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SUPPORT OF ORGANIC AGRICULTURAL HOLDINGS IN FARMERS' OPINION

WSPARCIE GOSPODARSTW EKOLOGICZNYCH W OPINII ROLNIKÓW

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Streszczenie. W artykule przedstawiono wyniki badań ankietowych przeprowadzonych wśród rolników prowadzących gospodarstwa ekologiczne na terenie województwa wielkopolskiego. Celem badań było poznanie opinii rolników na temat wsparcia tych gospodarstw, m.in. motywów i efektów uczestnictwa w pakiecie Rolnictwo ekologiczne, stawek wsparcia i ewentualnych zmian w przyszłości, wpływu dopłat na dochód. Badania ankietowe przeprowadzone na przełomie 2013 i 2014 roku zostały uzupełnione o wyniki pogłębionych wywiadów z wybraną grupą rolników ekologicznych. Na podstawie uzyskanych wyników ustalono, że większość badanych podjęła słuszną decyzję, przystępując do programu rolno-środowiskowego w ramach pakietu Rolnictwo ekologiczne. W przypadku braku wsparcia, nie podjęłaby jednak decyzji o wyborze ekologicznego systemu produkcji. Znajduje to potwierdzenie w motywach przystąpienia do pakietu, wśród których istotne znaczenie miało pozyskanie finansowego wsparcia oraz chęć życia w zgodzie z przyrodą.

Słowa kluczowe: gospodarstwa ekologiczne, ocena, rolnicy, wsparcie.
Key words: assessment, farmers, organic farms, support.

INTRODUCTION

Organic farming is a system of agricultural production, which for many years has been showing high growth dynamics. In the European Union, not only the number of organic farms has been growing, but also the market of organic products has become more and more significant. Recently it has been the most dynamically developing branch of agri-food sector. One may expect that in the nearest future, the growing trend of demand in organic food will persist. This trend results from the fact that the significance of quality criteria in purchasing decisions is increasing. This type of food is identified with high quality, because its production is based on maximum possible elimination of chemicals as well as inspection and certification. In subjective consumers' opinion, these formal procedures and system increase the guarantee of high quality, which is the crucial determinant of potential demand for organics.

On the domestic market, the basic factor restricting the demand for organic food, is still its relatively high price resulting from limited production of organic farms, and what follows, low supply. Therefore, there is a demand barrier on the domestic market, which holds back part of potential consumers. One could have expected that increase of subsidies for organic farming after joining the EU and introduction of the European support system would have significantly increased the supply of organic products, which would in turn contribute to the fall of prices.

Although the payment system in this area led to a dynamic increase of organic farms, it did not result in adequate increase of supply. According to Szymona (2010), "fulfilling only basic conditions, such as abstaining from the use of synthetic fertilizers or chemical pesticides, but without specific requirement for production of any kind, led to the system being introduced only in extensive production farms, whose owners sometimes had difficulties with performing basic agronomic treatments preventing soil erosion". Production growth and its effect on supply were so limited, that the market did not respond with price decrease. Therefore, the Polish organic products are more price-competitive on external markets, particularly in the EU countries. Most of the domestic production (80%) is exported to the European market, where the demand is much higher than the one on the domestic market.

The issue of farmers' opinion regarding support for organic farming is rather poorly represented in subject literature. Usually, it is undertaken as part of wider considerations regarding the farms, development barriers or in general, participation in agri-environmental programme. In this field studies of such researchers as Mickiewicz et al. (2010), Mickiewicz (2011), Runowski (2012), Nowogródzka et al. (2013) are worth looking into.

MATERIAL AND STUDY METHOD

The paper presents the opinion regarding financial support given to organic farms based on results of the inquiry research. Two criteria of selection of farms participating in the research were adopted: organic production system (after conversion) and location in the Greater Poland Province. The research was conducted at the turn of 2013 and 2014. The source material for the study includes information from the questionnaire sent to 374 farms, whereof 91 were returned, which is nearly 10% of all (974) organic farms in the Greater Poland Province. The survey questions probed into the reasons and effects of participation in the Organic Farming Scheme, farmers' opinions regarding the size of payments and the impact of subsidies on the farm income. Besides data originating from the survey, results of interviews and the latest data from the Agricultural and Food Quality Inspection were used in the paper.

