

**DIRECTIONS OF CHANGING OF THE ORGANIZATIONAL  
AND LEGAL FORMS OF FARMS IN POLAND  
AT THE BACKGROUND OF SELECTED COUNTRIES**

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**Abstract**

*The article presents changes that occurred in the structure of farms, including mainly family farms, in Poland and selected European countries, differing in the level of economic development and the political system, up to 1990. The first group of countries covered: Denmark, France, the Netherlands and Germany, while the second one: the Czech Republic, Slovakia, Hungary and Poland. Increasing the scale of production by expanding the area of farms turned out to be insufficient. In the countries of the first group, in France and Germany, mainly Eastern (former East Germany), there were tendencies to create group farms of simplified legal form. In 2016, over 60% of land was used in these forms in France, and more than 70% of land in East Germany. In the countries of the second group, including the Czech Republic, Slovakia and Hungary, after the systemic changes in 1990, the form of family farms did not fully recovered. Although they held a dominant position in the number of farms, in the use of land, their share did not exceed 50%. Most of the land remained in use of group forms: agricultural cooperatives and limited liability companies, which originated from former production cooperatives and state farms. In Poland, family farms remained the dominant legal form. The interest of Polish farmers in group forms of farming is negligible. Also agricultural production cooperatives, whose share in the use of land is small, do not arouse farmers' interest.*

**Keywords:** farms, family farms, group farms, farm structure, agricultural cooperatives, companies.

**JEL codes:** O13; Q12; Q13; Q17.

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## Introduction

The role of agriculture in the national economy has been changing over time. Until the mid-nineteenth century, it was the basic sector in the national economy and the main source of income. According to physiocrats, it was the only production sector (Quesney, as in Manteuffel, 1984). At that time countries had an agricultural character. Development of trade, and especially the turbulent development of industry in the mid-nineteenth century, caused a gradual decrease in the share of agriculture in the national income. An illustration of these trends are the changes which occurred in the USA. At the beginning of the 19th century, in the USA, 72% of the national income was generated in agriculture, with 84% of all employees working there (Tomczak, 2004). Currently in the USA, the share of agriculture in GDP is less than 1%, with an equally low share of agricultural employment in the total employment. Similar trends in this respect, although not as radical, developed in the countries of Western Europe. In the countries of Central and Eastern Europe, the share of agriculture in the Gross Domestic Product (GDP) and the share of agricultural employment in total employment decreased. However, it was higher not only than the share of agriculture in the GDP, but also than the share of agricultural employment in the first group of countries. The share of agriculture in the GDP and total employment is related to the level of economic development of individual countries (Sikorska, 2013). Countries of Western Europe are highly developed, while those of the second group are moderately developed. These are the countries which underwent a systemic transformation towards market economy after 1989 (Józwiak and Ziętara, 2013).

The decrease in the share of agriculture in the GDP and in employment was accompanied by changes in the number and structure of farms. They were larger in the group of countries of Central and Eastern Europe. Changes in the pace resulted from the fact that in the first group, they took place gradually throughout the post-war period, while in the countries of the second group, only after systemic changes and the introduction of market economy, especially after integration with the European Union in 2004. The effect of the decrease in the number of farms in the analysed countries was the increase in their area. The average area of farms in the countries of the first group was higher. In the countries of the second group, except for Poland, until 1990, the structure was dominated by large-scale farms with the legal form of agricultural cooperatives and state farms. As a result of the systemic transformation in 1989<sup>1</sup>, agricultural cooperatives which existed so far remained mostly in their previous organisational form, as large-scale farms<sup>2</sup>, changing only the legal form from the cooperative to a limited liability company or a cooperative in accordance with the new cooperative law. Part of the land from the previous cooperatives and state farms was “returned” to its former owners or their heirs who started their own activity as individual farmers. The result was a strong polarisa-

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<sup>1</sup> In 1989, in the countries of the second group, there was a departure from the socialist system (planned economy) to the democratic system and market economy.

<sup>2</sup> Farms with an area over 100 ha of UAA are assumed to be large-scale farms.

tion of the structure of farms. On one pole, there was a large number of small farms (about 90%) and, on the other, a small number of large-scale farms, which were using over 50% of utilised agricultural area (UAA). In Poland, large-scale farms were using 21.1% of UAA, and their share in the number of farms was only 0.8% (*Statistisches Jahrbuch über...*, 2018).

