

THE PAST, PRESENT AND FUTURE OF DIVERSIFICATION OF AGRICULTURAL HOLDINGS IN CZECHIA

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ABSTRACT

The article deals with diversification of the activities of agricultural holdings in Czechia. The purpose of diversification is to create and also keep new jobs in the rural areas, keep or even increase the farm income and to contribute to the recovery of the villages. It may lead to stabilization of the rural population, increase the quality of their lives and the competitiveness of agricultural holdings. The main aim of the article is to describe the extent and importance of diversification in the specific environment of Czechia before and after 1989 and also to outline its likely future development. The article offers analysis of the development of non-agricultural activities before 1989 in the conditions of the centrally planned economy. Then it deals with diversification of activities of agricultural holdings after 1989 – during the period of transition of the Czech agriculture, which led to the application of the market economy. The article also outlines the possible future development of diversification of activities of agricultural holdings in Czechia.

Keywords: Czech agriculture, post-productivism, rural development, non-agricultural activities, diversification

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1. Introduction

Agriculture, as an important sector in the national economy, focuses on the cultivation of strategic materials, foodstuff production and sustenance of people. The essential significance of agriculture is emphasised by its irreplaceable character, indispensability of foodstuff and pervasive nature of production. The role of agriculture has undergone significant changes in the past years. Besides the production function, “out-production” functions of agriculture are stressed as well as its profound influence on shaping the character of the landscape, on the environment and on the rural space (Hrabák 2014; Bičík, Jančák 2005). The farmer has become an active actor shaping the landscape.

When it comes to its concept the article is based on the notion of post-productive agriculture and multifunctionality, which are closely connected with the new perspective given to the rural areas, with a new rural paradigm (OECD 2006).

The changing character of the countryside, including changes in agriculture, is explained as a postproductivist transition – from productivist to post-productivist agriculture (Almsted 2013; Konečný 2012; Ilbery, Bowler 1998). One of the features of this is the transition from specialization to diversification of the agriculture.

Transition to post-productivism should be seen as a continuum, as agricultural holdings may have some signs of post-productivist behaviour, while remaining focused on primary agricultural production (i.e. on productivist agriculture).

Evans et al. (2002, p. 317) summarizes the characteristic features of post-productivism into 5 categories. The categories include a shift from quantity to quality in food production, growing diversification through both on-farm and off-farm activities, extensification and support to sustainable farming based on agro-environmental policy, dispersal of the production structure, environmental regulation and change in governmental support to the agriculture.

The criticism of the concept of post-productivism has resulted in forming an alternative concept of multifunctional agriculture, which admits a coexistence of productivist agriculture with post-productivist activities (Almsted 2013; Konečný 2012). It can be argued that the concept of multifunctionality is a characteristic feature of all agricultural holdings. Each of them realizes, to a certain extent, some non-agricultural activities, e.g. landscape maintenance.

The term diversification means differentiation, dispersal of economic activities into more fields. Diversification in agriculture is related to a change in the economic function of the countryside and agriculture and can be seen as a part of a wider process of rural diversification (Robinson 2004).

It is difficult to find one definition for diversification of agricultural holdings. Most experts tend to think that the term includes business activities implemented in the holding or activities that are dependent on agricultural land and on capital assets of holdings (Ilbery 2009; European Commission 2008; Ilbery et al. 2006). Diversification can be also defined as the use of economies of scope. It

can be described as a portfolio of activities which leads to a spread of risks and incomes and where a loss in one or even more activities does not cause a crisis or decline of the enterprise (Špička 2006). There are even more perspectives on diversification. The final conclusion whether the given case is an example of diversification or not has to be done in each individual situation, in a given time and on a given place.

The purpose of diversification is to create and also maintain jobs in the rural space, maintain or even increase income and contribute to recovery of villages. Diversification can help to stabilize rural population, raise the quality of its life and increase competitiveness of agricultural holdings.

Czechia has undergone a specific development of the agricultural sector. Agriculture was influenced by a more than forty years of the socialistic economy. Under the centrally planned economy agriculture underwent deep structural changes including dramatic changes in land ownership and operation of agriculture. Large agricultural enterprises such as cooperative farms (cooperative sector) and state farms (state sector) were established and started to play the dominant role in the Czech agriculture. Even before 1989 the both types of farms also conducted some non-agricultural activities. After 1989 the centrally planned economy was transformed into the market economy resulting in profound changes in the production structure of agriculture. The number of employees decreased significantly, the amount of livestock was reduced, and many legislative changes were undertaken. Non-agricultural activities of agricultural holdings were reduced; some of them disappeared, some were divided into the secondary sector (industry) and tertiary sector (services).

The objective of this article is to outline the extent and significance of diversification of activities of agricultural holdings in Czechia, both before and after 1989, on the basis of the available statistical data and to sketch a potential future of these activities in Czechia. This will be done on the basis of a literature review, own experience from field research and interviews with representatives of agricultural holdings, private farmers and people who have worked in the primary sector for a long time.

In particular the article aims to answer the following research questions: which activities represent most often the target of diversification? Do these activities change over time? Are these activities regionally differentiated? Are there better preconditions for diversification in some regions than in others? How did the year 1989 and the related socioeconomic transition influence the diversification of activities of agricultural holdings?

1.1 Methodology

The article is based on a historical, evolutionary approach, which is often used within the geography of agriculture. It enables to identify the main drivers as well

as the main evolutionary trajectories and also the changing spatial distribution of the key phenomena.