Since the introduction of subsidies to promote organic farming under the agri-environmental programme, the Greater Poland Province has shown particularly high dynamics of growth in the number of organic farms. Between 2004 and 2012, this growth amounted to almost 1 300%. With regard to total agricultural land, this translates into the 7th position in Poland. However, the Greater Poland Province ranks 10th with regard to the amount of organic farms, with 974 of them in the year 2012.

A feature distinguishing farms in the Greater Poland Province is their relatively large area. In 2012 the average size of an organic farm amounted to 25.5 ha, whereas in the Greater Poland Province it was the largest – 42.6 ha (Fig. 1). While in Poland farms of the size up to 20 ha are predominant, in Greater Poland larger, typically agricultural farms have the highest share. In 2012, the average share of farms in the category of over 20 ha totalled 31.1% and in the Greater Poland Province it reached the highest level of 53.3%. The share of the largest farms over 100 ha amounted respectively to: 4.6% and 10.5%.

Table 1. The amount of farms and amount of agricultural land occupied by organic farms in the Greater Poland Province between 2004 and 2012

Province	Amount of farms		Growth dynamics 2004–2012 (%)	Agricultural land (ha)		Growth dynamics 2004–2012 (%)
	2004	2012		2004	2012	
Dolnośląskie	197	1 312	666	8 789	44 304	504
Kujawsko-pomorskie	89	390	438	1 719	8 812	513
Lubelskie	393	2 174	553	5 706	37466	657
Lubuskie	66	1 356	2 055	2 298	52 581	228
Łódzkie	71	518	730	1 195	9 909	829
Małopolskie	697	2103	302	7 626	21050	276
Mazowieckie	434	2 373	547	6 075	55 804	919
Opolskie	26	90	346	447	2 930	656
Podkarpackie	430	1 940	451	10 711	30 381	284
Podlaskie	207	2 924	1 413	3 863	56 367	1 459
Pomorskie	66	894	1 355	1 781	30 616	1 719
Śląskie	47	236	502	487	7 125	1 463
Świętokrzyskie	547	1 288	235	4 995	14 551	291
Warmińsko-mazurskie	244	3 793	1 555	9 497	11 2945	1 189
Wielkopolskie	**70**	**974**	**1 391**	**4 816**	**41479**	**861**
Zachodniopomorskie	176	3 579	2 034	12 725	13 5367	1 064
In total	3 760	25 944	690	82 730	66 1687	800

Source: authors' own elaboration based on the data from the Agricultural and Food Quality Inspection.