The question arises: what factors caused a decrease in the number of farms and at the same time an increase in their area? Answering thus formulated question should reference to the trends which occur in the area of development of prices of means of production for agriculture and prices of agricultural products as well as labour costs in the national economy, the main component of which is remuneration for work. In countries with market economy, costs of salary in the national economy were growing the fastest as a result of economic growth. The growth rate of prices of means of production for agriculture was lower, and the lowest of the selling prices of agricultural products produced by farmers. The effect of these trends was a decrease in the unit profitability of agricultural production. A farmer wanting to obtain a satisfactory income<sup>3</sup> from work on a farm must increase the scale of production. This can be achieved by increasing the area of the farm or by increasing the level of production intensity, or by both. Another factor forcing farmers to increase the scale of production are the requirements of trade and agricultural processing companies which demand sufficiently large batches of products of specified quality and a guarantee of timely delivery. Farmers with a small-scale production are unable to meet these requirements. In the recent years, there has appeared an additional factor related to animal welfare and biosecurity (threat of diseases) which contributes to the elimination of small-scale farms from the market. The pace of changes in the structure of farms depends on the economic level of the country (Sikorska, 2013). This thesis is confirmed by a more favourable structure of farms in countries of Western Europe that are better developed.

In the vast majority of countries agricultural production is carried out on private family farms.<sup>4</sup> In the analysed countries, the share of family farms in the total number of farms exceeded 90%, with the exception of France where it was about 67% in 2013 (*Statistisches Jahrbuch über...*, 2018). Family farms are a permanent form of farming in agriculture. They show very high adaptability to changing farming conditions (Grabski, 1930; Górecki, 2011; Michna, 2011; Parzonko, 2011; Zegar, 2011; Ziętara, 2018). However, some symptoms of a social nature have been observed in them in recent decades. Increasing the scale of production based on own limited labour resources encounters barriers related to the need to employ labour. In addition, social problems related to the decreasing number of farmers and their importance in society, especially in politics, arise. They became a minority originat-

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<sup>3</sup> Satisfactory income should correspond to parity income, i.e. income at the level of salary in the national economy. The idea is for the farmer not to feel excluded

<sup>4</sup> A family farm is a farm run by a farmer (owner, user, lessee) on his own account and responsibility, in which the labour input is dominated by the work of the farmer and his family members (over 50%) and in which the household and the agricultural holding are closely connected (unity). A farm of this type occurs in the legal form of a natural person.

ing from an absolute majority (Hervieu, 2019). Additional problems are associated with the organisation of holidays, free time, farmer's illness, economic security<sup>5</sup>, succession, etc. Thus farmers seek for a different method of organisation of agricultural production and family farms and a different method of their management. In many countries, there are various forms of joint management of groups consisting of several farmers, in less or more formalised forms. Therefore, there arises a need to analyse them and above all to determine development opportunities.

### **Objective of research, methods and sources of research materials**

The objective of the research was to determine and evaluate directions of changes in the organisation and ways of running family farms which are an expression of adaptation to changing farming conditions, not only economic but also social. The research covered farms from deliberately selected countries of Western Europe with a high level of economic development, such as: Denmark, France, the Netherlands, Germany and Great Britain, as well as countries from Central Europe which have undergone a political transformation towards market economy, such as: the Czech Republic, Slovakia, Hungary and Poland. The evaluation covered various forms of cooperation of family farms, with particular emphasis on running a joint enterprise (farm) by several farmers. The research covered the following forms of joint farms operating in various legal forms: general partnerships and limited liability companies, group farms (GAEK)<sup>6</sup> and agricultural cooperatives. The research discussed the above-mentioned forms functioning in countries such as: France, Germany, the Czech Republic, Slovakia and Poland. The source of the materials was literature on the subject and statistical data.

### **The role of agriculture in the national economy**

The role of agriculture in the national economy is most often determined by means of indicators such as: the share of agriculture in the GDP, the share of agricultural employment in total employment in the national economy, as well as the share of food expenditure in total expenditures of households. The corresponding numbers in 2010 and 2016 are given in Table 1. In countries of Western Europe (first group), in 2010 the share of agriculture in the GDP was in the range of 0.6% (Germany) to 1.7% (the Netherlands). In 2016, this indicator decreased in all countries of this group except for Germany. It was the lowest in Great Britain where it amounted to 0.5% and the highest in the Netherlands where it was 1.6%. In the second group of countries, the share of agriculture in the GDP in 2010 was higher, ranging from 1.5% (the Czech Republic) to 3% (Hungary). In Poland it was 2.6%. In 2016, this indicator increased in the countries of this group except for Poland where it decreased to 2.1%. At this point, it should be mentioned that

<sup>5</sup> Family farms operate in the legal form as an "enterprise of a natural person" which means that the farmer is responsible with personal property for the farm's obligations. When using foreign capital, the risk of losing personal property is very high.

<sup>6</sup> GAEK – Groupements Agricoles d'Exploitation en Commun. In literal translation, this means agricultural groups of common economy.

in 1950 the share of agriculture in the GDP in Poland was 30% (GUS, 1960), and the share of agricultural employment in total employment in the national economy was 55.6% (Jeziernski and Leszczyńska, 2003). These indicators show that Poland was an agricultural country during this period.

