 100 ha have a diversification activity, against less than 10% of farms with less than 10 ha [Other gainful activities...2008]. So this trend is the opposite of the trend in pluriactivity. In every member state, small farmers tend to give preference to pluriactivity – not related to the holding – to complement their income whereas on larger holdings this goal is usually achieved through on-farm diversification.

Let us look now at the findings of the sample survey “Structure of agricultural holdings” conducted by the Central Statistical Office (GUS) across Poland in June 2007. This representative survey meets the national and EU needs in terms of the farm structure research the member states were obliged to carry out in line with the Eurostat calendar and requirements. According to the sur-

vey, the number of farms in Poland was 2,579,200, of which 2,387,200 were private family farms. The number of farms which conducted an on-farm non-agricultural activity, i.e. farms with diversification, was 115,200, or 4.8% of all farms conducting agricultural activity. The largest number of farms with a diversification activity (24,052) was in the group of farms of 1 ha or less; the smallest number (8,020) was in the group of farms of 100 ha or more. But the percentage of farms conducting a non-agricultural activity increased with the farm size - from 3.7% in the group of farms of 1 ha of agricultural land or less to 21.9% in the group of farms of 100 ha of agricultural land or more [Charakterystyka...2008].

In the survey “Structure of agricultural holdings”, on-farm non-agricultural activity is understood as activity directly associated with the holding, i.e. using its resources (labour force, land, buildings, machines, etc.). If labour force is the only resource used to carry out a non-agricultural activity such an activity is not regarded as on-farm activity. This means that the term on-farm non-agricultural activity used in Polish statistics is synonymous with diversification in the understanding of the EU’s Farm Structure Survey. The largest number of farms conducting non-agricultural activities, i.e. diversified farms, was found in the following categories: other activities, including raising fur animals (52,506 or 45.6%), contractual work using equipment of the holding (33,168, or 28.8%), and aquaculture (11,464, or 9.6%). Interestingly, as much as 10% of all Polish farms with diversification – a percentage higher than in any EU country - are engaged in aquaculture [Charakterystyka...2008].

The survey “Structure of agricultural holdings” also provides information on private family farms by household income. The Central Statistical Office classifies farms according to the following sources of income: agricultural activity, non-agricultural activity, wage employment and social security benefits (old-age pensions, disability pensions and other non-earned sources). In 2005 the number of households deriving incomes from non-agricultural activity, including off-farm activity, amounted to 338,100, which accounted for 14.2% of all private family farms. The number of households deriving incomes from wage employment amounted to 1,229,648, or 51.5% of all private family farms. The percentage of households which derived over 50% of their total income from wage employment accounted for 61.4% of all farms deriving income from wage employment. And the percentage of households which derived over 50% of their total income from non-agricultural activity accounted for 34.8% of all farms engaged in such activity [Charakterystyka...2008].

Pluriactivity of Polish farming families – case study of Gródek district (commune)

In order to get an insight into problems of pluriactivity, the author conducted her own research in the Gródek district. Gródek is a rural district located in Podlasie province in eastern Poland. It borders on Belarus, which means it is situated on the eastern border of the EU. The choice of the district was

due to the author's participation in the project entitled "Socio-Economic Determinants of Sustainable Development in Rural Areas Covered by the Natura 2000 Network in the Green Lungs of Poland Region." Gródek is an agricultural district wholly located in the Green Lungs region. Most of its farms are private family farms specialised in grain, potato and dairy cattle production. The district has experienced depopulation, with a steady decrease in the number of its residents – by 7.7% between 2000 and 2007 – owing to the exodus of young educated people who are unable to find here jobs meeting their aspirations and needs.

A special feature of the district is its peripheral location in one of the least developed Polish provinces. As a result, Gródek is not a typical district in terms of pluriactivity but it may provide an interesting case study. As part of the research, the author conducted 58 interviews using a questionnaire. The survey was targeted at the farming families in which at least one member was engaged in non-agricultural activity.

In the questionnaire, the respondents were asked about their occupational activity according to the following criteria: activity exclusively/mainly on the farm or exclusively/mainly off the farm. It turned out that 62.0% of the household heads surveyed were pluriactive, i.e. conducted both agricultural and non-agricultural activities. In this group, 53.4% of the respondents devoted more time to off-farm than on-farm activities. Additionally, 38.3% of the spouses and 44.1% of the successive household members (members no. 1) were pluriactive. 36.4% of the surveyed spouses worked mainly off the farm (Table 1). Almost all of the respondents engaged in non-agricultural activity were going to continue it, with as much as 93.1% saying they regarded their off-farm jobs as permanent, rather than temporary, activity.