As the main source of information, statistics concerning agriculture were used. The analysis of development of non-agricultural activities before and after 1989 in Czechia is based on the data of the Czech Statistical Office (ČSÚ) and Eurostat. The data in section 2.1 come from the materials of ČSÚ – “The development of non-agricultural activities of state farms and cooperative farms in Czechia” (ČSÚ 1990) and “The development of non-agricultural activities in cooperative farms and state farms 1985–1989” (ČSÚ 1990). In section 2.2 the data come predominantly from the Agrocensus surveys which were performed in Czechia for the first time in 1995. The year 2000 is considered as the reference year for Agrocensus; in that year a global census of agricultural holdings was held under FAO. The Czech Statistical Office organizes the Agrocensus surveys regularly every ten years, thus the latest was held in 2010. The surveys of Agrocensus are followed by Farm structure surveys in agriculture that were undertaken in 2003, 2005, 2007 and 2013. The next one is planned for 2016.

The section 2.3 is based on the author’s own experience from field research and interviews.

Diversification plays a significant role in the agriculture and life in the countryside, nevertheless, research on the micro-regional level has been very limited in Czechia. The article is intended as a contribution to the topic of diversification and its purpose is to reflect special conditions of development of agriculture in Czechia and their influence on diversification of activities of agricultural holdings.

2. Diversification of agricultural holdings in Czechia

2.1 Non-agricultural activities before 1989 – the past

Non-agricultural activities of agricultural holdings played an important role in the development of rural areas and agriculture. They contributed to the scientific and technical progress, a higher level of employment, a better use of production sources and helped solve the seasonal periodicity of agricultural production (Eretová 2013; Bičík, Jančák 2005). Non-agricultural activities also improved the quality of services in the countryside as they enriched the market with industrial and other products. Non-agricultural activities also introduced features of competition between individual branches of the national economy. Moreover, they contributed to better economic results of the individual holdings. Higher revenues helped to improve the living conditions in the rural areas and social and economic conditions of agricultural workers. All arguments mentioned above were the reasons why non-agricultural activities were implemented by cooperative farms as well as state farms in all region of the former Czechoslovakia.

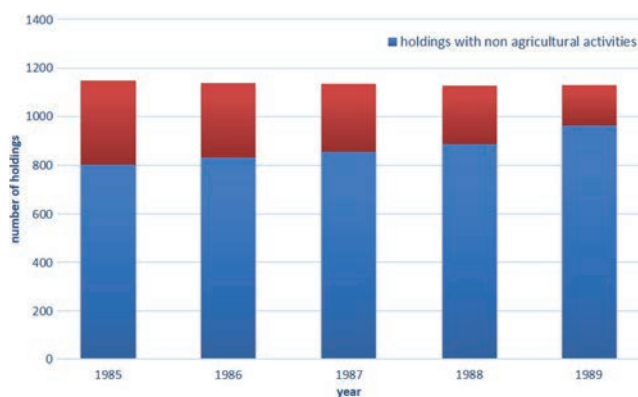


Fig. 1 Number of holdings with non-agricultural activities 1985–1989. Source: Czech statistical office, 1990.

At the beginning of their origin, non-agricultural activities were only of a marginal significance (Eretová 2013). They were meant as a simple production, provision of services and valorisation of local resources. The origin of non-agricultural production was motivated by the aim to ensure employment for the people working mainly in the crop production off-season.

The dynamic development of the non-agricultural activities started in the 1970s (ČSÚ 1990). Holdings were looking for new resources for development and intensification of agricultural production and the local production resources were used for that purpose. Non-agricultural activities were also extended during the 1980s. In the case of state farms, non-agricultural activities were watched from 1983 when a dynamic growth lasting until 1989 was registered. In 1989, the total number of agricultural holdings (both cooperative and state farms) amounted to 1130 and as can be seen in Figure 1, non-agricultural activities were run in more than 85% (962 holdings in absolute terms) of them (ČSÚ 1990). Non-agricultural activities became a significant source for operation and development of agricultural holdings.

Differentiation of non-agricultural activities can be analysed within the individual territorial units. Holdings located in conditions less favourable for agricultural production often performed better in non-agricultural production in the former Czechoslovakia just as did holdings located in the average or worse conditions where the agricultural production was unprofitable. In the regions unfavourable for agriculture, the profit from non-agricultural production helped to cover the financial loss stemming from the agricultural production. According to the share of revenues of agricultural holdings from non-agricultural activities the leading regions in Czechia were the North Moravian Region and the South Moravian Region. On the other hand, the North Bohemian Region showed the lowest part of non-agricultural production in cooperative farms (ČSÚ 1990).

The structure of non-agricultural production was influenced mainly by local conditions – the suitability of particular types of non-agricultural production in the

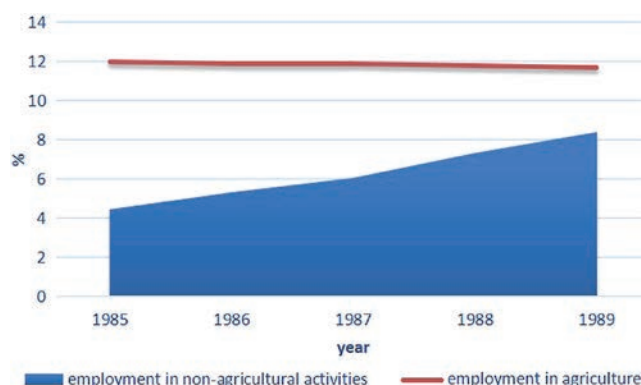


Fig. 2 Employment in non-agricultural production 1985–1989. Source: Czech statistical office 1990.

given area, material and raw material resources, the level of cooperation with governmental organizations, the distance from industrial centres and the abilities of both managers (leaders) and employees of the individual agricultural holdings. The wide range of activities covered by the term non-agricultural production was divided into several categories (ČSÚ 1990) – processing of agricultural products, mining, earthwork, wood processing, metal processing, plastic manufacturing, textile manufacturing, goods production, construction work, repair works, transport, electrical engineering and other.