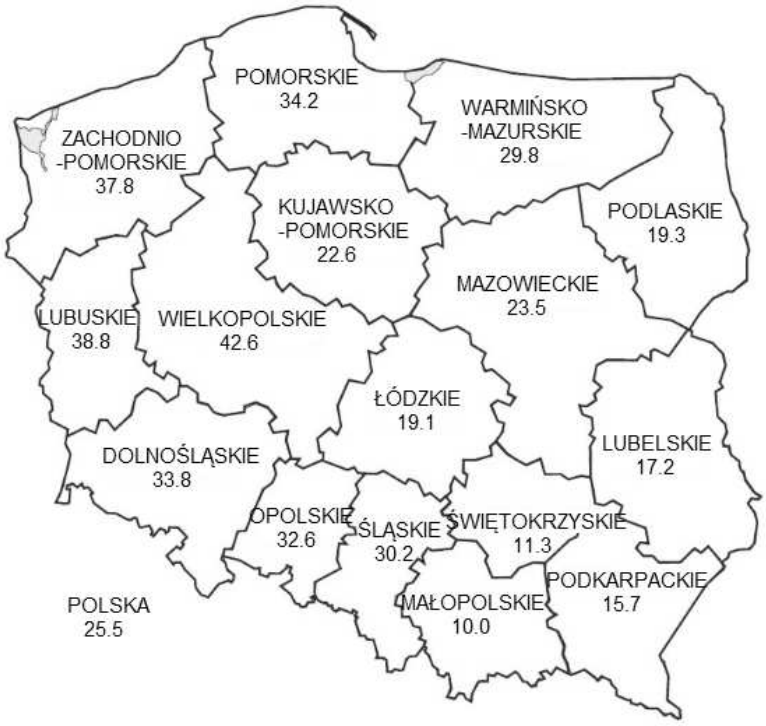

Fig. 1. Average agricultural land in organic farms in 2012 (ha)
Source: authors' own elaboration based on the data from the Agricultural and Food Quality Inspection.

The domination of large farms in Greater Poland means that these farms have much more sale potential and more chances to forge market relations than the small farms comprising

several hectares of land (Kowalska 2010). The proportion of larger farms in the area ought to bring positive economic effects, of course provided that their produce is sold on the market, and these effects should not be the mere consequence of subsidy payments given to farms with very small or no production at all. Despite the fact that the growth of beneficiaries of the Organic Farming Scheme under the RDP 2004–2006 did not result in increased supply, one may still expect that changes introduced in the RDP 2007–2013 will stimulate growth of sale in the future. The primary difference is the organic farmers' obligation to deliver crops for fodder or consumption by people, for processing, composting or transfer to other organic farms.

In light of the high growth dynamics of organic agriculture in the Greater Poland Province and the large average farm area, the identification of decision criteria for conversion of farms into organic farms, the degree of interest in organic production and its sale, as well as assessment of the possibilities to improve the market's response in the future have become significant research problems. All these issues arise such questions as: are the owners of new farms interested in organic production and sale on the market or mainly in subsidies obtained under the agri-environmental programme? What reasons for conversion of farms are the most significant, the short-term financial benefits or the more long-therm, eco-friendly goals?

RESEARCH RESULTS

Large farms dominated among the investigated agricultural holdings, with average farm area of 49.7 ha. Many respondents were new to the business of organic farming as most of them (58.1%) obtained the certificate in 2008. The farms were mainly managed by persons with higher education (52.5%). Nearly every third person had secondary education (28.6%) and every fifth had vocational education (18.9%).

The vast majority of the surveyed farmers (97.2%) considered their decision to partake in the Organic Farming Scheme a good one. Over half of respondents (65%) stated that if there had been no financial support involved in the scheme, they would not have made the decision to go for the organic production system (Fig. 2). This is confirmed by reasons quoted for joining the scheme. The highest percentage of respondents, i.e. 63.9% were driven to the scheme because of the financial support it offered. However, large percentage of the farm owners (62.3%) joined in, driven by their need to live in harmony with nature. The next two reasons for joining were health of the family (37.7%) and protection of the environment in rural areas (36.1%). Moreover, the farmers' motives embraced such things as improving the market position of their produce, boosting domestic sale, increasing export and selling at higher prices, although all these was not of primary, but rather secondary significance. This fact indicates that there is a particular group of farmers interested in the organic production system, just because of the payments, and not because of their willingness to produce more for the market. According to Szymona (2010) „in the group of organic farms there are also such farms, which owners live in distant cities. These farms consist of permanent grassland, mowed once a year at the most. In these, usually very large farms, no fertilisers or pesticides are used. These are the farms, where there is no ongoing production or there is no production at all".