Table 1

*The share of agriculture in the GDP and agricultural employment in total employment in 2010 and 2016 in the countries studied*

Countries	The share of agriculture in the GDP (%)			The share of agricultural employment in total employment (%)			The share (%) of food expenditure in households in 2016
	2010	2016	The rate of change (pp)	2010	2016	The rate of change (pp)	
Denmark	1.2	0.9	-0.3	2.5	2.4	-0.1	10.0
France	1.6	1.5	-0.1	2.8	2.7	-0.1	12.2
Netherlands	1.7	1.6	-0.1	2.3	2.2	-0.1	10.7
Germany	0.6	0.6	-	1.6	1.4	-0.2	9.4
Great Britain	0.7	0.5	-0.2	1.4	1.2	-0.2	7.1
Czech Republic	1.5	2.2	+0.7	3.1	3.1	-	14.4
Slovakia	2.6	3.4	+0.8	3.4	3.1	-0.3	16.2
Hungary	3.0	3.8	+0.8	7.2	5.9	-1.3	15.2
Poland	2.6	2.1	-0.5	13.0	10.5	-2.5	15.4

Source: *Statistisches Jahrbuch...* (2018).

In terms of the share of agricultural employment, the differences between the studied groups of countries were smaller, except for Hungary and Poland. In other countries of both groups, in 2010 they were in the range of 1.4% (Great Britain) to 3.4% (Slovakia). In Hungary and Poland, that year, the share of agricultural employment was 7.2% and 13%, respectively. In 2016, this indicator decreased in all countries, the most considerably in Poland – 2.5 pp. There were also differences in the share of food expenditure in total expenditure in households. In 2016, in the first group of countries the value of this indicator was in the range of 7.1% (Great Britain) to 12.2% (the Netherlands), while in the second group of countries in the range of 14.4% (the Czech Republic) to 16.2% (Slovakia). Despite the decrease in the share of agriculture in the GDP and in employment, its role in the national economy is indisputable as it determines the country's food security. In addition, it has other additional functions related to landscape and climate protection (Hervieu, 2019).

Changes in the market environment of agriculture, manifested in the trends of development of labour costs in the national economy, prices of means of production for agriculture and prices of agricultural products, caused changes in the structure of agricultural holdings. Figure 1 presents change trends in costs and prices.

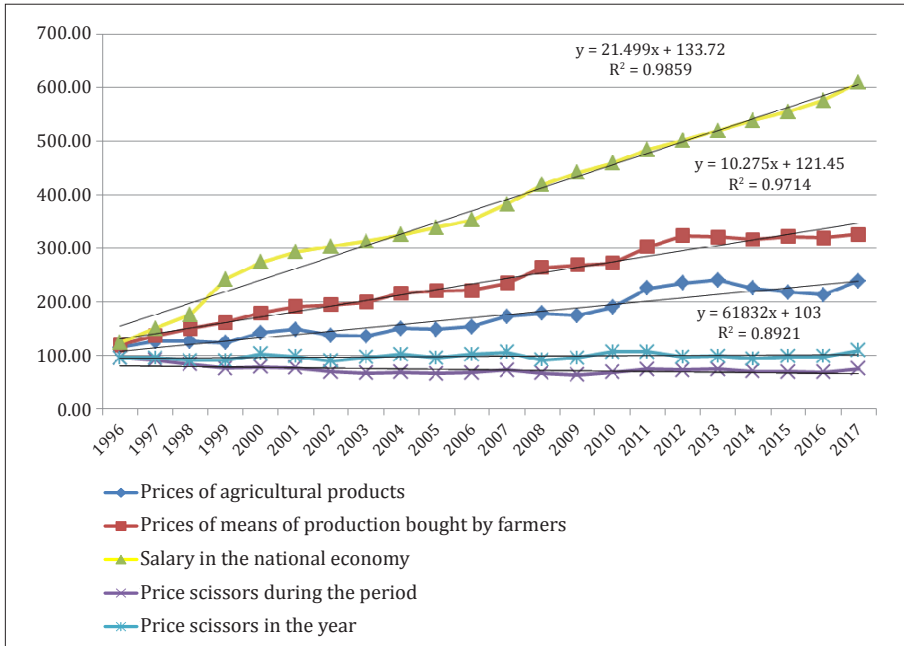


Fig. 1. Trends in the development of labour costs, prices of means of production for agriculture and prices of agricultural products in 1995-2017.

Source: GUS (1996-2018).