Among non-agricultural production metal processing, wood processing and construction work were originally the most common activities (in the 1970s and early 1980s). Later, these branches were overridden by activities with a higher profit and productivity – electrical engineering, processing of agricultural products and earthwork. These trends can be observed both in cooperative and state farms. In terms of profitability, repair works and goods production were the most successful fields in state farms while repair works and plastic manufacturing were the most profitable categories in cooperative farms. However some of the activities of non-agricultural production were loss-making (e.g. wood processing in the case of state farms, ČSÚ 1990).

The launch of non-agricultural production in the manufacturing led towards more job opportunities, even during the off-season. After the dynamic development of non-agricultural activities of agricultural holdings during 1970s, the structure of the individual categories of agricultural work activities changed significantly, too. The number of employees in the livestock and crop production decreased and the number of “technical-economical” workers increased. The growth in the significance of non-agricultural production was largely proportional to the number of employees, as shown in Figure 2.

Overall, the non-agricultural production made up a significant part of the manufacturing activities of holdings and provided additional profits. The share of non-agricultural production in the output of cooperative farms amounted to almost 22% and made more than 43% of

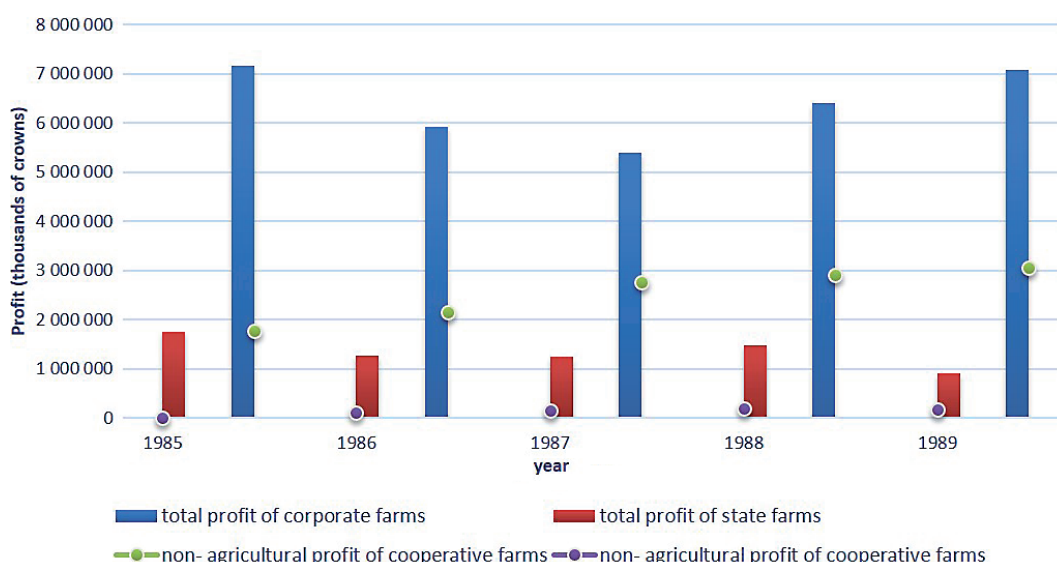


Fig. 3 Farm profit from non-agricultural production. Source: Czech Statistical Office, 1990.

their profits in 1989 as follows from Figure 3 (ČSÚ 1990). The share of non-agricultural production in the output of state farms amounted to 6% but accounted for more than 18% of the profit in 1989. The profit of the non-agricultural productions was an addition to own resources of the holdings and improved their economic results considerably. Importantly, its significance is closely related to unfavourable natural conditions for agricultural production.

An extreme example showing the importance of non-agricultural production was the corporate farm Slušovice, later called “Agrokombinát Slušovice”, where the outputs of nonagricultural production reached 95% in 1989 (Hait 2009; Bičík, Jančák 2005). Thus, in this farm primary agricultural production played only a marginal role. Non-agricultural activities were originally focused on improvement of primary production results (biochemical and chemical production, agricultural machinery, metal processing). Over the time, the farm extended its activities to construction work and even to microelectronics. Non-agricultural production became the main source of revenues for the implementation of long-term investments and strategic goals. In that time, Slušovice became a very attractive address and its population increased significantly thanks to the high personal evaluation and well-developed amenities.

2.2 Non-agricultural activities since transition (after 1989) – the present

After 1989 the centrally planned economy gave way to the market economy. Since 1991 the transformation process has been ongoing in agriculture. Its goal is to solve relations to land and property. Original large holdings such as cooperative and state farms were changed into a number of smaller businesses of varied legal forms – companies (joint-stock, limited liabilities, newly transformed

cooperative and state farms, private farms; Eretová 2011). As a part of the transformation process the land expropriated in 1948 was given back (Bičík, Jančák 2005). The land restitution meant restoration of private farming, which was suppressed before 1989. However, only a small part of the people who gained back their farmland started to run an enterprise on their own. The forty year period of collective farming is represented by two generations of descendants who have never farmed independently and often live in the places very distant from the returned land and property. Moreover, they have lost the bonds which were shared by their ancestors. The lease farmland to large holdings of legal persons or private farmers has become a typical phenomenon in Czechia.