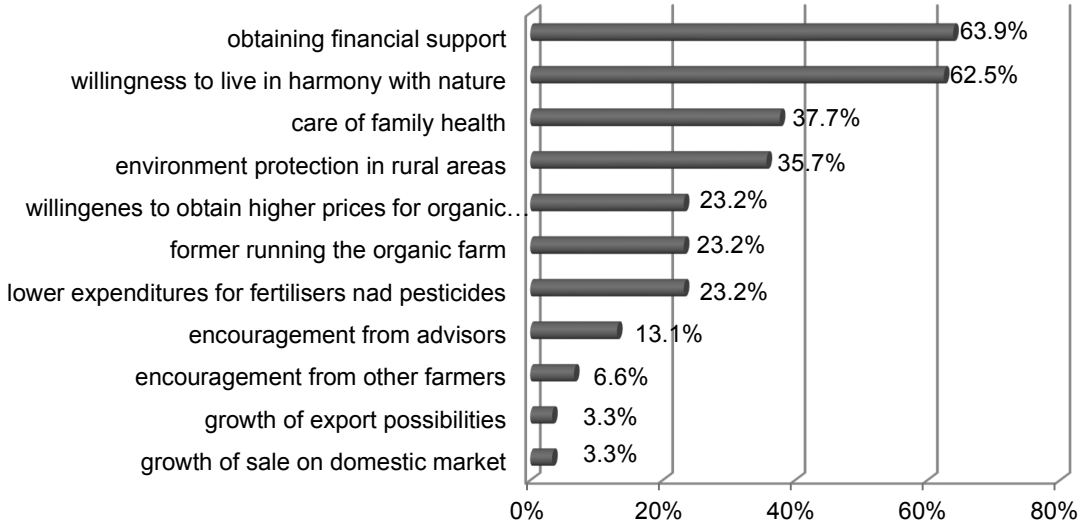

Fig. 2. Reasons for participation in the Organic Farming Scheme
Source: authors' own elaboration based on the results of the survey.

From the range of benefits resulting from the Organic Farming Scheme, over half of the farmers indicated financial (77%), health (65.6%) and environmental (63.9%) benefits, which reflects the three groups of goals of sustainable agriculture (Fig. 3). Relatively high percentage of respondents (44.3%) appreciated such benefits stemming from organic farming as minimal environmental pollution. Organic production system imposes on farmers tight environmental restrictions and obligations, the fulfillment of which is a prerequisite imposed on the scheme beneficiaries. These obligations are very strict, therefore organic farming, in comparison to other production systems, plays such a vital role in environmental protection in rural areas. Realisation of these obligations also influences the farmers to some degree, as because it increases their environmental awareness and determines environmental actions. According to the study of Rembiałkowska et al. (2013) organic farmers in the Mazovia Province show higher environmental awareness and more eco-friendly attitude than conventional farmers. Increasingly more often, they create nature values and become guardians of nature, and some of them turn into environmental leaders.

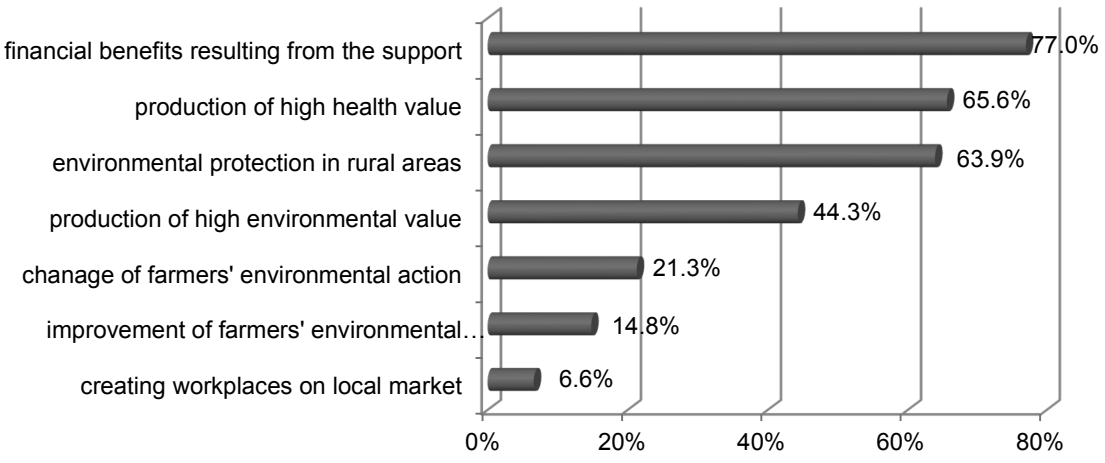

Fig. 3. Benefits from participation in the Organic Farming Scheme
Source: authors' own elaboration based on the results of the survey.