In the analysed period, labour costs in the national economy increased more than six times (6.08), prices of means of production for agriculture more than three times (3.26), and selling prices of agricultural products more than two times (2.39). The effect of these trends was a decrease in the unit profitability of agricultural production. Such trends occur in all countries with market economy. A farmer wanting to obtain a satisfactory level of farm income must increase the scale of production. The basic way to increase the scale of agricultural production is to increase the area of farms, which is associated with a decrease in their number (Table 2). In 2005-2013, the number of farms in the first group of countries decreased from 16.7% (France) to 35.4% (Great Britain). The decrease in the number of farms in the second group of countries was greater, ranging from 31.2% (Hungary) to 65.5% (Slovakia). The effect of reduction in the number of farms was the increase in their area. In 2005, the area of farms in the countries of the first group was in the range of 20 ha of UAA (the Netherlands) to 67.7 ha of UAA (Great Britain). The area of farms in the Czech Republic and Slovakia was similar to this and amounted to 89.3 ha and 30.4 ha of UAA, respectively. The area of farms in Hungary and Poland was definitely smaller, amounting to: 4.7 ha and 6.5 ha of UAA, respectively. In 2013, the area of farms increased in the first group in the range of 23.1% (France) to 61.4% (Germany). In the second group, the rate of increase in the area of farms was higher: from 48.7% in the Czech Republic to 102% in Hungary. The average

area of farms in the Czech Republic and Slovakia in 2013 was 132.8 ha and 80.6 ha of UAA, respectively, and was the largest among all analysed countries. The average area of Hungarian and Polish farms was definitely the smallest as in 2013 it amounted to 9.5 ha and 10.1 ha of UAA, respectively. It was the effect of a large share of farms with a small area of up to 5 ha.

Table 2  
*The number of farms and their average area in 2005 and 2013 in the countries studied*

Countries	The number of farms (thousand)			The average area of farms (ha)		
	2005	2013	The rate of change (pp)	2005	2013	The rate of change (pp)
Denmark	51.7	38.8	-24.9	45.8	67.5	47.4
France	567.1	472.2	-16.7	47.7	58.7	23.1
Netherlands	81.8	67.5	-17.5	20.0	27.4	37.0
Germany	389.9	285.0	-26.9	36.3	58.6	61.4
Great Britain	286.8	185.2	-35.4	67.7	93.6	38.2
Czech Republic	42.3	26.3	-37.8	89.3	132.8	48.7
Slovakia	68.5	23.6	-65.5	30.4	80.6	65.1
Hungary	714.8	491.3	-31.2	4.7	9.5	102.0
Poland	2476.5	1429.0	-42.3	6.5	10.1	53.8

Source: *Statistisches Jahrbuch...* (2018).

### Legal and organisational forms of business units in agriculture

Business entities in agriculture, commonly called farms, appear in the following legal forms of enterprises:

- enterprise of a natural person,
- partnership (general partnership, unlimited company, limited liability partnership),
- company (limited liability and joint-stock company),
- cooperative,
- state enterprise.

Family farms exist in the legal form of an “enterprise of a natural person.” Their definition is given above. It is a dominant form in the world and its share in the total number of farms and in the use of agricultural land is presented in Figure 2.

The highest share of family farms is noted in Asia, Africa and Europe where it is 99%, 97% and 97%, respectively. It is the lowest in Oceania (78%), followed by South America (82%) and North and Central America, where it amounted to 88%. The share of family farms in the use of land was definitely lower. It was the lowest in Oceania where family farms used only 2% of UAA, even though their share in the number of farms was 78%. It was also low in South America – only 18%. On other

continents it was ranging from 67% (Africa) to 85% (Asia). In Europe, family farms used 69% of the utilised agricultural area. In the studied countries of the first group in 2013 (Table 3), the highest share of family farms (natural persons) was noted in the case of Great Britain and Denmark, amounting to 96.7% and 95.3%, respectively.

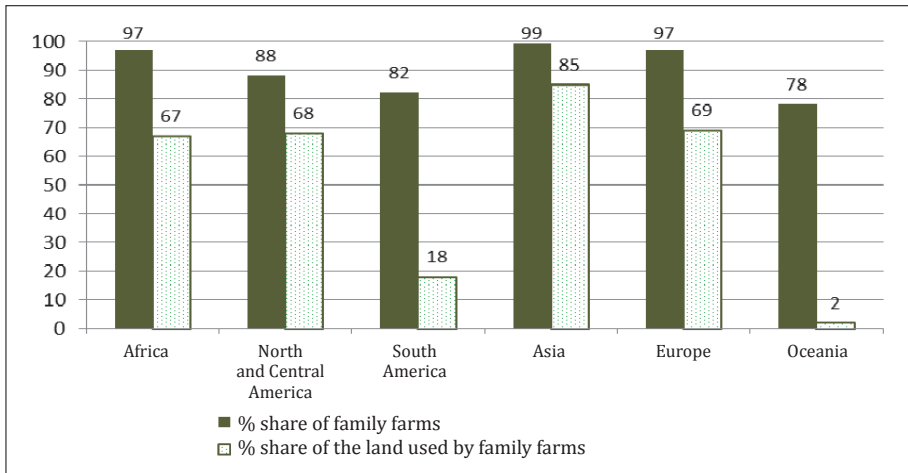


Fig. 2. The share of family farms in the total number of farms and in the UAA they use, divided into continents.

Source: Lowder, Scoet and Raney (2016, pp. 16-29).