Czechia is distinguished by the specific size and ownership structure of its agricultural holdings which is partly a heritage of the former regime. In absolute numbers, private farms dominate, since their number increased considerably after 1990, but they operate only less than 30% of the agricultural land. Most of the agricultural land in Czechia is operated by large size holdings, companies and cooperatives (70%), but they comprise less than 8% of businesses in agriculture (Zelená zpráva 2014). The holdings of legal entities, holdings that are seen as large, that concentrate production factors; show more diversification of their activities (Eretová 2013). This is the case of almost 40% of all legal persons, but only of 11% of physical persons (Agrocensus 2010).

Private farms in Czechia are more specialized. These holdings distinguish themselves with higher flexibility and ability to react to changes. The low level of diversification can be caused by insufficient technical, technological and human capacity. Smaller holdings are limited in extraneous capital, the share of own capital is considerably higher and they show a higher dependence on operation subsidies. Thanks to their character and individual approach to the customer, private farms are suitable for

non-agricultural activities such as various forms of rural tourism and handcraft. They are able to use local markets or on-farm sale for their production. On the other hand, big holdings can reach the extraneous capital more easily but they are not very flexible and generally make business decisions more slowly. Production factors are concentrated there and these holdings have available capacities for nonagricultural activities available (Špička 2008).

The rural areas create a limited number of new job opportunities. Agricultural holdings, despite the weakening role of agriculture, are still among the significant employers in small villages (Eretová 2013). As the mechanization of production and the reduction of animal production are growing, the demand for new employees in holdings focusing on conventional agricultural production is quite small. Non-agricultural activities operated by agricultural holdings are therefore new opportunities for job creation. These activities have employed especially local people and those from the surrounding of a holding (Doucha et al. 2003) and contribute to a higher level of employment of the village inhabitants.

Extent of diversification

After 1989 non-agricultural activities of agricultural holdings have been reduced. Some of the activities disappeared; other became a part of the secondary and tertiary sectors where they have been run till now. Agriculture was the only field where also the property shares of people who worked in the collective farms were calculated ("Transformation Act" 42/1992 Sb., Chloupková 2002). Workers of non-agricultural production were registered as workers in agriculture. But it was not possible to register these workers as workers in agriculture after the separation of the production to other sectors of the economy. This transfer contributed to the decrease of the

total number of workers in agriculture by one half during the following five years (Doucha et al. 2012; Věžník et al. 2004; Chaplin 2001).

Figure 4 shows the increase of agricultural holdings that diversified their activities towards non-agricultural activities as early as between 1990 and 1995. After 1989, activities of non-agricultural production disappeared or were integrated into the secondary and tertiary sectors. Only a very limited number of holdings have kept the same extent of non-agricultural activities as before 1989. In the early 1990s, a lot of segments of the market stayed unused and it was easy to start running the business and therefore to implement diversification of agricultural activities. Both the habits of the population, the demand for products and services which were offered by agricultural holdings during the previous era and rather weak competition played a certain role in the repeated implementation of non-agricultural activities in many holdings. The growth of holdings with non-agricultural activities slowed down between 1995–2000, mainly because of the lack of experience of managers (leaders) of the holdings and their inability to cope with the new conditions. Moreover, the demand for these activities decreased during the time, competition increased and consumption habits of population changed.

Because of different thresholds and methodology used for the individual surveys of Agrocensus the data cannot be directly compared. In 2013, almost 19% of holdings occupied themselves with the diversification which means an increase if we compare the number with older studies. If compared with other EU countries, the value is close to the level of diversification in West-European and North-European countries, as shown in Figure 5.

The structure of non-agricultural activities changed from year to year. According to the Agrocensus 1995 and

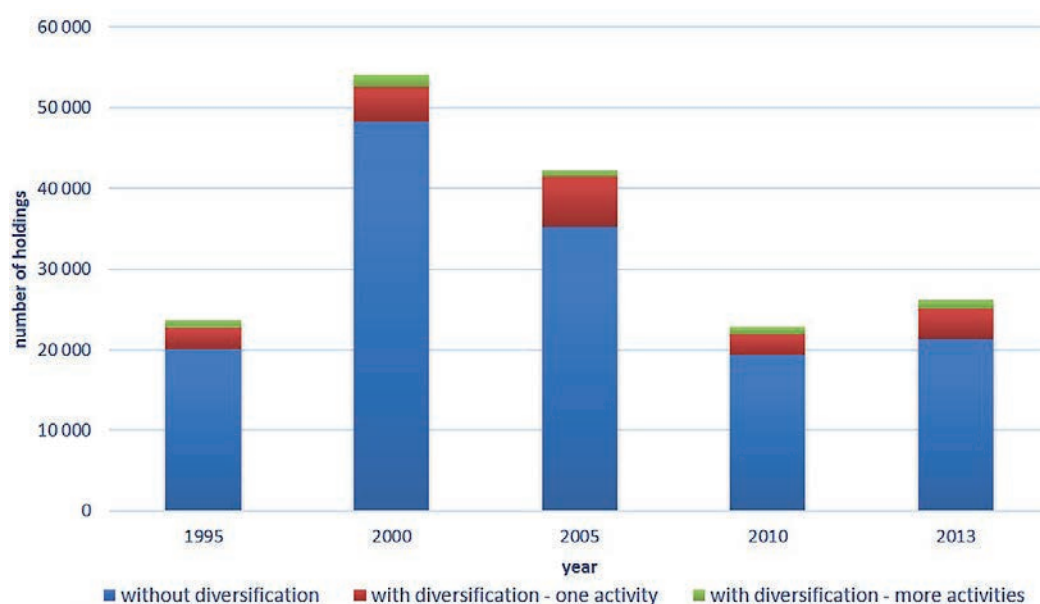


Fig. 4 Holdings with/without diversification in Czechia. Sources: Agrocensus 2000, 2010, Farm structure survey 1995, 2005, 2013.