The study confirmed that joining in the Organic Farming Scheme enabled the farmers to achieve higher incomes. This is of great importance when choosing organic farming compared to conventional farming which gives lower crops and thus lower income. In organic farms, the payments are currently the main income-generating factor. Their share is diverse depending on farm size. Generally, the larger the farm, the higher is the share of subsidies in the income it generates (Nachtman 2013). In every third farm (31.7%), the share of payments in total income was over 30% and in every second farm it was between 11% and 30 % (Fig. 4).

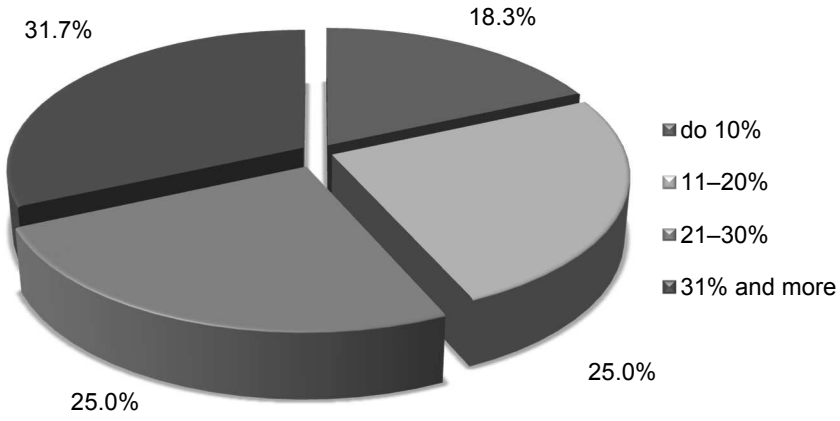

Fig. 4. Share of payments from the Organic Farming Scheme in total income
Source: authors' own elaboration based on the results of the survey.

One of the goals of the study was to answer the question; which motives were predominant among the farmers surveyed: was it the economic goal and interest in receiving financial support or care for the environment that played the most important role. It refers to the issue raised in subject literature concerning the group of new farm owners for many of whom obtaining the subsidy was the main goal and main criteria for joining the agri-environmental programme. The obtained results did not confirm that clearly, because every third farmer declared that economic priorities came first (34%), and nearly half (49%) – that environmental priorities were more important (Fig. 5).

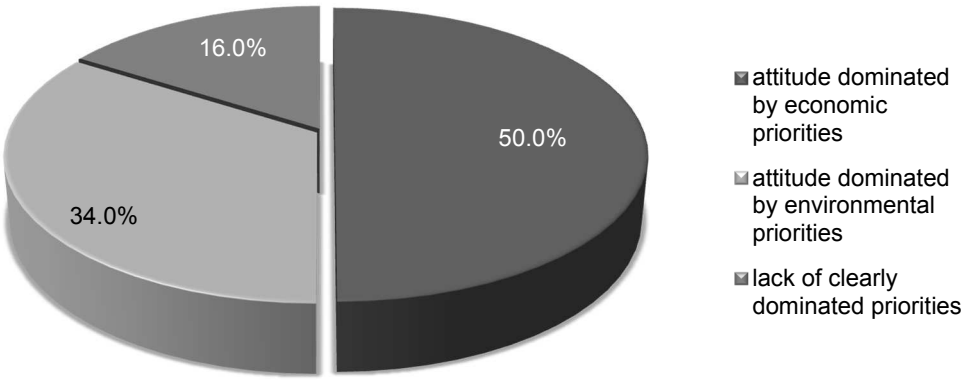

Fig. 5. Attitude of the organic farm owners towards organic farming in relation to the priorities adopted
Source: authors' own elaboration based on the results of the survey.