Table 3

*The structure of farms in the studied countries in 2016 by their number and UAA, including legal forms (%)*

Countries	By the number of farms		By the UAA	
	family farms	other farms	family farms	other farms
Denmark	95.3	4.7	80.0 <sup>a</sup>	20.0
France	66.8	33.2	37.7	62.3
Netherlands	93.7	6.3	80.0 <sup>a</sup>	20.0
Germany (total)	89.8	11.2	64.1	35.9
Germany (former GDR)	75.1	24.9	27.5	72.5
Great Britain	96.7	3.3	80.0 <sup>a</sup>	20.0
Czech Republic	95.3	4.7	30.1	69.9
Slovakia	88.3	11.7	31.3 <sup>b</sup>	68.7
Hungary	98.2	1.8	54.2	45.8
Poland	99.7	0.3	91.4	8.6

<sup>a</sup> estimated data, <sup>b</sup> in 2015

Source: *Statistisches Jahrbuch...* (2018).



It was lower in the Netherlands and Germany (93.7% and 89.8%), and the lowest in France, where it was 66.8%. In the countries of the second group, the share of family farms was higher, ranging from 88.3% (Slovakia) to 99.7% (Poland). To sum up, it can be stated that the dominant legal form of farms in the world are farms of “natural persons” which are family farms. However, their share in the land use is usually low and strongly diversified.

### **Trends in legal forms of enterprises in agriculture**

Despite the fact that family farms functioning as “enterprises of a natural person” are dominating in agriculture, there are other legal forms of agricultural enterprises. In this area, there are differences between the examined groups of countries. In the second group – countries with the socialist system until 1990, in the Czech Republic, Slovakia, Hungary and the former GDR (currently the New Federal States of Germany), the dominant legal form of enterprises in agriculture were agricultural production cooperatives and to a small extent (ca. 20%) state farms. In Poland, the dominant form were private farms. In 1990, about 77% of the UAA was used by such farms. Other land was used mainly by state farms and to a small extent (3.8%) by Agricultural Production Cooperatives (Dzun, 2015).

As a result of systemic transformations after 1989, cooperative and state farms were restructured in these countries. The result was the revival of family farms in the former GDR, the Czech Republic, Slovakia and Hungary. In 2016, their share in the total number of farms in these countries was in the range for 75.1% (former GDR) to 98.2% (Hungary). In the Czech Republic and Slovakia it was 95.3% and 88.3%, respectively. In terms of the number of farms, this form was predominant. However, their share in land use was smaller. In the former GDR and the Czech Republic, the share of family farms in land use was 27.5% and 30.1%, respectively. The remaining area (72.5%) in the former GDR was used by various forms of collective farming: partnerships – 22.3%, production cooperatives – 23.1%, and limited liability companies – 25.2% (*Statistisches Jahrbuch...*, 2018). In the Czech Republic, the share of collective forms in land use was 69.9% (Dijk, 2007). These forms were dominated by limited liability companies to which transformed agricultural production cooperatives. These companies use the land in the form of a lease from former owners. A similar structure of land use by various legal forms of enterprises existed in Slovakia. In 2015, only 31.3% of the land was used by family farms, even though their share in the total number of farms was about 88%. However, 68.7% of the land was used by collective enterprises, in a similar proportion by production cooperatives (32.5%) and limited liability companies (36%) (Farm Structure Survey, 2016). In Hungary, 45.8% of the land was used by cooperatives and companies, and 54.2% by family farms (Publications of Farm Structure, 2013). In Poland, as a result of restructuring processes, the share of family farms in utilised agricultural area increased to 91.3% in 2017. The remaining area was used by limited liability companies created by employees of former state-owned farms and other entities on the property of the former state-owned farms and to a limited extent by agricultural production cooperatives which in 2018 were using 1.3% of the UAA (Krajowy Rejestr Sądowy, 2017; GUS, 2019).

In the first group of countries, except for France and Germany, family farms dominated in the total number of farms. Their share was over 90%. However, their share in land use was lower and amounted to around 80% in Denmark, the Netherlands and Great Britain. The remaining part (about 20%) was used by companies, mainly limited liability companies. In France and Germany, the share of family farms was lower and in 2016 amounted to 66.8% and 89.8%, respectively. Lower share of family farms in Germany compared to Denmark and the Netherlands was the result of differences in the structure of farms between West Germany (formerly the FRG) and East Germany (formerly the GDR). In the former GDR, where the socialist system dominated, agricultural production cooperatives and, to a small extent, state farms predominated in the structure of farms. This structure was similar to the structure of farms in the Czech Republic, Slovakia and Hungary.

Due to the significant role of various forms of collective farming in agriculture in the use of land in France and Germany, and especially in the former GDR, changes in these countries deserve a separate discussion.