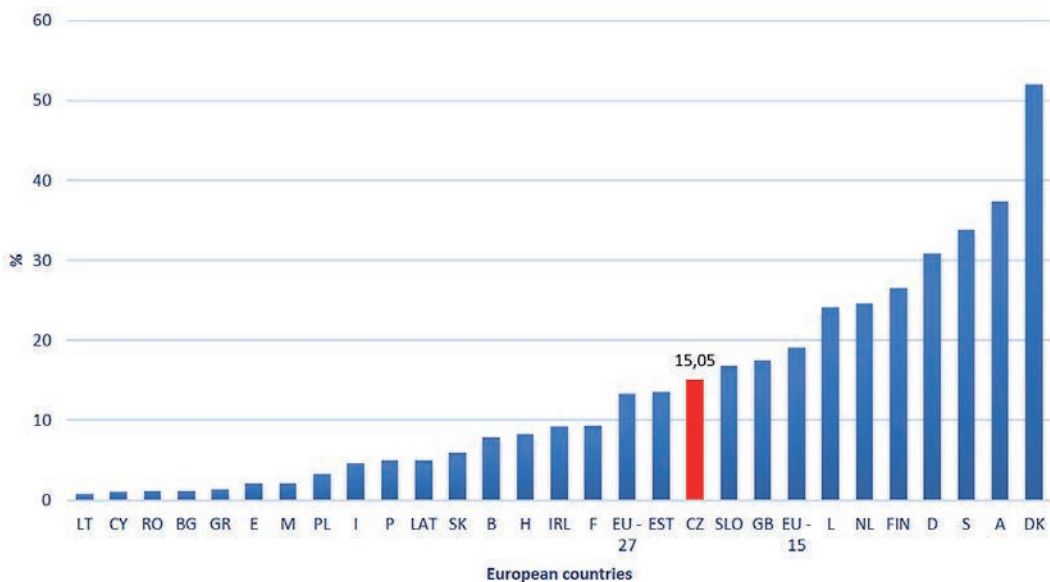


Fig. 5 Percentage (share) of holdings by non-agricultural activities in EU in 2010. Source: Agricultural census 2010 by country, Eurostat.

2000, the most common categories of non-agricultural activities were services for agriculture, commercial activities, transport and other.

Since 2010 the definition of non-agricultural activities directly related to holdings has been based on the Commission Regulation (EC) No 1200/2009 which specifies these activities: tourism; handcraft; processing of farm products; renewable energy production; wood processing; aquaculture; contractual work; forestry work; other gainful activities.

As Figure 6 shows the most common non-agricultural activities in Czechia are contractual works for another enterprise, both of agricultural and non-agricultural character. The popularity of tourism and related activities and forestry work has been also growing. The share of tourism in non-agricultural activities was 2.6% according

to Agrocensus 2000; then it increased to 13.2% in 2010; and by 2013, the share relatively decreased to almost 10% (Agrocensus 2000, 2010, Farm structure survey 2013), but in terms of total numbers more and more holdings are occupied with it. The relative decrease is caused by the growth of total number of holdings with diversification. Rural tourism in Czechia has not fully developed yet; farms do not use fully their potential for its varied forms (Moudrý 2006). This is due to the low level of connected services, tourist infrastructure and a missing tradition. On the other hand, there is not a high enough demand for rural tourism.

Figure 6 shows that the importance of processing of farm products even among holdings in Czechia begins to take on. Nearly 19% of holdings engaged in this category of non-agricultural activities operated in 2013.

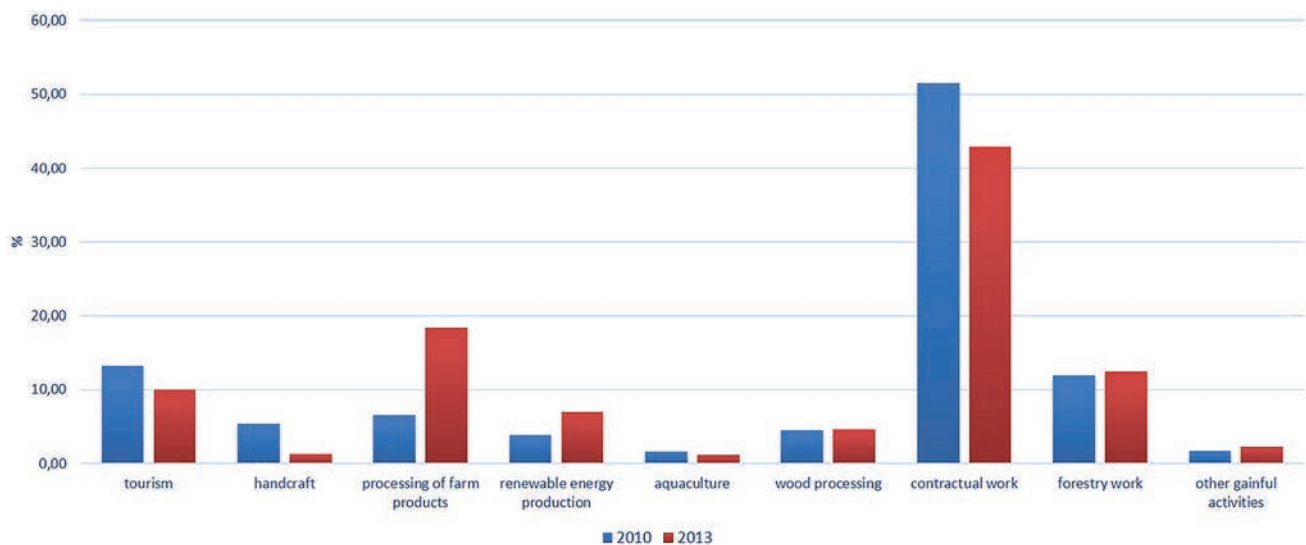


Fig. 6 Diversification by activity in Czechia in 2010 and 2013. Sources: Agrocensus 2010, Farm structure survey 2013.