It should be underlined that the support is very important for all respondents, but their attitude is informative of their approach, including such significant issues as agro-technical knowledge, labour-consuming care and expected short- and long-term effects. According to Bielski (2009), one may distinguish three types of organic farmers in terms of awareness, motivation and identity. These types are: payment-oriented organic farmers, organic farmers having a sense of mission and contemplative organic farmers. In turn, in the researched group of farmers one may distinguish two completely different types: a payment-oriented farmer and an ideologist farmer. Within the first group, the decision concerning running organic farm was a result of wish to obtain the subsidy. Farmers in this group are not interested in organic production and have a passive attitude, which results in fulfilling the minimum requirements imposed on the scheme participants. They are owners of relatively large farms whose share plays a significant role in increasing the size of agricultural farms in the Greater Poland Province. In turn, within the second group of farmers, the decision to run an organic farm results from the conviction that its production is beneficial for people's health and the environment (production of high quality food, maintaining biodiversity and natural landscape), whereas economic criteria, including efficiency, although important, have secondary significance.

In light of criticism of subsidizing organic farms fed by poor results thereof, that is the fact that the increased number of organic farms does not translate into increased production volume, the farmers' opinion seems to be very interesting. The respondents were asked to express their view concerning possible changes in the future with regard to subsidizing organic farming. The highest share (35.7%) thought that the payments rate should correspond to the volume of market production (sold as organic or conventional) (Fig. 6). Less than one-third (28.6%) believed that the payment rate should be related to the production sold on the organic market. Very similar amount of respondents (26.8%) suggested bigger subsidy payments to ensure balanced production.

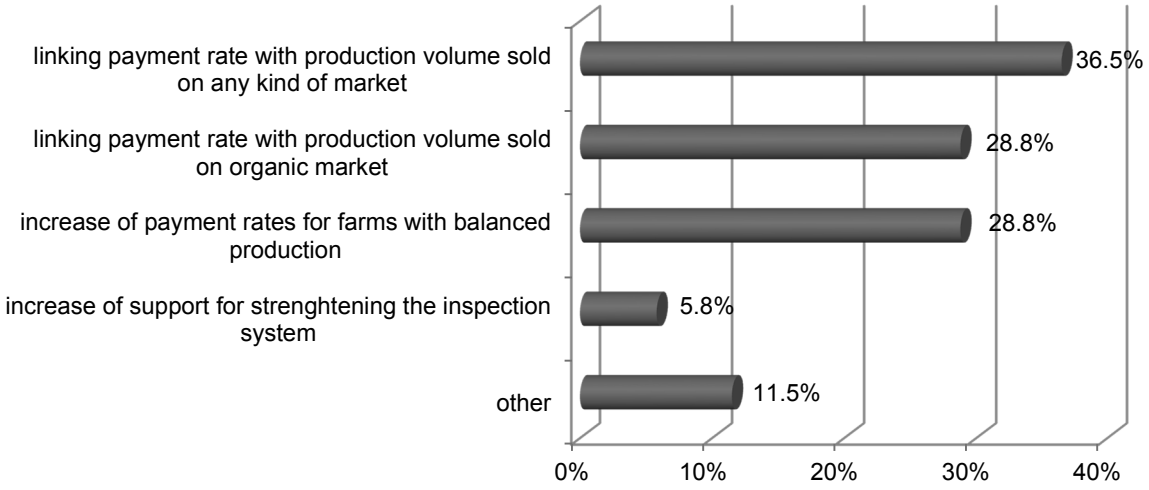

Fig. 6. Opinion on changes in the future organic farming support
Source: authors' own elaboration based on the results of the survey.

Majority of farmers (67.8%) asked about the sale of their products on the market, gave a positive answer. In light of the studies indicating low marketability of organic farms in Poland, with an

indicator not exceeding 43%, it is quite questionable (Nowogródzka et al. 2013). Marketability strictly correlates with the size of farms, therefore in large farms from the Greater Poland, it may be respectively higher, which would explain relatively large percentage of farmers declaring successful sale of their products. However, this conclusion is not clearly confirmed by the research results and therefore would require further studies.