Table 1. Farmers' perceptions on opportunities and threats to farming

Category	Household head (%)	Spouse (%)	Member no. 1 (%)
Exclusively on the farm	20.7	23.6	8.8
Mainly on the farm	8.6	1.9	2.9
Exclusively off the farm	5.2	10.9	2.9
Mainly off the farm	53.4	36.4	41.2

Source: the author's own research, 2009

In the breakdown by family members, the percentage of household heads engaged in off-farm activity was the highest - 67.2%. Generally, in the surveyed population, non-agricultural activity was conducted in the form of permanent gainful employment, with only 8.1% of the household heads doing seasonal jobs. An overwhelming majority were engaged in wage employment, with the percentage ranging from 64.7% to 80% (Table 2).

Table 2. Non-agricultural activity - wage employment and own account-work (%).

	Household head	Spouse	Member no. 1
I. Percentage of people working off the farm	67.2	49.1	44.1
Of which:			
1. permanent gainful employment	91.9	100	100
Of which:			
1.2. wage employment	64.7	68	80
1.1. own-account work	35.3	32	20

Source: the author's own research, 2009. n.b. in the calculations, the author took into account all the working people rather than all surveyed people

As regards whole households, only 15.5% of them conducted own-account activity. This means that enterprise is not a distinctive feature of the surveyed population. The respondents stressed the advantage of wage employment for them was that the jobs had regular hours and did not require much responsibility (almost none of those surveyed had a managerial post).

The research showed that insufficient farming incomes and the desire to achieve a higher living standard were the main motives for engaging in non-agricultural activity - 55.3% of all answers from respondents engaged in wage employment (Table 3) and 68% of all answers from those engaged in own-account activity. Interestingly, in the case of wage employment, 10% of all answers (half of the answers in the "other motives" category – Table 3) concerned cases in which non-agricultural activity had been taken up earlier than agricultural activity (work on the farm). These persons took over farms from their parents and for this reason, in a natural way, started working in agriculture. It is noteworthy that none of the respondents engaged in wage employment indicated a desire to utilise his or her qualifications or fulfil his or her dreams or passions as a motive for taking up a non-agricultural job.

Table 3. Motives for taking up wage employment (percentage of all answers).

Insufficient farming incomes	39.3
Desire to achieve a higher living standard	15.9
Closeness of the workplace	10.7
Desire to try one's hand in a new situation	4.3
Desire to utilise qualifications	0.0
Desire to fulfil dreams or passions	0.0
Availability of free time	7.5
Other	22.3

Source: the author's own research, 2009. n.b. respondents were allowed to give several answers

As regards motives for taking up own-account activity, the author met only one person who responded that by taking up this activity he had wanted to utilise his qualifications and only two persons who said they had wanted to fulfil their dreams and passions. Among these two people was a farmer who engaged in a very untypical activity, i.e. designing and building innovative agricultural machines. This work is his passion. He said he saw his future in this activity and wanted to develop it, despite the fact that his business made a loss due to investment in the year when the survey was conducted.

Answers to questions about the motives for taking up other gainful activities were compatible with those about the level of income derived from the respondent's farm. As much as 93.1% of respondents said their farming income was too low; the remainder said their farming income was sufficient. No respondent said their farming income was high. Asked whether taking up other gainful activities was a necessity for them, 51.7% of respondents gave a positive answer (Table 4). This was similar to the percentage who said they had engaged in non-agricultural activity for economic reasons (Table 3).

Table 4. Other gainful activity: necessity or choice? (%)

	%
Onerous necessity	12.1
Necessity bringing satisfaction	39.6
Free choice	48.3

Source: the author's own research, 2009

It is interesting why the farmers who think that farming does not generate sufficient income for them still continue agricultural activity. Almost one fourth of those surveyed said that the land had a sentimental value for them, that they were attached to the land because they had inherited it from their parents and that they would not give up working on the land, even despite of this activity being unprofitable. As much as 42.3% of all answers were in the category "other reasons." In this category, the surveyed farmers indicated three main reasons for continuing agricultural activity: keeping land to receive payments from the European Union, farming in order to meet the household's consumption needs, and agricultural activity as a hobby.