Regional differentiation of non-agricultural activities

In Czechia, a territorial differentiation of spread of holdings with diversification of their activities can be noticed. The variation is not only in the number of holdings, which diversify their activities, but also in actual activities implemented by the individual holdings.

As already mentioned in this chapter, the number of holdings diversifying their activities has been growing in Czechia. Diversification on the level of regions became the focus of Agrocensus 2010. The highest absolute proportion of diversifying holdings in the mentioned year can be noticed in the Central Bohemia Region. An above-average proportion can be seen in the South Bohemia Region, the Hradec Králové Region, the Vysočina Region and the South Moravia Region. At the same time these regions display the highest number of agricultural holdings and also the largest amount of available agricultural land.

The evaluation of the proportion of holdings operating non-agricultural activities in the total number of holdings operating in the individual regions is of a higher reflective value. In this case, regions with the lowest number of operating agricultural businesses have the highest share; that is the capital of Prague and the Karlovy Vary Region where non-agricultural activities were run by almost 20% of businesses in 2010. The lowest share was observed in the Pilsen Region and the South Moravia Region.

A difference can also be seen in the activities in which holdings most often apply diversification of their activities in individual regions (see Figure 7). The regional

differentiation depends on the character of natural conditions, location of the given region and tradition of some of the activities. Holdings situated out of centres can benefit from their location, unique environment as well as historical and cultural heritage.

As the Figure 7 shows, contractual services, both of the agricultural and non-agricultural character, are the most important form of diversification in all regions. The capital of Prague is an exception in the comparison of the regions because its holdings occupy themselves with only a limited range of activities and the important categories for it are contractual services and tourism. Thanks to the character of agricultural primary production, processing of farm products plays an important role in the South Moravia Region. Forestry and tourism are both significantly represented in the total comparison. Activities related to tourism are important for the Karlovy Vary Region, the Ústí Region and the Liberec Region. The significance of forestry and processing of farm products has been growing in the Zlín Region. The intensity of this field is also related to wood processing. Aquaculture plays the most important role in the South Bohemia Region as it is the region with a long tradition of fish farming and some agricultural holdings are occupied with it.

There is not only one conclusion for the differentiation of agricultural holdings. Those that operate in worse natural conditions show a higher level of diversification of their activities because they cannot rival fully other regions in agricultural primary production (e.g. the

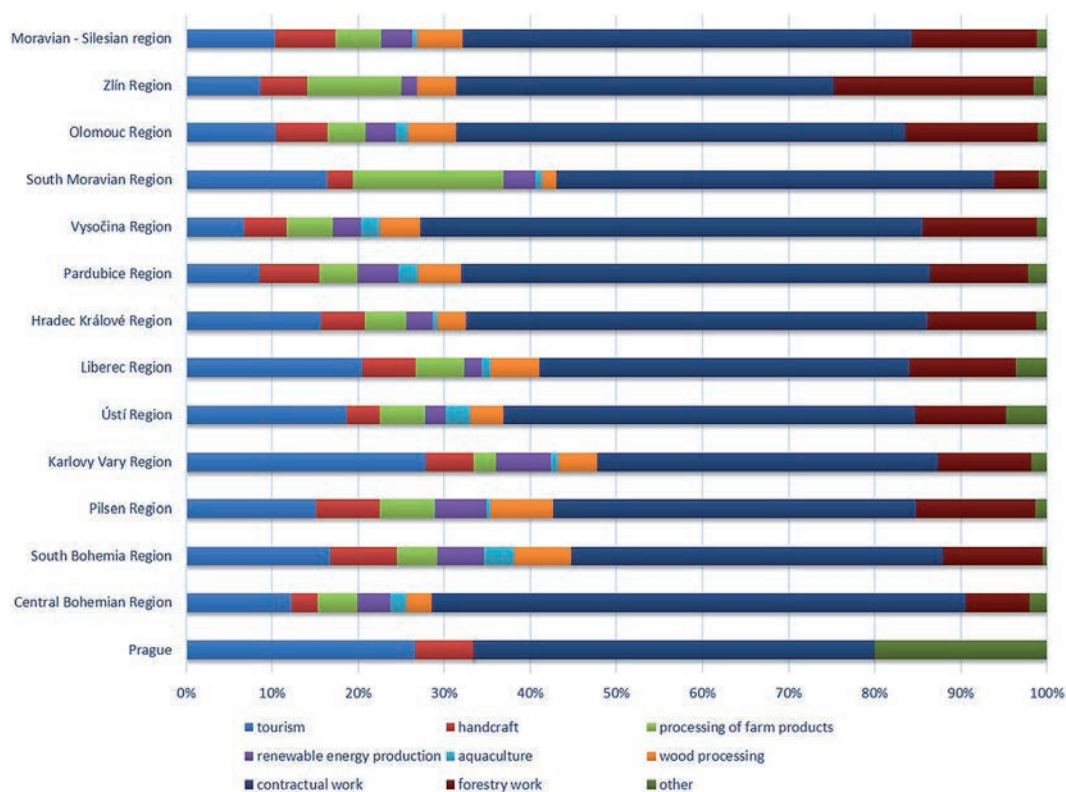


Fig. 7 Regional differentiation of diversification in Czechia in 2010. Source: Agrocensus 2010.