### **Trends in collective forms of farming in French agriculture**

Despite the unquestionable advantages of family farms in agriculture, which is confirmed by their dominance in the structure of farms around the world for over two thousand years, they are not free from certain weaknesses that are revealed as the economic development of individual countries occurs. Family farms are characterised by high adaptability to changing farming conditions, mainly market conditions. The adaptations consisted in undertaking joint activities related to the supply and sale of products and their processing by creating various types of cooperatives: commercial, service, banking, and in the processing of milk, livestock, grain and other plant products (Reisch, 1994; Ziętara, 2004). The adjustment processes concerned the functioning of the farms to a smaller extent. They were mainly related to the organisation of production, mostly specialisation and joint use of some fixed means of production, e.g. tractors and machines. The essence of a family farm, manifesting itself in the unity of the household and the farm (shared funds) and reliance on family work, remained unchanged. These adjustments turned out to be insufficient to meet the requirements of the recipients (production scale) and social expectations of agricultural families. They made farmers look for new solutions. The result of this search, different from previous forms of cooperation of farmers running family farms, was the concept of shared management which was developed and implemented in France. It consisted in the creation of the so-called Group Farms, known under the name GAEK (Groupements Agricoles d'Exploitation en Commun). In literal translation, this means agricultural groups of common economy (Wierzbicki, 1993; 1997). The beginning of the creation of group farms in France were the 1930s. Their idea originated from the philosophy of Catholic socialism and was developed by Catholic rural youth, mainly from small and medium-sized farms. It was developed under the influence of the philosophy of Emmanuel Mounier and

Dominican, Peter Lebret (Pfeifer, 1981). Mounier was a supporter of personalist economics used to introduce the humanistic order into the economy in which the following principles should apply:

- Priority of social conditions over profit,
- Priority of work over capital,
- Priority of personal responsibility over anonymous management apparatus.

The latter principle means the liquidation of the division of employees into managers and subordinates. The idea of group farms was implemented in the post-war period as a result of a broad discussion in which technical progress played an important role. Farmers with larger farms, associated in the Union of French Farmers, were supporters of the thesis that it was necessary to concentrate land on the basis of land ownership as a condition for using technical progress. The left, represented mainly by communists, advocated the development of agricultural cooperative movement modelled on the Soviet one and the countries of real socialism. In turn, young French farmers chose the path of development in the form of group farms (Czyszkowska-Dąbrowska, 1978).

The concept of group farms developed by young French farmers was reflected in an act adopted by the French Parliament in 1962, which entered into force in 1965 and enabled the creation of group farms. The act formulated the following objectives of the GAEK:

- Organising a profitable joint farming while maintaining its family nature,
- Creating appropriate relations between partners on the basis of work,
- Ensuring stability of the joint farm but without limiting the partners' ability to leave the group farm,
- Ensuring economic and fiscal status in which the situation of individual partners will not be worse than the one of farmers pursuing private farming,
- Limiting personal liability towards third parties (partners are liable up to the amount of contributions made, like in a limited liability company),
- Ensuring further development of family farms by opening them up to technical progress, ensuring full utilisation of labour resources and capital.

The Act also specified the legal form of group farms. The GAEK has the feature of a family farm, cooperative and limited liability company. The feature of a family farm is manifested in the adopted methods of income distribution, which is most often divided according to work contributions. In fiscal terms, partners are treated as private farmers. They pay income tax after income distribution. Income tax is not paid by the farm as an entity. The feature of a cooperative is manifested by the principle of "one member one vote" and of a limited liability company by liability limited to the amount of the contribution (Ziętara, 2004).

The rules for creating group farms were also included in the Act. They can be established by a minimum of two partners and the maximum number of partners is 10. This limitation is the result of the adopted principle providing for the exclusion of the division into managerial and executive work. The standard applies: the previous farm included in the group farm being created may be represented

by only one person, usually a farmer or his wife. This rule is associated with another one, assuming the separation of the household from the agricultural holding. As a result, the wives of farmers were freed from the obligation to work on the farm. They can work outside the farm. Of course, they can work periodically on the farm as a seasonal worker. This solution was accepted by the wives of farmers. All partners have the same rights and obligations. Performing a managerial function, e.g. representing a farm before an institution, does not free from executive work. The basis for creating a group farm is the balance sheet. Partners make contributions in-kind and in-cash to the farm. Partners choose from existing farms' assets which will be useful in the group farm and make their valuation. In the balance sheet, they are included on the assets side. In liabilities, the value of contributions made by individual members is included in the "initial capital." Land is not a contribution to the farm. An exception may be a construction plot intended for the construction of a farming centre. The partners' land is used based on a lease. The principle of "minimising shared property" (equity) of a group farm was adopted in the functioning of group farms. The investments are financed with a loan or members' contributions in the form of an interest-bearing loan. Adoption of the principle of minimising equity is very important as it facilitates the "exit" of a partner from the group farm. There is no repayment problem (Ziętara, 2018).