The first reason cited by those surveyed shows that direct payments from the EU have contributed significantly to raising farming households' incomes and made some of them decide that the payments are a good argument to have a farm and conduct agricultural activity. However, this situation leads to preserving Poland's unfavourable agricultural structure, with small and economically weak farms. It follows from the interviews conducted that some respondents thought they were entitled to direct payments, thought of them in association with the decrease in prices of agricultural products, especially grain, and regarded them as compensation.

The sense of entitlement was also evident in the fact that only 47% of the people using EU support (87.9% of the surveyed farming families receive direct payments for their farms) said EU assistance was of great importance for their farm. The remaining respondents assessed this assistance as moderate or small. It is puzzling that financial assistance (direct payments) provided without the need for the beneficiaries to meet any requirements, except for filling in an application form, may be regarded as small.

To conclude, let us look at the structure of the surveyed families' incomes. The survey showed that non-agricultural activity occupies an important place in this structure, with 48.3% of the surveyed families deriving 50% or more of their total income - both earned and non-earned - from off-farm activity. 22.4% of the surveyed families derived up to 25% of their total income from non-agricultural activity. It is worth adding that the share of EU payments in farming families' incomes is also significant. 40% of the surveyed families said they derived 20-45% of their total income from these payments.

Pluriactivity – saving the farm or saving the rural lifestyle

In every society, off-farm activity taken up by farmers is regarded as a natural part of agriculture. Pluriactivity among farmers is widespread even in developed economies, like for example the United States. At the end of the 1990s work on the farm was the only source of income for less than 10% of U.S. farmers, despite the fact that the country's agriculture was considered to be the most modern in the world (Tomczak, 2004). Pluriactivity has been gaining in importance in the European Union. At present, more than one third of EU-27 family farmers carry out another gainful activity.

The author thinks it is worthwhile not only to look at pluriactivity from a static or dynamic perspective but also to consider its development paths and try to answer the question whether taking up other gainful activities by farming families is a temporary or lasting trend. Quoting Barlett's article [1998], this problem may be placed on three paths. Firstly, pluriactivity as an intermediate way between expanding the farm or quitting farming (to get big or get out). Secondly, pluriactive farmers as enthusiasts of the rural lifestyle, which enables them to benefit both from the advantages of life in the countryside and the economic benefits of a permanent off-farm job. This often means keeping a non-commercial hobby farm and satisfying one's need of living in the countryside. This group also includes those who have a farm only because of tax breaks or in order to meet their own consumption needs. The third path is pluriactivity understood as a relatively stable element of the adjustment strategy pursued by farming families – an additional activity taken up in order to increase the family's income.

The research conducted by the author shows that pluriactivity is a permanent phenomenon – even not so much in terms of its scale but in terms of its persistence within farming families. The families which are engaged in

other gainful activities regard them as a permanent part of their work and income strategy. More than 90% of those surveyed did not treat their non-agricultural work as a temporary activity and were going to continue it. The research also shows that more than half of the respondents took up non-agricultural activity out of necessity – because their farming income was insufficient. The gap is filled through non-agricultural activity, with around half of the surveyed families deriving over 50% of their total income from non-agricultural activity.

But the surveyed families were not going to quit farming. For one fourth of them, the land has a sentimental value and they are unable to get rid of it, even though it does not generate sufficient income for them. Additionally, many people said they worked on the farm not for profit but because this enabled them to meet their consumption needs. Some said EU payments were the reason why they would not like to get rid of the land. In this sense, EU payments do not stimulate development but support consumption, and preserve the existing unfavourable agricultural structure.

Given that non-agricultural work is treated as permanent activity and that there are many reasons why pluriactive farmers do not want to get rid of the land and quit farming, none of these forms of activity tends to disappear. Therefore, the development path of pluriactivity is coexistence – the presence of both activities at the same time. The conclusion is that pluriactivity is not an intermediate way between expanding the farm or quitting farming. It is a way of keeping both forms of activity at the same time – both on farm and off farm. In the surveyed farming families, pluriactivity is a strategy they use to survive and earn a higher income. Pluriactivity is an interesting phenomenon - despite the global trend towards specialisation, there is a permanent trend in agriculture to combine various gainful activities. One may risk to say that reliance exclusively on farming is an untypical form of activity. Therefore, pluriactivity turns out to be a universal feature of the agricultural sector, one which paradoxically gains in importance as the economy develops. An excellent example of this trend is the increase in pluriactivity of farmers and farming households in the European Union.

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