Karlovy Vary Region versus the South Moravia Region). On the other hand, regions where agriculture is strongly developed and represents a traditional field of economy (e.g. the Central Bohemia Region) show also a high percentage of holdings operating non-agricultural activities. This can be caused by the effort to find new ways with which to maximize the profit and accommodate the current demand. The location of a holding plays a significant role as it is connected to the differing demand for non-agricultural activities of agricultural holdings. The situation is different in the Central Bohemia Region which is very near to Prague than in border regions of Czechia where the structure of demand would be quite different.

2.3 The future of diversification

The rural areas will be dead areas without job opportunities and basic services. Due to this, diversification means one of the successful strategies of development of rural areas and villages. The main goal of this strategy should be the job creation in the rural areas. Non-agricultural activities of agricultural holdings can be a tool of stabilization of rural population, have an impact on local economy and can contribute to maintain the natural environment and cultural heritage (Eretová 2013; Doucha, Ratering 2007).

Diversification of economic activities in rural areas with the goal to create new jobs and increase economic development is also one of the focus fields of the European Union (EU) in the Rural Development Programme for the period 2014–2020. The support should be used mainly in the processing industry, retail and building industry. In addition to these fields, activities related to rural tourism and investments in the equipment for bio fuel production or construction of biogas plants should be supported (Rural Development Programme 2014–2020). Projects creating new jobs or/and environment-friendly projects should be preferred. If agricultural primary production is not attended by the growth of non-agricultural activities of holdings or new measures of Common Agricultural Policy, its share in employment in rural areas will decrease further (Doucha et al. 2012; Věžník et al. 2004). It is important to increase farmers' awareness of calls, advisory and instructional activities. The process of drawing funds is for some farmers extremely demanding when it comes to its bureaucracy (Věžník et al. 2013). The possible running drawing or advance drawing of funds would be also helpful.

It is necessary to bear in mind that diversification and instruments for its support were created within the context of the EU 15 and later transferred in the new member countries including Czechia. But Czechia is distinguished by a specific development and therefore by different characteristics of agricultural sector than in original member countries. Preconditions on which instruments supporting diversification were based often conflict with the reality of Central and Eastern European countries (Chaplin

et al. 2004). The unit for policy intervention in West European countries is the farm household. Similarly, agricultural diversification has taken the farm household as a unit of analysis. In contrast, as already mentioned above, Czechia is distinguished by the specific size and ownership structure of agricultural holdings. In addition, holdings in former Czechoslovakia were encouraged to develop non-agricultural activities and the returns from this type of activities were significantly higher than from primary agricultural production. Chaplin et al. (2004) also mentions that farmers in Central and Eastern Europe have less physical, financial and landed capital for conversion into new business activities than EU15 countries.

Cooperation projects and those focused on knowledge transfer are also emphasised in the current Rural Development Programme. Ageing of workers in agriculture is one of the main problems of the sector. One half of the people working in agriculture are between 45 and 59 years, including the leaders (managers) of the holdings (Doucha et al. 2012). It is necessary to attract young people in the agricultural sector both in terms of salaries and in terms of prestige of the job. The younger educated farmer is distinguished by a higher level of diversification than the older, less educated farmer or the part-time farmer (Eretová 2013).

Surrounding countries can be a source of inspiration, too. Germany and Austria are countries with a high share of holdings diversifying their activities (European Commission 2008; Weiss, Briglauer 2002). On the basis of statistics we can define their traditional fields- forestry work, tourism and renewable energy production (Eurostat 2010).

A potential is also hidden in product processing. Nowadays, only 4.5% of all enterprises are occupied with it (ČSÚ 2013). Primary production is exported to other EU countries and subsequently imported back in the form of products intended for consumption. On-farm product processing and direct sale to customers (sale from the yard, on local markets) who are still quite willing to pay a higher sum for foodstuffs with an added value, is a welcome opportunity. This is related to local marketing and promotion of agricultural production. The farmer and his family or the employees play an important role in this and they should be included in the business and innovation activities. These actors help to build a relationship between farmers/enterprises and customers (consumers of foodstuff). The change of concept of agricultural production is important especially in the cases where the relationship producer – product is established, where production processes and product quality are known. A shift towards regional production can open a space for cooperation under clusters (Marsden 2006). The purpose of the formation of the clusters can be the common (collective) purchase, marketing and a stronger negotiating position.

Potential for support of quality of life, social integration or development of not only rural communities offers

a view of diversification as a social help. It is related to the “social agriculture”, an approach on the border between multifunctional agriculture and social services (Ministry of Agriculture 2015). According to this approach, activities of agricultural holdings are intended for persons with temporal or constant specific needs. Farmers can provide organizations caring for the target groups with free spaces, can integrate individuals in common on-farm activities (e.g. maintenance of the farm and its surrounding, livestock care) or/and operate sheltered workshops. The result consists in more effective social help, social responsibility or rehabilitation of disadvantaged and integration of disabled persons (Ministry of Agriculture 2015).

The key for the implementation of non-agricultural activities should be an interconnection of all functions of rural areas, cooperation, synergy of the agents and their activities on the local and regional level (Van der Ploeg et al. 2000).

3. Conclusion

Agriculture is one of the most significant users of rural areas. However, its function has changed significantly over the past years. The emphasis is put on non-agricultural activities of agricultural holdings which are related to transition of agriculture, to transition from specialization to diversification of agriculture. Diversification can be considered a significant opportunity for stabilization of farmers’ incomes and overall rural development.

The goal of this article was to outline the extent and significance of diversification of activities of agricultural holdings in Czechia before transition as well as after it and to sketch the potential future of diversification.