The proposed solutions in the form of group farms were approved by French farmers. In the first period of the act being in force, the interest of farmers was moderate. In 1965-1975, about 300 group farms were established annually. In the following years (1975-1995), interest in this form increased significantly. Around 3,000 group farms were created annually during this period. In 1970, the share of group farms in the total number of farms was only 1%. 3% of utilised agricultural area was in their use. In 2000, the share of group farms was 19.1%, and 42% of utilised agricultural area was in their use (Ziętara, 2004). In 2013, in the total number (451.6 thousand) of farms in France, 153.8 thousand (34%) were functioning in various forms of collective farming<sup>7</sup>, using 62.3% of the total UAA (Ziętara, 2018).

### **Change directions in the structure of farms in Germany including legal forms**

The figures related the structure of farms in Germany are given in Table 4, taking into account the legal forms of farms in the former Federal Republic of Germany including the Old Federal States (OFS) and in the former German Democratic Republic including the New Federal States (NFS). This division is justified as changes in the structure of farms took place in these parts of Germany differently. In the NFS, cooperative and state farms underwent transformation processes, while in the

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<sup>7</sup> In addition to the GAEK, collective forms of farming include: EARL (Exploitation Agricole à Responsabilité Limitée) – a limited-liability farm; SCEA (Société Civile d'Exploitation Agricole) – general partnership.

OFS changes in the structure occurred for other reasons<sup>8</sup>. The numbers provided concern 1992, 1998 and 2016<sup>9</sup>.

In 1992, after the first stage of restructuring, in the NFS the share of family farms in the total number of farms was 78.6%. The share of partnerships was 6%, including general partnerships – 4.1%<sup>10</sup>. The share of farms with legal personality was 14.8%, including production cooperatives – 7.9% and limited liability companies – 6.3%. Some of the former agricultural production cooperatives maintained their cooperative form in accordance with the cooperative law in force in the Federal Republic of Germany (OFS), while some took the form of a limited liability company. The share of family farms increased to 80% in 1998 and in subsequent years it decreased to 71.5% in 2016. In the analysed years, the share of partnerships increased to 9.6% in 1998 and to 13.6% in 2016. The share of legal persons, after a temporary decrease in 1998 to 9.2%, increased to 14.7% in 2016. In this group, the share of cooperatives decreased to 3.8%, while the share of limited liability companies to 10% in 2016. Despite the dominant position of family farms in the NFS, their share in land use was considerably lower. In 1992, it was 13.2% and in subsequent years it increased to 27.5% (2016). The share of partnerships in land use increased at a similar rate and in 2016 it was 22.3%, including general partnerships – 13.3%. In the analysed period, the share of legal persons in land use decreased from 72% in 1992 to 50.1% in 2016. Participation of cooperatives and limited liability companies was similar and that year it was 23.1% and 25.2%, respectively. Similar processes but on a smaller scale also occurred in the OFS (Steffen, 2011). As stated earlier, in 1992 the share of collective forms in both the number of farms and land use was negligible (lack of complete data). In 1998, the share of family farms in the OFS was 97.9%, and in 2016 it decreased to 90.4%. The share of partnerships increased from 0.7% to 8.9% in 2016, including general partnerships from 0.3% to 7.5%. The share of legal persons in 1998 was only 0.2%, including limited liability companies 0.1%. In 2016, it was higher and amounted to 0.6% and 0.3%, respectively. The share of family farms in land use in the OFS decreased from 94.9% in 1998 to 82.3% in 2016. However, in 1998 the share of partnerships increased from 4.3%, including general partnerships 4.1%, to 16.7% and 15%, respectively. The share of farms with legal personality increased in these years from 0.4% to 0.7%, including mainly limited liability companies from 0.1% to 0.3%.

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<sup>8</sup> It can be assumed that they are the result of faster growth of labour costs in the national economy and prices of means of production than of selling prices of agricultural products. Social factors should also be indicated.

<sup>9</sup> The years were adopted due to data availability. Data from 1992 concerns only the NFS where restructuring covered cooperative and state farms. Data regarding the legal forms of farms in the OFS was not available for this year. It can be assumed with high probability that family farms were the dominant form. The share of collective forms and general partnerships was negligible.

<sup>10</sup> Among partnerships, apart from general partnerships, there are also limited liability partnerships, however, to a much smaller extent.

Table 4

*The structure of farms in Germany, including legal forms*

Legal forms of farms	The share in the number of farms (%)					The share in the utilised agricultural area (%)				
	1992		1998		2016	1992		1998		2016
	NFS	OFS	NFS	OFS	NFS	NFS	OFS	NFS	OFS	NFS
Family farms	78.6	97.9	80.0	90.4	71.5	13.2	94.9	20.8	82.3	27.5
Partnerships including: general partnerships	6.0	0.7	9.6	8.9	13.6	13.8	4.3	22.8	16.7	22.3
Legal persons including: Agricultural cooperatives	4.1	0.3	7.9	7.5	9.8	6.3	4.1	15.9	15.0	13.3
Legal persons including: Limited liability companies	14.8	0.2	9.2	0.6	14.7	72.0	0.4	54.2	0.7	50.1
Other forms	0.6	1.2	1.2	0.1	0.9	1.0	0.4	2.2	0.3	0.1

Source: Agrarbericht der Bundesregierung (1994); *Statistisches Jahrbuch...* (2001, 2018).