The research proved that the sale of organic products has generally informal character. The vast majority of respondents sell their products directly to consumers (67.4%) and every third to processing plants (33.3%) (Fig. 7). Retail sale (to specialist shops – 19.5%, to general retail shops – 15.2%) and wholesale has a lesser significance, which is caused by relatively large trading margins which decrease the attractiveness of this form of distribution as they decrease the profits from organic production. The choice of direct sale requires from the farmers a number of business-related operations and has certain side effects (time spent on sale, cost of product confectioning), but it also creates the possibility to take over part of the value added, increasing farm income.

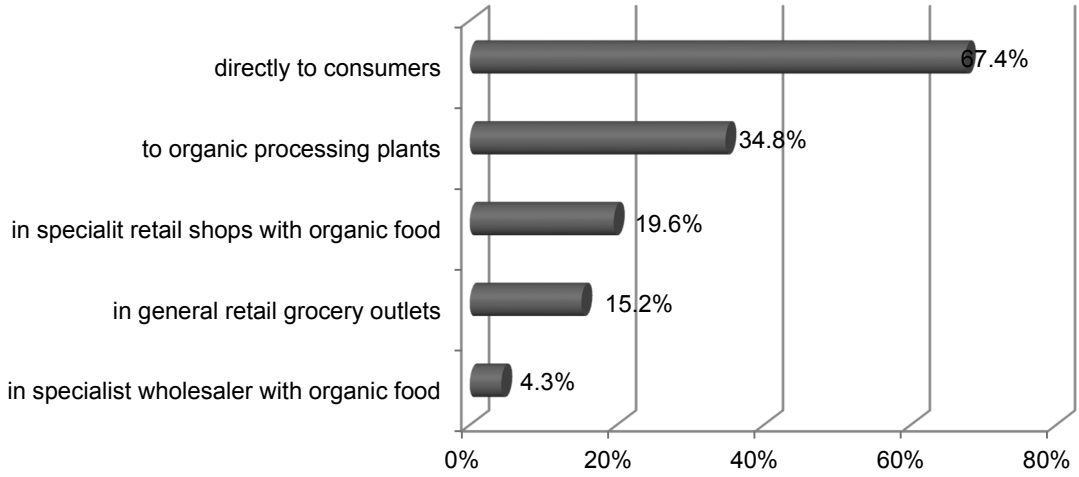

Fig. 7. Sale channels of organic farm products
Source: authors' own elaboration based on the results of the survey.

FINAL CONCLUSIONS

The research findings indicate that the vast majority of the respondents claimed that they made night decision to join the agri-environmental programme under the Organic Farming Scheme. Over half of the surveyed believed that should there have been no support, they would have not turned to the organic production system. This claim is confirmed by reasons for joining the scheme. Majority of respondents were driven by the chance to obtain financial support, although farm owners who had a more idealistic motivation and wanted to live in harmony with nature also had a relatively high share. This study did not clearly confirm the thesis stating that for majority of new organic farms owners, the subsidy was the main motive for joining the agri-environmental programme. From a range of benefits stemming from participation in the Organic Farming Scheme, over half of the farmers indicated financial, health and environmental benefits, thus the ones which result from achievement of the three groups of goals of sustainable agriculture.

The highest percentage of respondents thought that in the future the rates of subsidy payments should correspond to the volume of production sold on the market of organic or conventional products. It should be underlined that justification for the support stimulating dynamic development of organic farming is its final effect, in form of supply growth resulting in drop of price level and simultaneous improvement of its physical and price accessibility. Consequently, not only farmers, but also consumers benefit from the support given to organic farming. Therefore final supply effect is the guarantee of legitimacy of the support policy. In case there is no increased supply, there is a risk that the policy will not be socially approved and the public funds will be considered to be distributed in a socially unjustified way. It unequivocally means that support given to organic farming should stimulate pro-supply attitudes among the scheme's direct beneficiaries.

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