In the introduction, several research questions were formulated: which activities represent most often the target of diversification? Do these activities change over time? Are these activities regionally differentiated? Are there better preconditions for diversification in some regions than in others? How did the year 1989 and the related socioeconomic changes influence diversification of activities of agricultural holdings?

Which activities represent most often the target of diversification? Do these activities change over time? The most common activity in Czechia is contractual work for another subject. The popularity of tourism and forestry work has been also growing since transformation. Before 1989, activities such as metal processing, wood processing and construction works dominated; later electrical engineering, processing of agricultural products and earthwork became the most important ones.

How did the year 1989 and the related socioeconomic changes influence diversification of activities of agricultural holdings? Before transition more than 80% of holdings were engaged with non-agricultural production. After 1989, these activities were separated into the

independent businesses and reclassified into secondary and tertiary sectors. Separation of the part of the activities out of agriculture resulted in a significant statistical decrease in the number of workers in the primary sector. A lot of holdings continued and expanded in non-agricultural production by implementation of new activities after 1989. Only a small part of holdings have kept the same activities as they performed before 1989.

The number of enterprises that performed a non-agricultural activity varies slightly in the given years. In 2013 a non-agricultural activity was implemented by almost 19% of holdings (both private farmers and legal entities). If compared to 2010, a little growth can be observed. Therefore, Czech agriculture has been approaching North European and West European countries in the share of diversifying enterprises.

Are these activities regionally differentiated? Are there better preconditions for diversification in some regions than in others? Generally, in Czechia holdings of legal entities are more active in diversification while holdings of physical persons tend to be more specialised. Czechia is also distinguished by the extent and ownership structure of agricultural businesses. Physical persons (private farmers) clearly dominate in the number. On the other hand, legal persons dominate in the area of farmed land. These large holdings concentrate sufficient production factors important for implementation of non-agricultural activities. There is a discernible territorial differentiation in location of holdings and types of non-agricultural activities. The differentiation depends primarily on the character of natural conditions, location of the region and tradition of the given activity. Diversification is more common in holdings which are located in unfavourable natural conditions, mainly (in addition to contractual work) in activities related to tourism where holdings benefit from their location and quality of the environment. On the other hand, processing of agricultural products is typical for regions focusing more on agricultural primary production such as South Moravia Region.

The main limitation of the article is the availability of the data and their comparability. Moreover, the use of aggregate data and regional averages can cover up individual transitions of the holdings and farms. It is not enough to rely on the statistical data while studying diversification of activities of agriculture holdings. Diversification plays a significant role in the agriculture and life in the countryside, nevertheless, research on the micro-regional level has been very limited in Czechia. Therefore the future research should be focused exactly on the micro-regional level, on the particular physical (farmers) as well as legal persons.

To conclude, it is necessary to acknowledge that diversification cannot be seen as a panacea. It can help to solve various problems but in the case of unsuccessful farmers (businesspeople) there is a low chance that diversification would be a successful strategy (Eretová 2013; Hron 2007; Turner et al. 2006).

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RESUMÉ

Minulost, současnost a budoucnost diverzifikace zemědělských podniků v Česku

Hlavním tématem článku je diverzifikace činností zemědělských podniků v Česku, a to před rokem 1989 a po něm. Cílem článku je přiblížit rozsah a význam diverzifikace činností zemědělských podniků v rámci Česka jak v období centrálně plánovaného hospodářství před rokem 1989, tak po něm, tedy v období přechodu k tržní ekonomice.

České zemědělství prošlo složitým vývojem a mnoha změnami ovlivněnými politickou situací a ekonomickým vývojem země až do současného stavu. Ten mnozí autoři nazývají přechodem od produkčního k postprodukčnímu zemědělství, který je mimo jiné charakterizován přechodem od specializace k diverzifikaci zemědělství (Ilbery, Bowler 1998).

Účelem diverzifikace je vytvořit a také udržet pracovní místa na venkově, zvýšit příjem hospodářství a přispět k oživení venkovských obcí.

Cílem článku je přiblížit rozsah a význam diverzifikace činností zemědělských podniků v rámci Česka v období před rokem 1989 a po něm, jakož i možnostmi budoucnosti diverzifikace.

V úvodu článku je formulováno několik výzkumných otázek: do jakých činností zemědělci nejčastěji diverzifikují svoji činnost? Mění se tyto činnosti v čase? Jsou tyto činnosti regionálně diferencovány? Jsou v některých regionech lepší předpoklady pro diverzifikaci než v jiných? Jaký vliv měl na diverzifikaci rok 1989 a s ním spojené společenské změny?

Nezemědělská činnost zemědělských podniků byla před rokem 1989 nazývána přidruženou výrobou a v tomto období hrála významnou roli v rozvoji zemědělství a venkova, stala se vítaným zdrojem prostředků na provoz či rozvoj podniků. Po roce 1989 došlo k její redukci. Některé činnosti zanikly, jiné byly vyčleněny do sektoru průmyslu a služeb, v nichž často fungují až do současnosti. Jen malé procento podniků zachovalo nezemědělskou činnost ve stejném rozsahu jako v předchozím období. Diverzifikace činností zemědělských podniků se opět začíná prosazovat ve druhé polovině 90. let. V roce 2013 se diverzifikací zabývalo téměř 19 % podniků. Jedná se o hodnotu, která se blíží úrovni diverzifikace v zemích západní a severní Evropy. Nejrozšířenějšími aktivitami v Česku jsou smluvní práce pro jiný podnik, stále větší oblibě se těší také aktivity spojené s cestovním ruchem a lesnictvím.

Diverzifikace činností zemědělských podniků představuje změnu nahlížení na zemědělce jako na aktivního správce krajiny, může představovat jednu ze strategií zachování venkova jako prostoru živého a žitého.

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