Generally, it can be stated that in the NFS, despite the dominant share of family farms in the number of farms, their share in land use was definitely lower and did not exceed 30%. Collective forms dominated – in 2016 they used 72.5% of land, of which partnerships – 22.3% and farms of legal persons 50.2%. Similar trends, but on a smaller scale, occurred in the OFS. These trends indicate the direction of changes in the structure of farms. In Germany, both in the OFS and NFS, as opposed to France, partnerships, including general ones, are an important form of collective farming.

### Summary and conclusions

1. Family farms have been the dominant legal and organisational form of business entities in agriculture around the world for several thousand years. Their share in the total number of farms in Asia, Africa and Europe exceeded 95%. It was slightly lower in North and South America and Oceania, where it amounted to 88%, 82% and 78%, respectively.
2. Despite the clear advantage in the number of farms, the share of family farms in land use was lower and diversified. The highest occurred in Asia, where it was 85%, lower in Europe, North America and Africa, where it was ranging from 67% to 69%. It was the lowest in South America and Oceania, amounting to 18% and 2%, respectively.

3. The economic development of countries causes a gradual decrease in the share of agriculture in the GDP and employment. Despite this, agriculture still remains a very important sector, being the basis of the food economy and being responsible for spatial management on over 50% of the area of individual countries, maintaining biodiversity and climate protection. So far, these functions of farming have not been properly appreciated.
4. Changes occurring in farming, mainly in the market, force farms to increase production scale which leads directly to a reduction in the number of farms and an increase in their area. These processes are conditioned by the economic growth in individual countries.
5. Increasing the area of family farms encounters barriers related to the economic growth and social problems occurring in this form, and related to the management of free time, holidays and illness of farmers, as well as succession. The result of these problems was and is the search for appropriate organisational solutions and legal forms. They find their realisation in various forms of collective farming.
6. In the countries of the former socialist camp whose agriculture was dominated by agricultural production cooperatives and state farms, these enterprises were restructured as a result of a change in the political system. The result was the creation of family farms which dominated in the number of farms, while the land use was dominated (over 50%) by collective forms – agricultural cooperatives and companies. Family farms have not fully recovered in these countries.
7. In the countries of Western Europe, mainly in France and Germany, trends of creating various forms of collective farming have been observed. In France, mainly in the form of Group Farms (GAEK), in Germany in the form of general partnerships, limited liability companies and cooperatives. In France, collective forms were using over 62% of utilised agricultural area, while in East Germany (former GDR) over 72%.
8. The creation of new forms of collective farming in agriculture should be seen as a response to the economic and social barriers to the development of family farms.

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## KIERUNKI ZMIAN FORM ORGANIZACYJNYCH I PRAWNYCH GOSPODARSTW ROLNICZYCH W POLSCE NA TLE WYBRANYCH KRAJÓW

### Abstrakt

*W artykule przedstawiono zmiany, jakie zaszły w strukturze gospodarstw, głównie rodzinnych, w Polsce i wybranych krajach Europy, różniących się poziomem gospodarczego rozwoju i systemem politycznym do 1990 roku. W pierwszej grupie krajów badaniami objęto Danię, Francję, Holandię i Niemcy, natomiast w drugiej Czechy, Słowację, Węgry i Polskę. Zwiększanie skali produkcji przez powiększanie powierzchni gospodarstw okazało się niewystarczające. W krajach grupy pierwszej, we Francji i Niemczech, głównie Wschodnich (była NRD), wystąpiły tendencje do tworzenia gospodarstw zespołowych o uproszczonej formie prawnej. W 2016 roku ziemi w użytkowaniu w tych formach było we Francji ponad 60%, a w Niemczech Wschodnich ponad 70% powierzchni użytków rolnych. W krajach drugiej grupy obejmujących Czechy, Słowację i Węgry po zmianach systemowych w 1990 roku nie nastąpiło pełne odrodzenie formy gospodarstw rodzinnych. Mimo że zajmowały one dominującą pozycję w liczbie gospodarstw, to jednak w użytkowaniu ziemi ich udział nie przekraczał 50%. Większość ziemi pozostała w użytkowaniu form zespołowych: spółdzielni rolniczych i spółek z o.o., w które przekształciły się dawne spółdzielnie produkcyjne i były gospodarstwa państwowe. W Polsce dominującą formą prawną pozostały gospodarstwa rodzinne. Zainteresowanie polskich rolników formami zespołowymi jest znikome. Także rolnicze spółdzielnie produkcyjne, których udział w użytkowaniu ziemi jest mały, nie budzą zainteresowania rolników.*

**Słowa kluczowe:** gospodarstwa rolnicze, gospodarstwa rodzinne, gospodarstwa zespołowe, struktura gospodarstw, spółdzielnie rolnicze, spółki.

*Accepted for print: 13.09.2019.*